



# Making Markets Work for the SDGs:

UNDP's Private Sector Development  
and Partnership Strategy (2023-2025)



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

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## I. Setting

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

The scope and foresight of the 2030 Agenda, together with the important commitments made in the Paris Agreement on Climate Change, are far beyond what international organizations and aid flows can achieve by themselves. The SDGs have been formulated as a universal framework that demands collective effort and actions by governments, private sector<sup>i</sup> and civil society across all countries. Moreover, they require markets to be fundamentally reshaped in order to be more inclusive, equitable, and sustainable, while generating profits, innovation, and growth. The SDGs have emerged as lens for the private sector to view and assess socioeconomic realities – beyond traditional bottom lines.

In that context, the SDGs act as a ‘risk map’ of the 21st century – one that reflects the 17 goals towards which public and private stakeholders must work together to reach. They offer a mechanism to think systemically about the best way to leverage any currency in order to address critical issues like electricity access or environmental degradation. The SDGs are based on the premise that ‘investments’ made in one Goal must be connected to others in order to generate multiple dividends.

### *1. Poverty, Inequality and Markets*

For the first time in 20 years, the number of people living in poverty globally is expected to rise due to the socioeconomic impacts of the COVID-19 pandemic and the soaring food and energy prices resulting from the conflict in Ukraine. Currently, 51.6 million more people than in 2019 are living in extreme poverty, i.e., on just US\$1.90-a-day — from almost 624 million people to 675.5 million people, or from 7.8 percent to 8.4 percent of the world’s population.<sup>ii</sup>

Additionally, according to the United Nations, as many as a quarter of the global population lives in conflict-affected countries<sup>iii</sup> and pervasive inequality persists. More than 2.1 billion people lack clean water,<sup>iv</sup> 1.1 billion lack access to energy,<sup>v</sup> more than half of the world’s population doesn’t have access to the internet<sup>vi</sup>, and 1.7 billion people lack<sup>vii</sup> ~~access~~. As a result, significant global economic potential – including in terms of consumption, production, innovation, and entrepreneurial activity – is largely unrealized, including for those left behind or at the risk of being left behind,. The opportunities are vast, but so are the obstacles.

The conventional approach to markets is not designed to facilitate economic activity in rural villages and urban informal settlements: appropriate market systems rarely exist for delivering goods and providing services, and essential well-adapted market infrastructure is limited or nonexistent. Without inclusive financial systems, the economically marginalized are relegated to a cash economy

and structurally constrained as economic agents. Without reliable law enforcement and equal access to legal systems, vulnerable market actors find it difficult to enforce contracts. Making markets work for the poor can provide a critical pathway out of poverty.<sup>viii</sup> For businesses of all sizes, this can provide new spaces for growth and innovation and micro, small and medium-sized enterprises (MSMEs) and the informal market have the potential to reach segments of society where government may be less present.

## 2. The Private Sector and the SDGs

UNDP defines the private sector as a basic organizing principle of economic activity in a market-based economy where private ownership is an important factor, where markets and competition drive production, and private initiative and risk-taking set activities in motion. The private sector includes a wide range of market actors that may operate either in the informal or formal economy. For the purpose of this strategy, aligned with UNDP's private sector policy definition, the following actors will be considered as part of the private sector or as important market actors and their representatives that UNDP may work with<sup>1</sup>:



### **For-profit and commercial enterprises of any size**

Including Multi-National Corporations, Large domestic enterprises, MSMEs, Investors, Social enterprises, and others.



### **Corporate foundations**

Independent grant-making organizations that have close ties to the corporation providing funds. Some companies have corporate direct giving programmes instead of foundations; some have both.



### **Business associations, coalitions, and alliances**

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



### **State Owned Enterprises**

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

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<sup>1</sup> Sporadic, non-commercial income-generating activities by individuals are not considered to be in the private sector. Furthermore, entities that are the ultimate target beneficiaries of UNDP's development interventions, as articulated in the organization's programming modalities (e.g., micro, small, informal enterprises), are considered outside of the scope of UNDP's Policy on Due Diligence and Partnerships with the Private Sector.

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

When a partnership arrangement has financial implications for UNDP, a formal written agreement should be established between UNDP and the private partner. Below are examples of various types of engagement when UNDP works with the private sector as a beneficiary and a partner<sup>2</sup>:

<b>Instruments</b>	<b>Private Sector as the Beneficiary</b> <i>(Collaboration with the private sector as the target group of UNDP supported interventions)</i>	<b>Private Sector as a Partner</b> <i>(Collaboration with the private sector as a partner to advance the sustainable development agenda through joint initiatives, programmes, and projects)</i>
<b>Financial instruments</b>		
1. Financing Agreements	-	<b>X</b>
2. Pro-Bono Agreements	-	<b>X</b>
3. Contribution Agreements (probono + financing)	-	<b>X</b>
4. Small Financial Contribution Agreements	-	<b>X</b>
5. Non-Reimbursable Loan Agreements (NRLA)	-	<b>X</b>
6. Responsible Party Agreement <sup>3</sup>	-	<b>X</b>
7. Development Services Agreement	-	<b>X</b>
8. Performance-Based Payment Agreement	-	<b>X</b>
9. Innovation Challenge Agreement	<b>X</b>	-
<b>Non-financial instruments:</b>		
10. Memorandum of Understanding (MoU)	-	<b>X</b>
11. Exchange of Letters	-	<b>X</b>
12. Statement of Intent	-	<b>X</b>

3

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

<sup>2</sup> More detailed illustrations of these types of engagement can be found in Annex II. UNDP’s definition of the private sector.

<sup>3</sup> Applies to state-owned enterprise only.

economic models were operating at scale, for example, they could reduce global resource use by 25%, with a 90% reduction in greenhouse gas emissions. Employment could grow by 0.1% by 2030,<sup>ix</sup> -x)

In developing economies, the private sector is an especially crucial actor that accounts for 60% of the gross domestic product (GDP), 90% of the jobs, and 80 percent of capital flows,<sup>xi</sup> with formal and informal Micro, Small and Medium-sized Enterprises (MSMEs) making up over 90% of all firms around the globe.<sup>xii</sup> MSMEs are the backbone of most economies, particularly in Least Developed Countries (LDCs) and Small Island Developing States (SIDS), and are instrumental in supporting recovery, mitigation of climate risks, and social cohesion, especially in crisis-, disaster-, and conflict-affected settings.<sup>xiii</sup>

Reciprocally, the private sector stands to benefit from achievement of the SDGs, which could unlock US\$12 trillion in market opportunities in four sectors alone: food and agriculture; cities; energy and materials; and health and wellbeing.<sup>xiv</sup> Furthermore, if SDG5 on gender equality was achieved and women reached parity in economic participation, it would contribute an additional US\$12-28 trillion to global GDP.<sup>xv</sup> However, the private sector is proving sluggish in embracing these economic imperatives, with capital markets especially impotent to facilitate a transition. According to the OECD, official development assistance (ODA) was US\$179 billion in 2021.<sup>xvi</sup> By comparison, remittances had increased by 4.2% year-over-year to a record \$630 billion USD in the same year, while foreign direct investment (FDI) flows to developing economies was US\$871 billion and global FDI foreign direct investment (FDI) totaled US\$1.65 trillion.<sup>xvii</sup> Institutional investors — such as sovereign wealth funds and pension funds — hold an estimated US\$115 trillion in assets under management, the majority of which are invested in liquid assets such as listed equities and bonds in developed countries. Furthermore, less than 3% of the portfolios of the largest pension funds is invested in infrastructure, and this figure is even lower for developing countries.<sup>xix</sup> However, LDCs have only seen modest growth in FDI and investment projects important for private sector development. Structural changes have partly dried up, which in turn exacerbates the downturn in natural capital projects.<sup>xx</sup> As such, domestic financial flows are the largest and most stable source of development-related funding in developing countries. Therefore, attracting more non-debt-creating sources of external financing, in particular FDI, is required to deepen domestic financial markets and reduce the reliance on foreign currency debt.<sup>xxi</sup>

Companies are themselves increasingly encountering customers and employees who have loftier expectations (for purpose, not just profit), as well as intense public scrutiny made possible by data-driven transparency and end-to-end traceability that leverages new technologies like blockchain.<sup>xxii</sup> In one recent survey conducted by The Food Industry Association (FMI) in the United States, the proportion of consumers who said they would switch to a brand that provides more in-depth product information — beyond what's provided on the label — increased from 39% to 75% over 3 years.<sup>xxiii</sup>

Against this backdrop, the boundaries between business, civil society and government are blurring, and interdependence and collaboration are increasing.<sup>xxiv</sup> New business models like social enterprises are growing, as is the use of impact investing, blended finance, and environmental, social and governance (ESG) approaches.<sup>xxv</sup> So-called “traditional” businesses and investors are



showing increasing interest in ESG, sustainability, and the SDGs. However, intentions have yet to be translated into results - we are not on track to achieve the SDGs. The current approaches are insufficient if we are to achieve the SDGs and climate goals before it is too late.

Private capital, finance, and business operations are not currently set to work for people nor the planet.<sup>xxvi</sup> Despite rising awareness of and sensitivity to the sustainable development agenda, prevailing approaches are insufficient because they are atomistic, don't address the root causes of complex problems, and don't take a holistic systems approach. For example, ESG strategies focus on financial risk management – not on reducing negative impacts (and maximizing positive impacts) on people and the planet. Corporate Social Responsibility (CSR) and related reporting activities don't consider an organization's total impacts and won't be enough to drive solutions at the pace and scale needed. So long as sustainability remains on the periphery – as an afterthought, a marketing opportunity, a matter of compliance, or simply a “nice to have” – the bulk of economic and business activity will hinder rather than enable the SDGs, and we will collectively fail to place humanity on a path toward long-term prosperity.

The SDGs require system-wide leverage and realignment of private capital. Demand from consumers, employees, and regulators for the private sector to commit to and deliver real sustainability is mounting, as is awareness of impact-washing.<sup>xxvii</sup> Private sector value creation needs to move past a narrow view of financial value to a broader economic, social, and environmental value. Otherwise, private sector activities will continue to put the SDGs further out of reach and neglect the development deficits that threaten businesses.<sup>xxviii</sup> More private capital must be directed to close the annual US\$5 - \$7 trillion SDG financing gap<sup>xxix</sup> and the private sector must be harnessed to stop the gap from growing. As investors worldwide are being called upon to actively support climate change mitigation and adaptation methods,<sup>xxx</sup> there are increasingly positive signs that the private sector itself is seeing sustainability as an untapped opportunity, essential for long-term profits. For example, research on 50 impact investor portfolios, in India, between 2010 and 2018, contributing more than \$5 billion USD into projects in agriculture, clean energy, education, microfinance, and healthcare, has shown that sustainable investment can provide considerable growth - 14% annually.<sup>xxxi</sup> However, to enable private sector investors to contribute, climate finance needs to be shaped into a financially sound and attractive business proposition, offering market-based risk-return profiles as well as clear growth prospects. For example, in 2016 the International Finance Corporation (IFC) estimated that an additional \$23 trillion worth of investment opportunities would be available until 2030 - in climate-smart technologies, such as renewable energies and electric cars.<sup>xxxii</sup>

If sustainability and the SDGs are to be achieved, it is essential to change enabling environments, strengthen capacities, inspire, and enable all private capital to be reoriented to the SDGs. Here, UNDP has a major role to play – reducing barriers to the transition to a new business-as-usual, where sustainability and aiming for net positive SDG-impact are the new license to operate, innovate and thrive in a new sustainable economy.

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

Globalization is associated with deep discontent and dangerous polarization,<sup>xxxiii</sup> as is inequitable growth. Fragile and conflict-affected states are too often left behind. It is imperative that globalization and growth proactively address sustainability and inequality going forward, with appropriate emphasis placed on increased economic interdependence at regional and national levels, as seen with the recent landmark establishment of the African Continental Free Trade Area (AfCFTA). 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 and promote equitable access to essential goods and services.

The private sector has demonstrated the potential to be a vital actor in sustainable development. From 2014 to 2020, global sustainable investment increased 25% - from US\$18.28 trillion to US\$35.3 trillion.<sup>xxxiv</sup> Between 2013 to 2021, green bond issuance increased 47-fold - from US\$11 billion to US\$517 billion, with a forecast of US\$5 trillion by 2025.<sup>xxxv</sup> 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 2020 survey of 250 global companies, 82% were reporting on the SDGs = a first step (albeit modest) toward meaningful impact management.<sup>xxxvi</sup> A further 80% of the world's largest companies are reporting exposure to physical, or market transition risks associated with climate change.<sup>xxxvii</sup>

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.<sup>xxxviii</sup> Here, given the close relation to local communities, the private sector has an important role to play - in support of strategies that accelerate stabilization.

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 (e.g., impact investment constituted only 0.25% of total financial institution assets in 2021)<sup>xxxix</sup>. 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 durable, broad-based transformation.

## 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 gender equality and the inclusion of poor and marginalized people and 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,<sup>xli</sup>

which is also the main basis for work on private sector development and partnerships, championed by several other international agencies.<sup>xiii</sup>

### 1. *Why Make Businesses and Markets Work for the SDGs?*

UNDP's analysis indicates that, despite positive momentum, significant bottlenecks remain at the macro, meso, and micro levels to unlock the full contributions of businesses and markets to the SDGs (See Annex II for full detail). For example, many businesses can't 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. For example, for every \$1 needed for poor countries to tackle the climate crisis, \$4 is spent on financing fossil fuels.<sup>xiii</sup> A total of US\$423 billion is used to subsidize fossil fuels annually - four times the amount needed to help developing countries tackle the climate crisis.<sup>xiv</sup>

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. Furthermore, many enterprises, whether small or large, don't recognize the benefits of adapting sustainable business practices. Often, they don't know how to adapt their business models for sustainability and inclusiveness and are not engaged in policy dialogue related to sustainable development.

The current momentum for change reflects an *emergent market system*, while still too small to reach the ambitions of the 2030 agenda, but with a positive trend towards more mainstream uptake in investments focused on sustainable development. If effectively leveraged and multiplied, that could eventually become the *dominant market system* that ensures the achievement of the SDGs. This requires systemic change that involves alternative innovative sustainable business models<sup>xiv</sup> and market incentives to finance and adopt such models at scale. Such systemic change can lead to large-scale impact, sustainability, and resilience of market actors.<sup>xvi</sup>

### 2. *Essential Components of UNDP's Private Sector Strategy*

This strategy focuses on how UNDP can help catalyze sustained transformation of market ecosystems (i.e., 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 trillion<sup>xlvii</sup> in private capital and increasing the number of businesses of all sizes that align their strategies and operations with the SDGs. This will be supported and regulated by a policy environment that reduces risk and fosters an inclusive and green economy, leading to the eradication of poverty.**

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



Figure 1

This vision is based on the hypothesis that markets will work for the SDGs if businesses have access to capital that seeks economic, social, and environmental results, if they can adapt their strategies and operations accordingly, and if policy, legal and regulatory environments prioritize investment in sustainable development.<sup>4</sup>

The **mission** of this strategy is to:

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

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<sup>4</sup> For example, by 2025, UNDP's Gender Equality Strategy 2022-2025 commits to mobilizing public and private sources of finance to channel \$100 billion towards gender equality, including through gender-responsive fiscal policies and tax reforms. Efforts will be rooted in aligning public and private finance with gender equality commitments through integrated national financing frameworks for Sustainable Development Goals. Tax reforms, gender-responsive budgeting and planning and assistance in developing sovereign debt instruments, and gender responsive green and blue bonds will help to include more systematically gender equality in the Sustainable Development Goals.

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

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 outcomes that deploy a suite of Global Policy Network integrated Policy and Programme service offers<sup>xlviii</sup> at sub-national, country, regional and global levels (see the Compendium of GPN Integrated Policy and Programme Services to the Country Offices). Progress on those strategic outcomes will be facilitated by three strategic enablers and three operational enablers:

**Strategic Outcomes: How the Private sector Service Offer Makes markets work for the SDGs**

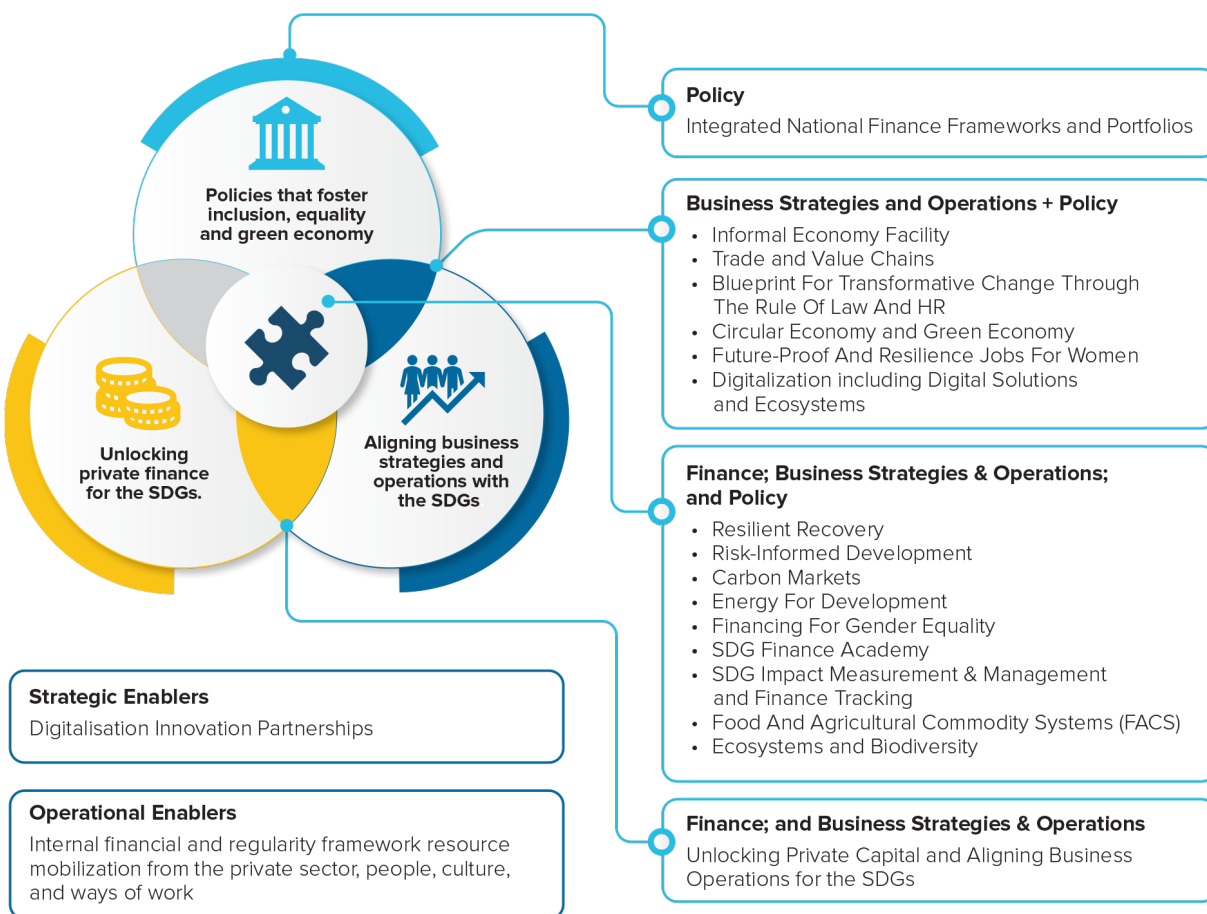


Figure 2

**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 an inclusive green economy. In addition, most enabling environments and blended finance investments benefit middle income countries and don't 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 as an *operational backbone* of the United Nations system;<sup>xlix</sup>
- 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, crisis prevention and recovery, and climate and disaster resilience;
- its global presence in approximately 170 countries, including across fragile, conflict-affected, and transitional contexts.

This combination of role, positioning, mandate, experience, 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 across: inclusive business; jobs & livelihoods, including in fragile and crisis settings; inclusive trade and value chains development; MSME 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; SDG-aligned investment facilitation; and SDG impact management and measurement (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 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.

### III. Building on Lessons Learnt from the 2018-2022 Private Sector Strategy

[UNDP's Private Sector Development and Partnership Strategy \(2018-2022\)](#) "[Making Markets Work for the SDGs](#)" was the first UNDP Corporate strategy directed at the private sector that got approved in over a decade. It aimed to assist countries to align private sector activities and investments with the 2030 Agenda by: influencing investors and businesses of all sizes; embedding the SDGs into private sector decision making and practices; and supporting governments to establish enabling policy and regulatory environments while facilitating multi-stakeholder partnerships. As part of the Strategy, UNDP envisioned that by 2030 the SDGs will be the main global guidance framework for businesses, investors, and governments. This will unlock US\$1 trillion<sup>l</sup> in private capital and increase the number of businesses of all sizes that align their strategies and operations with the SDGs.

The updated UNDP Private Sector Development and Partnership Strategy 2023-2025 continues in this direction, building on the progress of the last four years and aligning with the new Strategic Plan. It draws on assessments, evaluations – including the midterm review and the evaluation of the previous UNDP Strategic Plan – and on the lessons of experience. The UNDP Private Sector Strategy 2023-2025 has gone through an extensive review and consultation process with more than 180 valuable comments, inputs, and suggestions from 83 colleagues across 22 different expert teams. Those covered all parts of the strategy, including: lessons learnt, the alignment with UNDP's Strategy for 2022-2025, as well as the Global Policy Network (GPN) service offers and their respective strategies (FACS Private Sector Engagement Strategy 2023, Gender Equality Strategy 2022-2025, etc.). The Strategy has benefited immensely from the expertise of the diverse teams within the Sustainable Finance Hub, such as the Insurance and Risk Finance Facility and SDG Impact, as well as GPN Service Offer teams on Gender Equality, Nature, Climate & Energy, Food & Agricultural Commodity Systems, Circular & Green Economy, Carbon markets, Resilient Recovery, Blueprint for Transformative Change Through the Rule of Law and HR, Informal Economy Facility, in addition to the Digital Office, BMS, BERA, Regional Bureaux (RBEC, RBLAC, RBAP, RBAS, RBA), and UNCDF.

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

**(a) The power of integrated teams and the establishment of a dedicated Sustainable Finance Hub.** The 2019-2022 Strategy recommended the establishment of the Sustainable Finance Hub (SFH) (formerly the Finance Sector Hub) as part of UNDP's GPN Service Offer, in support of more integrated development solutions. As the Independent Evaluation Office in *Financing the Recovery: A Formative Evaluation of UNDP's Response to the COVID-19 Pandemic and SDG Financing*, "The private sector development and partnership Strategy (2018 to 2022) established the Sustainable Finance Hub in 2019 as a consolidated structure for UNDP's financing approaches. The Hub brought together under a single framework, the Istanbul International Center for Private sector in Development (IICPSD), the SDG Impact team, and a range of ongoing approaches and projects, including the Integrated National Financing Frameworks (INFF), the Tax for SDGs initiative, and the newly developed Insurance and Risk Finance Facility (IRFF), as well as a partnership with UNCDF for the strengthening of digital financial solutions."<sup>li</sup>

**(b) The critical collaboration with UNCDF in designing country-level sustainable financing programmes given its investment mandate.** UNDP combines its technical assistance and policy expertise with UNCDF's Investment Platform and Digital Finance Unit, leveraging UNCDF's unique mandate to provide catalytic financial structuring, de-risking, and capital deployment that drives resource mobilization for SDG finance and achieves SDG impact. In the first of its kind Multi-Partner Trust Fund (MPTF) call for joint programming proposals on SDG Financing, UNDP was the largest recipient, securing US\$15,735,454 (UNCDF was second with US\$15,140,498). UNDP is also participating in 7 out of 9 top ranking Joint Programmes and is the lead agency in 5 (with participation of UNCDF as a key partner in 3) of the 9 programmes.

**(c) The imperative to modernize operational systems and structures while addressing barriers to accelerate partnerships with the Private Sector.** Due diligence protocols, financial rules, and management systems need to evolve in line with new ways of working and forms of partnership with the private sector. Although there has been significant growth in traditional donor-supported programmatic activities based on service offers of the Private Sector Strategy, UNDP's legal, administrative, and information frameworks to govern partnerships with the private sector have not been adapted in tandem. The 2018-2022 private sector strategy had proposed to enable direct grants to enterprises (competitive challenge funds, matching grants, performance based and cost sharing mechanisms; fit-for-purpose cost recovery mechanisms for advisory services to the private sector through development services; and development of new instruments for loans and guarantees in collaboration with UNCDF. It also recommended updating the new due diligence policy and tools and looking at issues around ownership of intellectual property rights between UNDP and partners/beneficiaries.

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



belong to UNDP, and full right of use is granted only to national governments. This is a constraint for private sector engagement, particularly in the innovation process, which puts a premium on co-creation. To address these challenges, the organization is taking steps to further streamline processes and procedures and to define a risk appetite that is more conducive to a supportive environment for innovation.”

A Task Team to “Address Barriers to Accelerate Partnerships with the Private Sector” was established in early 2022 for the implementation of UNDP’s new Strategic Plan. Its objective is to identify available solutions within the existing legal framework to address persistent bottlenecks (e.g., private firms as responsible parties, programmatic partners). It also proposes solutions, including through technology and amendments to contractual documents, and updating policies. It aims to determine the best course of action for solutions that are beyond the existing legal framework, by developing a comprehensive proposal that amends the 2012 Financial Regulations and Rules and makes them fit for purpose.

#### **IV. How does this strategy align with UNDP’s Strategic Plan (2022-2025)?**

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

## Illustrative examples of UNDP's private sector track record (1/2)

- As one of the largest service providers in the UN system working to help countries adapt to climate change and reduce greenhouse gas emissions, UNDP built over 180 partnerships with private sector actors between 2000 and 2016 (including 19 in disaster risk reduction, 78 in sustainable energy, and 25 in climate)
- The GEF/UNDP/IMO GloBallast program catalyzed the global Ballast Water Convention, which helped to create a new ship ballast water treatment industry valued at over US\$35 billion. It facilitated the creation of the Global/Industry Alliance for Marine Biosecurity (GIA) consisting of six major shipping companies that contributed financing and promoted technology transfer and diffusion.
- UNDP's Montreal Protocol Unit works with governments and large private sector chemical suppliers (the Montreal Protocol is considered one of the most successful international environmental agreements to date).
- In the first of its kind Multi-Partner Trust Fund (MPTF) joint fund call for joint programming proposals on SDG Financing, UNDP was the largest recipient, securing more than US\$15,5 million (with UNCDF in second receiving US\$15 million) and UNDP participating in 7 out of 9 top ranking Joint Programmes, acting as the leading agency in 5 (with participation of UNCDF as a key partner in 3) of the 9 programmes (out of 155 projects submitted). UNDP combines its technical assistance and policy expertise with UNCDF's Investment Platform and Digital Finance Unit, leveraging UNCDF's unique investment mandate and expertise to provide catalytic financial structuring, de-risking, and capital deployment to drive resource mobilization for SDG finance and achieve SDG impact.
- UNDP received the acclaimed Ashden Awards for Humanitarian Energy through its work in Yemen to support three frontline conflict communities, by Cutting the cost of energy by 65 per cent, working with the women and youth to train, develop, and manage micro-grid businesses to help electrify their communities one home and business at a time. The project has helped 2,100 people gain access to disposable income and 10,000 people with access to sustainable energy.
- As part of the Gambia Solar Power Plants, the UNDP and UNCDF partnership provided credit guarantees for the setup of 10.5 MW Solar plants that will provide energy services to 144,500 people.
- In Malawi, the MICF has launched 11 competitive rounds of funding targeting: agriculture & agribusiness, manufacturing, logistics, irrigation, SME finance, and tourism with more than 117 enterprises having received more than US\$40 million in grants to incubate start-ups, as well as test and grow innovative private sector business approaches. Based on the successful work of The Malawi Innovation Challenge Fund (MICF), UNDP and UNCDF secured SDG Joint Component 2 (2021) Funding to establish a structured blended finance vehicle that mobilized US\$35 million for investment in 50 businesses in Malawi in partnership with Bamboo Capital Partners (fund manager of the BUILD Malawi Fund).
- UNDP's Pacific Financial Inclusion Program with UNCDF has enrolled 1,309,770 women in financial services.<sup>[1]</sup> The program worked with the region's central banks to set specific time-bound targets for women's financial access in all the national financial inclusion strategies, including specific goals for gender equity. It also helps develop business models that target women as clients of financial institutions, advances gender-responsive financial education and mobile phone literacy and provides microfinance services and solar loans to women.
- UNDP serves as Secretariat to the G20 Sustainable Finance Working Group (G20 SFWG) which works to improve sustainability reporting, identify sustainable investments, and align International Financial Institutions' efforts with the Paris Agreement through an evidence-based and climate-focused G20 sustainable finance roadmap. As of 2022, Finance Ministers and Central Bank Governors mandated the SFWG to work on developing a framework for transition finance and improving the credibility of financial institution commitments, scaling up sustainable finance instruments, discussing policy levers that incentivize financing and investment, and reporting on progress on the actions of the Roadmap.

<sup>[1]</sup> Pacific Financial Inclusion Program- Phase II

## Illustrative examples of UNDP's private sector track record (2/2)

- 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. As of 2021, the G20 took a series of big steps in this regard. Leaders endorsed a Sustainable Finance Roadmap along with the G20 Framework for Voluntary Support to Integrated National Financing Frameworks, the G20 High-Level Principles on Sustainability-Related Financial Instruments, and the G20 Common Vision on SDG Alignment.
- Acknowledging the critical role that local businesses play when it comes to disaster preparedness, response and recovery, UNDP and OCHA together launched the Connecting Business initiative (CBI) which strategically engages the private sector before, during and after disasters. CBI is currently present in 13 countries and has one regional network. Since CBI's launch at the World Humanitarian Summit in 2016, CBI Member Networks have responded to more than 100 crises, mobilized US \$84 million and assisted approximately 18 million people. For example, during the Türkiye-Syria earthquakes, the Turkish Enterprise and Business Confederation (TÜRKONFED) had reported in-kind donations worth over US\$11 million, delivering 243 trucks with donations of food and non-food items.

<sup>[1]</sup> Pacific Financial Inclusion Program- Phase II

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

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

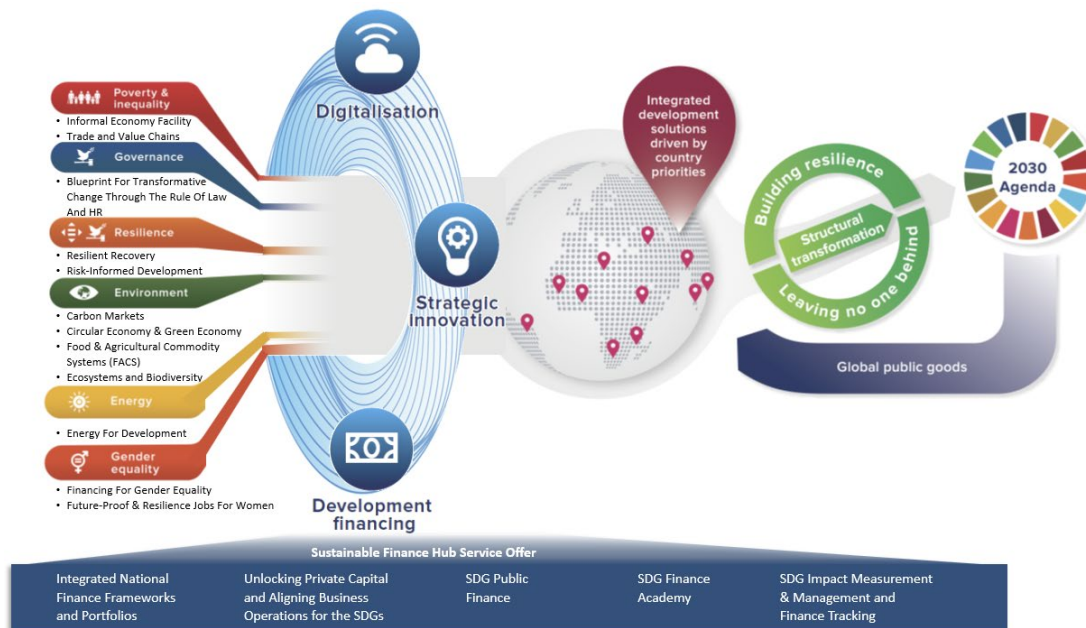


Figure 3

UNDP’s Strategic Plan (2022-2025) identifies development financing as an enabler to scale up development impact and has articulated a moonshot to promote the investment of over US\$1 trillion of public expenditure and private capital in the SDGs. “Leveraging finance at scale includes working with partners to take portfolio approaches aimed at longer-term, transformative goals and brokering stronger public-private collaboration.” Unlike financial institutions, UNDP is not primarily engaged with financial transactions but can provide advice on how sustainable development can be integrated into financial transactions. This provides a niche for UNDP’s role on finance as a neutral player with in-house development expertise and access to partners and knowledge that can bring finance to sustainable development policy and programming. UNDP’s engagements across governments, private sector, and other partners uniquely places it as an architect for the multistakeholder platforms necessary to deliver on the SDGs.

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



Figure 4

This strategy requires UNDP to develop effective means of scaling the impact of what it already does by using its knowledge and networks to incubate powerful and innovative ideas. This strategy will position UNDP to add value now and in the future.

## V. Strategic Outcomes

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

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

These three strategic outcomes 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 outcomes 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.<sup>liv</sup> This is feasible, given the abundance of liquidity across the world and the historically low cost of capital in developed markets.<sup>lv</sup> South-south FDI has risen steadily since 2012<sup>lvi</sup> and the share of FDI outflows from the Global South is estimated to reach more than 30% of the global share of FDI by 2025.<sup>lvii</sup> Engagement with investors is critically important for helping countries achieve the SDGs. Investors are eager to understand what it means to invest in support of 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, measure, and manage development outcomes. Investors also need easy access to SDG-aligned investment opportunities – from corporate financing (including for MSMEs) to SDG bonds to government projects (e.g., public-private partnerships, project financing, municipal finance). UNDP will work with Governments, the private sector, and agencies like UNCDF and UNICEF to mobilize finance at scale, develop pipelines of SDG-aligned investments, and direct capital flows towards these country pipelines. The latter will be achieved via the SDG Investor Platform ([for more details, please follow this link](#))<sup>lviii</sup> and Goal-oriented financing tools and services, like sovereign debt instruments and SDG Impact Standards for [private equity funds](#), [bond issuers](#), [enterprises](#), and [financing sustainable development](#). Recent examples of UNDP support to catalyze significant investment capital include nearly US\$5 billion of bonds aligned to the Goals, issued by the New Development Bank and the Governments of Indonesia<sup>lix</sup> and Mexico.<sup>lx</sup>

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 works with businesses to remove these barriers, as well as to identify opportunities for the private sector to achieve the SDGs within sectors and at national and regional levels, to advance sustainable growth, and to enhance adaptive capacity.

In order to catalyze large-scale transformation in markets, governments must adopt policy frameworks that incentivize businesses of all sizes to make their strategies, business models, and investments more inclusive and greener. They should also discourage business models that do harm in terms of human rights, corruption, and negative social and environmental impact. UNDP is supporting countries to define national sustainable development financing strategies, with a focus on identifying catalytic interventions, crowding-in finance from the private sector, building partnerships, scaling-up innovative financing mechanisms, and improving the effectiveness of financial resources. At UNDP, we believe that the effectiveness of our work at the country level should lower the policy and institutional risk for long-term private investment that helps secure SDG outcomes. In the area of energy, for example, UNDP's comparative advantage lies in assisting

developing countries to reduce risk for the private sector with interventions that remove the underlying barriers to investment.

One example is in Mauritius, where UNDP catalyzed a US\$40 million investment from the private sector – double the original target. That was achieved through a comprehensive diagnostic study that directed private sector to optimal investments into high growth and potential sectors, such as circular economy. As a result, quadruple the amount of power planned was generated.

UNDP analyzes countries’ business-related policy frameworks through an SDG lens, identifying 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 focuses on supporting the creation of a basic enabling environment for business (e.g., legal registration, access to justice, redress mechanisms), as well as support for MSMEs in the context of recovery and stabilization efforts, provision of jobs, and livelihoods opportunities. Where an enabling environment already exists, UNDP helps to catalyze market transformation toward inclusive, green economies by helping governments to develop more targeted policies, laws, and institutional practices.

UNDP helps governments to adopt policies and practices that: involve private sector engagement in relevant policy dialogue; require businesses to fully account for social and environmental impacts and report on them; attract private capital to NDCs; facilitate MSMEs’ adaptation to the SDGs; incentivize innovation that advances the SDGs; and encourage women-owned businesses and gender equality in corporate leadership and governance. UNDP also works with governments to 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 US\$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 also helps 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 helps governments to identify future markets and productive sectors that meet national and international demand. UNDP adapts the advice and technical support that it provides to governments (including tools related Climate Promise support to

Nationally Determined Contributions, Integrated National Financing Framework, and other methodologies) 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 directly targets 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 builds 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, UN Women’s Women Empowerment Principles, the UNDP SDG Impact Standards, and others; promote a shared language and common approach to managing for net positive impacts across public and private sector through the SDG Impact Standards; 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 also harnesses 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 Equality Seal program used in Latin America, Africa, and other regions. UNDP is currently developing an SDG Impact Seal and Assurance to recognize consistent application and adoption of the SDG Impact Standard by Private Equity Funds, Bonds issuers, and Enterprises. This is a critical element needed to enhance integrity, transparency, and accountability in financial systems. The SDG Impact Seal and Assurance (forthcoming) will make it possible to recognize organizations that are authentically embedding best sustainability practices at the core of their business and investment decisions, and are thus most likely to be contributing positively to the SDGs.

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 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.

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 or any capital investments
- 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.

## **VI. GPN Service Offers on Private Sector and Sustainable Finance**

The three strategic outcomes 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 UNCT and country programmes. These have been developed jointly by the

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

The initial catalogue of service offers can be found in [Annex VII](#).

#### 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 outcomes of this private sector strategy.
- They directly support the six signature solutions of UNDP’s Strategic Plan 2022-2025 (mapped in Annex VII).

While some service offers might be more closely aligned to one or other of the strategic outcomes, they are designed with a systems orientation so that each offer has impact across outcomes. 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. Furthermore, service offers can be integrated and tailored to effectively respond to global, regional, or national needs while ensuring consistency and coherence that enables 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 (2022-2025).

Below are some illustrative examples of current service offers based on the [Compendium of GPN Integrated Policy and Programme Services to the Country Offices](#),<sup>lxi</sup> according to the UNDP 2022-2025 Strategy’s 3 Enablers and 6 Signature Solutions:



Development  
financing

### 1. Enabler: Development financing

UNDP can provide countries with access to a uniquely comprehensive package of services across public and private financing for sustainable development through the Sustainable Finance Hub (SFH). SFH offers solutions across 4 service areas and 23 competencies, covering SDG-aligned financing in tax, budgeting, debt, risk finance, insurance, blended finance, commercial investment, financial inclusion, business operations, digital finance, fintech and other areas.



### **A. GPN Service offer on: Integrated National Finance Frameworks and Portfolios**

An INFF enables governments to articulate policy and institutional measures that will mobilize and align all sources of public and private finance with their national sustainable development plans and the SDGs. Governments are using them to put in place robust strategies for mobilizing and aligning the necessary financing. In 2019 a survey of more than 100 national development plans found less than 30% were costed or articulated how they would be financed, even those that focused primarily on public finance.<sup>lxii</sup> Integrated national financing frameworks are being developed by more than 85 countries worldwide, with growing interest from many others. As of 2022, 39 countries are using the INFF approach to develop financing strategies for the first time and another 25 are to strengthen existing financing strategies, connecting policies and instruments focused on private finance with national sustainable development plans.<sup>lxiii</sup>

Through their nationally led INFF processes, these countries have identified more than 250 reforms to financing policies and instruments for immediate action, more than half of which focus on private finance or public-private mechanisms. For example, in Mongolia, the first country to launch its INFF financing strategy, the INFF has driven reforms including the adoption of sustainability reporting by the stock exchange for firms with a market capitalization of more than \$2 billion, the development of an SDG finance taxonomy, and the creation of incentives by the Central Bank for investments in line with the taxonomy. Other countries have issued SDG bonds (e.g., Uzbekistan and Cabo Verde), established blended finance initiatives (e.g., Tanzania) or incorporated SDG tagging and monitoring into the system for managing tax incentives (e.g., Kyrgyzstan), with many more private finance reforms in the pipeline for the future.

The INFFs and Portfolios service offer is framed around four services that Country Offices can use to support governments and their partners in (i) designing integrated national financing frameworks; (ii) delivering risk-informed financing strategies; (iii) building Country Office SDG finance portfolios; and (iv) accessing knowledge and expertise through the INFF Facility. UNDP Country Offices can build portfolios of support behind INFFs, leveraging all aspects of UNDP's sustainable finance service offers and using INFFs as a platform to strengthen financing for priorities such as NDCs, connecting with UNDP's Climate Promise, biodiversity finance, connecting with the BioFin Initiative, and others. The INFF Facility is a joint endeavor with UN DESA, the OECD, UNICEF, EU, and other partners offering technical support, knowledge, expertise, and exchanges in support of country led INFFs. A sustainable private finance window will be opened in 2023 to offer countries access to technical support on key areas of private finance reform being driven through INFFs. Resources are available here [www.inff.org](http://www.inff.org) and [here on the UNDP Signature Solution Sub Offer](#).

### **B. GPN Service offer on: Unlocking Private Finance and Aligning Business Operations for the SDGs**

This service offer is framed around four key services: (i) Originating an SDG investment project pipeline; (ii) accessing public and private capital for SDG investment (including in partnership with UNCDF) through de-risking, innovative digital financing instruments, and a risk-informed approach; (iii) aligning business operations with the SDGs to optimize impact performance and achieve long term value creation for businesses, people and planet (e.g., UNDP supports private sector companies of all sizes, funds, and private bond issuers to align their business and investment operations and decisions with the SDGs through capacity-building on impact management and on

the UNDP SDG Impact Standards, that help investors and enterprises integrate sustainability into how they do business); and (iv) supporting an enabling policy environment for SDG investment.

UNDP uses its development policy and programming expertise to bring together development data and investment metrics to translate development priorities into business opportunities – delivering both profit and sustainable development impact. This service offer includes the identification of Investment Opportunity Areas (IOAs) through SDG Investor Maps, the translation of opportunities into investable project pipelines, and brokering access to finance for MSMEs from finance institutions. UNDP uses its policy engagement with governments to further contribute to an enabling policy environment for SDG-aligned businesses. UNDP combines its technical assistance and policy expertise with UNCDF’s Least Developed Countries Investment Platform (LDCIP), leveraging UNCDF’s unique investment mandate and expertise to provide catalytic financial structuring, de-risking, and capital deployment that drives resource mobilization for SDG finance and achieve SDG impact. Furthermore, UNDP and UNICEF are rolling out a joint flagship initiative on UNDP’s strengths in innovative financing, coupled with UNICEF’s experience and expertise in designing and delivering children’s programmes and its unique ability to build an “enabling environment” to resource and support innovative financing ventures with the global private sector via its 33 National Committees. Equally, this new joint initiative will capitalize on both agencies’ long-standing engagement with the private sector and the mutual priority they have placed on fostering innovation for development.

In most countries, MSMEs are the predominant form of business and the main providers of employment, in particular for the poor and most vulnerable in their local communities, many of whom are informal. 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 enhance 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. Through the Informal Economy Facility (IEF), UNDP supports countries to move the needle on poverty, vulnerability, and inequality by protecting informal actors and empowering them to benefit from and contribute to inclusive, job-rich, and green recovery and development pathways, in an integrated manner.

Furthermore, UNDP’s work with MSMEs has helped inform the SDG Accelerator programme for MSMEs, with more than 5 years of experience in running Impact Venture Accelerator programme. Since 2017, UNDP has supported 33 programmes with over 400 participating impact ventures from 47 countries. For example, the SDG Accelerator programme in Denmark takes MSMEs on a six-month innovation journey that supports them to design one or more SDG-aligned business solutions. It has worked with more than 50 companies in different geographies, including across the Nordics, Baltics, Moldova, Kuwait, and Bosnia Herzegovina, and there are more programmes under way, such as the Green Growth Accelerator which will support 800 SMEs in Morocco, Tunisia, Egypt, and Jordan to accelerate green growth and enable new and green revenue streams.

In addition, UNDP will focus on building 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 and representative business associations have a seat at the table in the design of national programmes. 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. UNDP also recognizes the strategic importance of strengthening women owned MSMEs, including support for funding and representation, across diverse environments such as fragile settings and crisis contexts.

[For more information on unlocking private sector capital and aligning business operations for the SDGs GPN service offer, please follow this link.](#)

### **C. GPN Service offer on: SDG Impact Management and Finance Tracking**

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

UNDP has developed a set of methodologies and tools that make Impact Management and Finance Tracking accessible to governments, investors, bond issuers, and enterprises. These helps develop coherent approaches, set common goals, and create credible SDG-related tracking and reporting systems across the public and private sectors. This offer will enable UNDP to work with partners to deliver a strategic and coherent approach to Impact Management and Finance Tracking across its portfolios.

For the private sector, Integrating an IMM framework has strategic and operational benefits. Strategically, it signals a commitment to sustainability, demonstrates accountability, and increases credibility with shareholders and key stakeholders. IMM helps to identify priorities and set targets in line with strategic policy goals, including social and environmental safeguards, to avoid adverse impacts and promote positive ones. Operationally, IMM allows to optimize resource allocation, select transactions, and ensure that impact data informs decision-making. At the portfolio level, it builds resilience and supports diversification based on expected risk-adjusted financial impact. UNDP also provides capacity development, tools, and technical assistance to enable the private sector (e.g., investors, enterprises of different sizes, and intermediaries), to develop impact frameworks and integrate impact measurement and management into their decision-making and management practices across sectors and countries. This process is supported by the [Impact Lab](#) - a self-paced online tool and a public good developed by UNDP.

Furthermore, UNDP collaborates with the private sector and governments in the setup of sustainability reporting systems aligned with development priorities to (i) collect data in a standardized way for monitoring the private sector contribution to SDG; (ii) develop tools that capture information using globally agreed norms and reporting standards as a reference to guide the reporting exercise; (iii) develop online platforms to report information and manage knowledge about companies' sustainable practices and impact frameworks vis-à-vis development challenges; and (iv) prepare analysis reports using the information gathered to inform decision-making. For

example, in Colombia, UNDP has developed, in collaboration between the National Planning Department (DNP), the Global Reporting Initiative (GRI) - an SDG Corporate Tracker multi-stakeholder initiative that measures and reports the contribution of the business sector to the Sustainable Development Goals (SDG), complementing the Voluntary National Reports. To date, the digital platform has 742 companies registered and 560 companies actively reporting on their contribution to achieve the SDGs, with the support of local business associations and chambers of commerce.

[For more information on the IMM GPN service offer, please follow this link.](#)

#### **D. GPN Service offer on: SDG Finance Academy**

By 2025, all UNDP Country Offices will have established SDG finance engagements and will be promoting US\$1 trillion of SDG-aligned investment. In order to achieve the UNDP Strategic Plan target of promoting the investment of over \$1 trillion of public expenditure and private capital in the SDGs, we need to ensure that we have the expertise and capacities at the disposal of Country Offices to both offer and tailor products and services to clients. UNDP's Sustainable Finance Hub (SFH) will work across the Global Policy Network, bringing the Regional and Central Bureau assets together and delivering an integrated capacity development initiative for RRs, DRRs and their teams.

This initiative will be known as the Sustainable Finance Academy and will involve: (i) designing and delivering a targeted training tailored to region and country contexts in consultation with UNDP COs and RBx; (ii) establishment of SDG Finance Focal Points in all country offices; and (iii) establishing an infrastructure of support, including rosters of experts and internal communities of practice to sustain support for UNDP COs as they scale up their SDG finance engagements. As the capacity development initiative moves forward hand-in-hand with support for country and regional bureau planning and programming, we expect that every Country Office will be measuring their success in part by how much finance they leverage for their government and private sector partners to deliver on the SDGs, not just how much UNDP COs deliver themselves.

[For more information on the SDG Finance Academy GPN service offer, please follow this link.](#)



## **2. Enabler: Digitalisation**

### **Digitisation**

#### **A. GPN Service offer on: Financial inclusion and digitization**

Access to new market opportunities and 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.<sup>lxiv</sup> 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.<sup>lxv</sup>

UNDP and UNCDF already have close collaboration through a number of initiatives such as the creation of a Growth Enterprise Market (GEM) Portal in Zimbabwe in 2021 that enables SMEs to access debt or equity funding. This is done using a data-informed scoring algorithm that streamlines credit assessments and business review. The initiative was also launched in Zambia in 2021 and current talks are ongoing in Kenya, Uganda and Eswatini.<sup>lxvi</sup>

Furthermore, UNCDF and UNDP have designed and are implementing a platform named a2i that mobilizes citizens' micro-savings through digital channels, such as mobile wallets (Mobile Money), and aggregates them to finance national green priorities such as green infrastructure projects. Not only does this innovative mechanism open a new avenue for mobilizing cheaper private domestic financing thereby also empowering individuals with more economic agency, but it also helps regulators identify potential barriers to such initiatives, leading to an enhanced regulatory framework. The initiative is ongoing in Bangladesh and currently being explored in Rwanda.<sup>lxvii</sup> Additional innovative business and financing model support for SMEs and Informal Enterprises include digitalized SME financing, digital financial inclusion of informal enterprises and digital enterprise registration.

UNDP also provides support to enable access to new markets through digital tools and services, such as the transformative programme for E-Commerce, which was established in Uganda through the UNDP Accelerator Labs. Working closely with Jumia Food's e-commerce platform, it connected over 4000 vendors in seven markets in the suburbs of Kampala, to enable them to register their products online.<sup>lxviii</sup> Another example is the #DigitalinMotion methodology which provides practical guides to help businesses re-tool and discover new ways to reach customers.<sup>lxix<sup>5</sup></sup>

[For more information on the GPN service offer enabler Digitalisation, please follow this link.](#)



**Strategic  
Innovation**

### **3. Enabler: Strategic Innovation**

#### **A. GPN Service offer on: Developing innovative financial instruments**

For UNDP to catalyze funding towards portfolios of options (and system transformation as a whole), new innovative financial instruments and financing policy reforms are needed. They must operate according to decision-making frameworks, performance metrics, value models, analytical frameworks, and partnership structures that fundamentally differ from those of siloed, project-driven contexts (e.g., Portfolio financing and Systemic Investing, including the launch of a Systemic Fund). Under the GPN service offer for innovation, UNDP provides support to country offices through four main areas: (1) Support in deploying UNDPs' portfolio acceleration protocol to increase

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<sup>5</sup> [Digital In Motion | United Nations Development Programme \(undp.org\)](#)

policy coherence (for governments) and help COs identify opportunities for acceleration in the existing portfolio; (2) creation of new thematic offers, embedding systems and portfolio approaches and supporting business units to activate and dynamically manage new portfolios (e.g., Urban Transformation post COVID-19, Sustainable Tourism, and Future of Work); (3) Advocating with governments and donors to embrace system approaches, including exploring financial instruments for system investments; and (4) to design learning experiences to build capabilities, such as working with uncertainty and tackling systemic challenges.

For example, through the National Financing Frameworks and Portfolios service offer within UNDP's development financing enabler offer, UNDP is supporting more than 70 countries worldwide to develop integrated national financing frameworks. These INFFs are designed to drive transformation across public and private financial systems, in line with national sustainable development plans.

[For more information on the GPN service offer enabler Innovation, please follow this link.](#)



## **1. Signature Solutions: Poverty & Inequality**

### **A. GPN Service offer on: Informal Economy Facility**

UNDP has a track record in supporting vulnerable people and businesses. As part of its response to COVID-19, UNDP further helped identify the specific impacts of the crisis on informal workers and enterprises and as noted by a recent evaluation “post-pandemic MSME support projects were implemented in all regions of operation, from cash-for-work projects to capacity building and the revamping of value chain to build their resilience and improve the sustainability of local communities, including those left behind or at the risk of being left behind,” UNDP spearheaded innovative (including digital) solutions, to facilitate their access to social assistance, finance, and markets, while supporting the development of appropriate legal frameworks to facilitate transformation of informal enterprises. UNDP also supported the development of recovery plans for informal sectors, whilst fostering dialogue and advocacy around informality and social protection.

Through the Informal Economy Facility (IEF), UNDP aims to support program countries move the needle on poverty, vulnerability, and inequality by protecting informal actors and empowering them to benefit from and contribute to inclusive, job-rich, and green recovery and development pathways, in an integrated manner. The initiative is firmly grounded in UNDP's new Strategic Plan (SP 2022-2025) Signature Solution #1 on Poverty and Inequality, its directions of change (Leaving No One Behind, resilience, structural transformation) and critical enablers, particularly digitalization and strategic innovation. The Informal Economy Facility synergizes with the UNDP Private Sector Strategy which aims to promote sustained and rapid economic growth through decent job creation and sustainable business opportunities, with a particular focus on enhancing productive and resilience capacities of micro small enterprise targeting the youth and women-led informal

businesses. It also places emphasis on partnerships and the participation and inclusion of poor and marginalized communities, including informal workers and businesses.

[For more information on the Informal Economy Facility GPN service offer, please follow this link.](#)

### **B. GPN Service offer on: Trade and Value Chains**

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

UNDP brings an integrated and inclusive approach to private sector and trade programmes, seeks to address bottlenecks, and leverage existing opportunities by developing capacity at the macro (e.g., policy and regulatory reforms) meso (institutional support) and micro levels (e.g., enterprises, especially MSMEs) to promote systemic change in the way markets work. This work takes an ecosystem development approach that is bottom-up rather than top-down, promoting business cooperatives and development of sustainable business structures, such as strengthening business associations or chambers of commerce. UNDP's work on trade builds on its long-standing experience on value chain and trade programmes across the organization, including: supplier development programmes, Food value chain greening and SDG Value Chains, the Green Commodities Programme, initiatives to support regional integration and global partnerships, such as the Enhanced Integrated Framework focused on developing trade capacity in LDCs and support to an inclusive African Continental Free Trade Area (AfCFTA) in Africa.

One of the lessons learnt by UNDP over the years on its work on trade, value chains and private sector development is the importance of participatory approaches, involving all stakeholders during sector/system diagnostics and solution formulation, especially those usually marginalized or excluded. Experience has shown the need to move from dialogue to true collaboration to promote durable change. This step change takes time and financing frameworks that promote collaboration. Initial support to the AfCFTA process by (i) increasing countries' readiness and capacity of national and regional institutions to start implementation of the Agreement and (ii) building capacity of businesses, especially women and youth led MSMEs and SME intermediaries (who can aggregate commodity and run logistics for transnationals), to understand new or expanded opportunities

resulting from the trade deal. This is a prerequisite to ensure that small businesses produce towards AfCFTA markets.

[For more information on Trade and Value Chains GPN service offer, please follow this link.](#)



## 2. **Signature Solutions: Governance**

### **A. GPN Service Offer on: Blueprint For Transformative Change Through the Rule of Law and HR**

UNDP's B+HR (Business and Human Rights) programme promotes responsible business practices through advisory services to businesses on operational guidelines and governance matters, and to governments on national regulatory and policy frameworks. Both lines of work are rooted in the UN Guiding Principles on Business and Human Rights- the world's most authoritative normative framework guiding responsible business. By leveraging its formidable convening power, UNDP also provides high profile platforms to build multi-stakeholder coalitions in pursuit of peer learning and dialogue between stakeholders, including civil society, business, government, and national human rights institutions.

[For more information on Rule of Law and Human Rights GPN service offer, please follow this link.](#)



## 3. **Signature Solutions: Resilience**

### **A. GPN Service Offer on: Resilient Recovery**

UNDP occupies a unique place and leading role in supporting resilient recovery through its mandate, expertise, and national presence. As reflected in the current Strategic Plan for 2022-2025, UNDP aims to strengthen the capacity of countries, institutions, and people to prevent, mitigate and respond to diverse risks and crisis, whether they stem from a conflict, a natural hazard, climate event, social and economic shocks, or any combination of them. UNDP's approach for recovery relies on a systemic approach bridging short, medium- and long-term interventions with underlying principles of gender equality, environmental sustainability, and digital transformation.

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

[For more information on Resilient Recovery GPN service offer, please follow this link.](#)



### **B. GPN Service Offer on: Risk-Informed Development**

UNDP has been at the forefront of risk-informed development over the past two decades. It's an approach that originated in the field of disaster risk reduction, then expanded in recent years to embrace climate change related risks, and now will also comprise biological hazards, conflict, fragility, economic shocks and other shocks and stressors. This approach contributes to the overall objective and is fundamental for accelerating the three directions of systemic change which UNDP intends to support under its new Strategic Plan: building resilience, leaving no one behind, and transforming structures. As part of its work focusing on sustainable financing for risk-informed development, UNDP is advocating for international financing that is flexibly applied in support of long-term and integrated approaches; supporting financing solutions, policies and regulatory reforms that blend public, private, domestic and international resources to reduce risk and build financial resilience; accelerating smart allocations to the local level, including by leveraging digital assets such as identity and mobile money; expanding access to clean energy and nature-positive investments through innovative financial instruments and mechanisms; and increasing access to pooled and global funds. Entry points include budgeting and expenditure analysis, public and private sector resource mobilization, risk financing and insurance, and risk informing investments.

[For more information on Risk-Informed Development GPN service offer, please follow this link.](#)

### **C. GPN Service Offer on: Resilient insurance solutions**

UNDP is working through the Insurance and Risk Finance Facility (IRFF), a flagship initiative of the Sustainable Finance Hub, to develop and implement initiatives that utilize risk transfer and risk analytics to benefit the lives and livelihoods of the world's most vulnerable and build their resilience to climate change and other shocks. The IRFF creates strong enabling environments for insurance and risk financing through regulatory and policy work and developing innovative insurance solutions, such as sovereign risk transfer and inclusive insurance products, in partnership with industry. The IRFF works across five workstreams: inclusive insurance, sovereign risk financing, integrating insurance into development, insurance, and investment, and insuring natural capital. The Facility is committed to improving and scaling insurance coverage and access for the most vulnerable.

In addition, the IRFF aims to build insurance components into UNDP's existing work, starting with strong sectoral areas like adaptation, ecosystems, disaster recovery, and disaster prevention. Core to this work is the belief that insurance is not only about what is being protected, but also how it can expand the range of choices it allows countries and individuals to make. UNDP's insurance work is aligned with the Resilience Vision 2025 target of covering 500 million people by 2025. To deliver on this mandate, the IRFF has created partnerships with governments and the industry, such as in the Tripartite Agreement with the German Government and the Insurance Development Forum, representing 10 of the world's largest insurance and reinsurance companies, as well as bilateral partnerships with industry leaders.

[For more information on Resilient Insurance Solutions GPN service offer, please follow this link.](#)



## 4. Signature Solutions: Environment

### **A. GPN Service Offer on: Carbon Markets**

Carbon markets aim to mitigate greenhouse gas (GHG) emissions by creating an economic incentive for reducing emissions as cost-effectively as possible, fostering the transition to a low-carbon economy. UNDP aims to provide high-level strategic information and technical advice to countries so that they can best position themselves to define their engagement in carbon markets – including technical assistance to carry out assessments of innovative mechanisms by which public funds and development finance can catalyze the flows of private sector investment into carbon market activities. This supports countries' engagement in: (i) International compliance carbon market mechanisms under the UNFCCC; (ii) International voluntary carbon markets (VCM) set up by private standards; and (iii) Domestic carbon markets/ emission trading schemes or carbon neutrality programs. UNDP, in discussion and partnership with the broader coalition of stakeholders such as UNFCCC, World Bank, and other key partners, will also leverage the digital public goods for development approach to test, pilot, and scale a shared digital infrastructure to facilitate carbon transactions among countries.

UNDP's Africa Finance Sector Hub Private Sector Unit also works to enhance carbon market access and energy sector financing in the region. This work includes support for countries to review and develop policies targeting Carbon Market Access and Energy Financing that advance development priorities and achieve the SDGs. Under the Africa Climate Promise, it supports the design, development and field implementation of the Africa Green Business and Financing Initiative. and the initiative scales up awareness and advocacy initiatives to support carbon market access and energy financing at national and regional levels.

[For more information on Carbon Markets GPN service offer, please follow this link.](#)

### **B. GPN Service Offer on: Circular Economy & Green Economy**

Circular Economy and closely linked Green and Blue Economy approaches help to catalyze a shift in investments towards nature-positive, low-emission, low-pollution and waste-recycling production and consumption patterns across all sector and value chains. These approaches are also designed to ensure a just and inclusive transition that considers economy-wide trade-offs and prioritized investments for different social groups and sectors over time, particularly groups in marginalized and vulnerable contexts. In 2022, over 70 countries were already applying various Circular/ Green/ Blue Economy policies across the life cycle of their productive sectors, including: resources extraction; food and commodity systems; energy production; buildings and construction; transport and tourism; oceans and fisheries; health; procurement; and chemicals and waste management, including plastics.

If scaled up these approaches could lead to a 25% reduction in global resource use, with a 90% reduction in greenhouse gas emissions.<sup>lxx</sup> Employment could grow by 0.1% by 2030, generating tens

of millions of new jobs. Cutting food wastage would save 1.3 billion tons per year<sup>lxxi</sup> and potentially provide savings of up to US\$2.6 trillion per year, including US\$700 billion of environmental costs and US\$900 billion of social costs in global costs of food wastage – enough to feed 2 billion hungry and malnourished people.<sup>lxxiii</sup>

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

[For more information on Circular and Green Economy GPN service offer, please follow this link.](#)

### **C. GPN Service Offer on: Food & Agricultural Commodity Systems (FACS)**

UNDP’s Vision for FACS 2030 is to transform food and agricultural commodity systems through multistakeholder collaboration, contributing not only to the recovery from the current global crises (COVID19, Ukraine, biodiversity loss and climate change), but also to change course and make progress towards all 17 Sustainable Development Goals, by creating sustainable and resilient livelihoods for many along the FACS supply chains. UNDP has a more than 50-year history of supporting FACS through global, regional, and country-level projects. Flagship initiatives such as SCALA (Scaling up Climate Ambition on Land Use and Agriculture) with FAO, UN-REDD (Reducing Emissions from Deforestation and Forest Degradation) with UNEP and FAO, and Green Commodity Programme’s multistakeholder commodities platforms are key examples of a \$1.2 billion portfolio which covers sustainable agricultural commodities, agri-food value chains, terrestrial and marine ecosystems and biodiversity conservation, climate change mitigation and adaptation, chemical management, energy, governance, livelihoods and gender. The FACS portfolio demonstrates UNDP’s strength in working across ministries of national governments, sub-national governments and with the private sector, including major brands, buyers, processors, and financial institutions, at national and global levels. UNDP’s depth of experience in achieving systemic change, through effective multi-stakeholder collaboration, puts collaborative problem-solving at the heart of UNDP’s approach.

Furthermore, given the importance of working with the private sector at all levels, including farmers and the organizations that represent them, MSMEs, producers, industry and trade associations, large firms (also known as the multi-national “big brands”), and financial institutions, a FACS Private

Sector Engagement Strategy for 2023 has been drafted. The purpose of the strategy is to highlight the types of engagements with the private sector, namely:

- Collaborate at a landscape/jurisdictional level through multi-stakeholder partnerships and systems change processes that improve environmental and social sustainability conditions;
- Contribute to policy reform and national action plans by working with governments, through multi-stakeholder processes, to strengthen policy, enforcement, and standards;
- Empower smallholder farmer and producer systems to shift to more sustainable and equitable production practices and food system pathways that reduce risk and increase resilience;
- Partner at a global level, through multi-stakeholder collaboration, to address the wider systemic changes needed, beyond optimization of the current system.

These domains of private sector engagement are in service of 5 intervention areas:

1. Reforming policy, legislative and regulatory frameworks for sustainable and resilient food and agricultural commodity systems and strengthening their enforcement.
2. Strengthening of national and subnational capacities and systems to foster sustainable food and agricultural commodity systems.
3. Improving market and financial incentives for producers to shift to more sustainable production practices.
4. Promoting healthy, sustainable, and resilient livelihoods for all members of vulnerable rural households and small producers.
5. Facilitate the establishment of enabling conditions for a transformation of food and agricultural commodity systems through advocacy, capacity building, and partnerships at a global level.

[For more information on Food and Agricultural Commodity Systems GPN service offer, please follow this link.](#)

#### **D. GPN Service Offer on: Ecosystems and Biodiversity**

UNDP's 2030 vision is to ensure a world where nature has moved to the heart of global understanding of sustainable development, where nature is being protected and restored as a planetary safety net for humanity, safeguarding our food, our water, our livelihoods and jobs, our climate, our health, and our security, enabling people to rise out of poverty and inequality to live more just and sustainable futures. UNDP brings the development agenda to biodiversity discourse, with clear articulation of the roles of biodiversity and nature in the global efforts for achieving sustainable development.

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

- (i) Biodiversity Finance;
- (ii) Ecosystem Management and Restoration;
- (iii) Ecosystem-Based Climate Adaptation; (iii)

- (iv) Ecosystem-Based Climate Mitigation; Mainstreaming Biodiversity, Strengthening Conservation Areas; and
- (v) (v) Water and Ocean governance.

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

Lastly, under the new Kunming-Montreal Global Biodiversity Framework adopted by Member States at COP15 in December 2022, action will now accelerate to address our intersecting human and planetary crises with a swift pivot from agreement to implementation. The new UNDP Nature Pledge is UNDP's commitment for elevated support to over 140 countries in response to these expectations, as was announced by the Administrator during COP 15.

[For more information on the ecosystems and biodiversity GPN service offer, please follow this link.](#)



## 5. Signature Solutions: Energy

### **A. GPN Service Offer on: Energy for Development**

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

[For more information on Energy for Development GPN service offer, please follow this link.](#)

**B. GPN Service Offer on: Closing the energy gap for an additional 500 million people by the year 2025**

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

[For more information on Closing the Energy Gap GPN service offer, please follow this link.](#)



**6. Gender Equality**

**A. GPN Service Offer on: Financing for Gender Equality**

UNDP is committed to working with partners to mobilize an additional \$100 billion for gender equality by 2025. UNDP will mobilize funds for gender equality, aligned with overall UNDP work, to mobilize public and private finance towards the SDGs and within the Integrated National Financing Frameworks (INFFs). For example, UNDP contributes to the mobilization of private finance through SDG Investor Maps. On public finance, UNDP supports efforts on capacity development, integrating a gender equality lens within SDG budgeting initiatives, and supporting the overall development of fiscal policies. UNDP also provides support for the development of debt instruments with a strong gender and intersectionality lens, especially through thematic bonds. This includes the development of bond taxonomies, the revision of investment portfolios, capacity building, and technical support to bond issuers, including support in the development of Gender Equality Bonds on demand, in cooperation with UN Women. To ensure the sustainability of these interventions, UNDP complements them with the implementation of the Gender Equality Seal for Public Institutions for Ministries of Finance, Tax Offices, Central Banks and aligned institutions, which helps institutions improve their structure, capacities, internal policies, and public policy.

[For more information on the Financing for Gender Equality GPN service offer, please follow this link.](#)

**B. GPN Service Offer on: Future-Proof & Resilience Jobs for Women**

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

empowerment of women, as well as gender-responsive digital transformation plans and strategies, including in fragile and crisis contexts. UNDP also supports the alignment of business operations with the SDGs towards the advancement of gender equality through the Gender Equality Seal for Private Sector, which promotes excellency standards transforming regulations, processes, and culture.

UNDP aims to promote the inclusion of women in the digital economy, facilitating multi-stakeholder dialogue, and supporting efforts to promote the access and use of digital technologies. Furthermore, UNDP's key positioning in international financial and economic policy making forums such as the G20 or APEC, where UNDP serves as Secretariat of the Sustainable Finance Study Group and the Sustainable Finance Development Network, helps the institution raise UNDP's Gender Equality Integrated policy agenda at a global level and drive change in financial policies and regulation. Such help drive capital allocation that supports the empowerment of women towards just and equitable societies.

[For more information on Future-Proof and Resilience Jobs for Women GPN service offer, please follow this link.](#)

## **VII. Conditions for Strategy Implementation**

### *1. Strategic Enablers*

UNDP's work on the three strategic priorities (see figure 3) will be enabled by stimulating **innovation**, accelerating **partnerships**, and advancing **digitalisation**. Achievement of the SDGs will require new business models, technologies, financial instruments, and policy approaches to be advanced by multiple stakeholders. UNDP has value to add in stimulating and supporting these innovations. The ambition and breadth of the SDGs demand collaboration among a range of actors as well as enhanced coordination within the UN system. UNDP has a distinctive role to play in convening and leveraging the potential of all stakeholders toward SDG achievement.

Together with UNCDF, working on the above strategic enablers, UNDP is actively encouraging the participation of the 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 UN Country Teams (UNCT) or linking the private sector to the Making Access Possible (MAP) work. MAP is a multi-country initiative that supports financial inclusion through a process of evidence-based analysis feeding into a financial inclusion roadmap, jointly implemented by a range of local stakeholders, and country programming documents (CPDs). 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 (e.g., via Innovation Facility challenge grants) and prototyping innovative solutions to demonstrate how the private sector can accelerate SDG achievement (through *SDG Impact*, for example).

UNDP Accelerator Labs is the world's largest and fastest learning network on sustainable development challenges. 48% of Labs are working with the private sector – encompassing many small businesses in fields including tech, agriculture, and engineering, as well as a few large multinationals like Standard Chartered bank. The *Sloan Management Review* and *Fast Company*, which cater to private sector audiences, have both highlighted the Accelerator models as exemplary.

Continuously scanning the marketplace for innovative business models, UNDP will promote and elevate those with the most promise, supporting their ability to secure capital. As the operational backbone of the UN Development System, UNDP can also launch large-scale global grand challenges<sup>lxxiv</sup> to convene multiple stakeholders around innovative SDG solutions.

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 enable environments that reshape economies to produce healthy growth rates, in addition to advancing sustainability and inclusiveness.

## B. Partnerships

The 2030 Agenda demands integrated, systemic solutions that 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 and Development Financial Institutions, academia, thought leaders, faith-based finance partners, and civil society organizations and alliances (see Annex V). UNDP is working with partners to ensure the values and spirit of Agenda 2030, as well as SDG targets, inform financial decision-making.

The private sector has a critical role in delivering collective development solutions together with the public sector. It is a strategic partner in multi-stakeholder collaborations, with potential to provide development solutions through innovative financing, technical expertise, knowledge, and innovation for sustainable development. UNDP promotes knowledge and technical exchanges between countries and collaborates with partners and networks that champion systemic reforms with a focus on SDG financing. To achieve 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, intensifying momentum toward SDG achievement.



UNDP's convening role as a global broker between governments and businesses, combined with its leadership of the SDG country support platforms, put it in a prime position to establish transformational partnerships with businesses. UNDP plays 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. In this effort, UNDP will work closely with international business networks including the UN Global Compact (UNGC), the world's largest corporate sustainability initiative, and other business networks (e.g., the International Chamber of Commerce) as an active partner at the country level focusing on engaging the private sector through collective action for nature, climate and energy, and actions to advance women's empowerment and gender equality.

UNDP builds consensus for improved governance of financing, through global policy engagements, and strengthens the work on SDG financing with the UN system, including close collaboration with UNDESA, UNICEF, UN Women and UNCDF. UNDP will continue to deepen its partnerships with other UN agencies, funds, and programmes. As part of the multi-Partner Trust Fund (MPTF) on SDG Financing, UNDP successfully secured projects in 7 countries (Fiji, Indonesia, Madagascar, North Macedonia, Malawi, Uruguay, Zimbabwe) in partnership with 8 different UN agencies (FAO, IOM, UNCDF, UNECE, UNIDO, UNESCO, UNICEF, and UN Women). 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. For example, with the support of the German government, the UNDP-FAO Support Programme on Scaling up Climate Ambition on Land Use and Agriculture through NDCs and NAPs (SCALA) works on national climate plans such as the nationally determined contributions (NDCs) and National Adaptation Plans (NAPs) as crucial vehicles to create enabling policy and regulatory environments and investment plans for increasing private sector engagement in agriculture, forestry and other land use sectors for climate action.

UNDP has also been increasing its engagement in global financial and economic policymaking through the work carried out in different forums (e.g., G7, G20, APEC, UN's FfD process) as well as regulatory and market-based networks (e.g., Coalition of Finance Ministers for Climate Action, Sustainable Insurance Forum, Network for Greening the Financial System, Financial Centers for Sustainability Network, Insurance Development Forum). UNDP offers a comprehensive package of methods and tools in support of the organization's SDG Integration offer to enable governments, the private sector, and international financial institutions to accelerate financing for the SDGs. From supporting national strategies that deepen public-private collaboration to developing global SDG Impact Standards for private equity funds, SDG bond issuers and enterprises, and SDG Investor Maps for SD investment opportunities at global, regional, and national levels, UNDP is actively accelerating progress of the SDGs.

UNDP engages in partnerships with large national and multinational corporations in specific industries that have the potential to transform markets more broadly (e.g., food, agriculture, energy, technology). These include family-owned and state-owned enterprises as well as emerging multinationals from the Global South. The focus is to help large players in these industries to transition to sustainable and SDG-aligned business models, and to help co-create development solutions that deliver commercial, social, and environmental results. UNDP adds 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 specific sector policies. UNDP's engagement with private sector partners is guided by UNDP Policy for Due Diligence and Partnerships with the Private Sector. The PS due diligence policy ensures integrity, accountability, and independence of the Organization, and aligns with the UNSDG Common Approach to Prospect Research and Due Diligence for Business Sector Partnerships, the Ten Principles of the United Nations Global Compact and the Guiding Principles on Business and Human Rights. Furthermore, UNDP's [Social and Environmental Standards](#) (SES) underpin our commitment to mainstream social and environmental sustainability in our Programmes and Projects.

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

### C. Digitalisation

Rapid digital transformation is changing the context of development and presenting an opportunity to accelerate progress towards the achievement of the Sustainable Development Goals (SDGs) by 2030. Digital technologies provide ample opportunities to deliver services to people in a more effective, transparent, and inclusive way, including social protection, health, and livelihood opportunities for the most vulnerable and marginalized.

For example, the digitalisation of finance is opening new opportunities to accelerate financing for the SDGs by addressing existing barriers or unlocking new pathways for the financing of national development needs while supporting a more inclusive, resilience-building and climate-smart, citizen-centric financial system. The increasingly digital economy offers new pathways for structural transformations towards gender-intentional, greener, inclusive, and resilient socioeconomic growth. Strong digital public infrastructure, such as data exchange layers, digital identity, and interoperable digital payments systems, has been shown to increase countries' resilience to shocks and crises and has been identified as a key accelerator for an equitable COVID-19 response and recovery.

Considering this context, UNDP launched its Digital Strategy 2022-2025,<sup>lxxv</sup> enabling UNDP's programmatic impact, offers, and range of services to support our partners in building inclusive and resilient digital ecosystems. As noted by a recent UNDP evaluation "UNDP's new digital private sector partnerships offer significant opportunities for promoting Leave No One Behind and Reaching the Furthest Left Behind, some with a specific focus on reducing digital inequality." These services are developed in a demand-drive, agile way and build upon UNDP's continuous leadership in digital development. The Services include:

- Holistic digital transformation support, including a digital readiness assessment, and digital strategy design and implementation;

- Digital Capacity building for governments;
- Digital public goods and digital public infrastructure for development; and
- Inclusive Connectivity.

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

- Developing and maintaining strategic technology partnerships;
- Engaging in (global) dialogues and cooperation on digital-first areas; and
- Supporting Signature Solutions in digital cooperation.

UNDP will prioritize partnerships contributing to the service areas identified in the Integrated Offer on Digital. UNDP will also coordinate closely across the organization to build tangible forward-looking partnerships with digital-first organizations: private sector, tech think tanks, youth initiatives and organizations, social enterprises, and digital thought leaders from the global south.

UNDP also supports countries to incorporate digital financing strategies to unlock over US\$1 trillion of public and private capital investments in the SDGs. Through a joint Sustainable Finance Hub and UNCDF partnership, The SDG Digital Finance Ecosystem Assessment (as a modular component of the DRAs) identifies gaps and opportunities within domestic digital finance ecosystems to harness digital finance. This aims to deliver incremental financing towards varied national development priorities, such as green agriculture, SME financing, green infrastructure development, emergency relief or natural capital asset protection.

## 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 2022-2025. Under the new Strategic Plan, UNDP aims to review and amend its programming and operational procedures and instruments to be more agile, transparent, and accountable, in order to efficiently support new ways of doing business, like portfolio management; and to meet the expectations of partners, including the private sector.<sup>lxxvi</sup>

### A. Internal Financial and Regulatory Framework

UNDP’s programmatic engagement and partnership with the private sector is key to leveraging diverse capabilities, resources, and knowledge for the implementation of the new Strategic Plan (2022-2025) and to support achievement of the SDGs. To facilitate programmatic engagement with the private sector, UNDP requires innovative policy frameworks and instruments with the ability to give funds to and receive funds from the private sector and collaborate on non-financial joint initiatives. To effectively manage risks and ensure UNDP can deliver net positive impacts in collaboration with private sector partners, it is essential that UNDP’s programmatic engagement

and partnerships be informed by the best practices codified in the UNDP Global SDG Impact Standards and the OECD-UNDP Impact Standards for Financing Sustainable Development. Having the right risk management in place—with clear identification of steps and accountabilities suited for programme partnerships—is critical.

The private sector is a catalytic development partner. A key aspect of engagement with the private sector is the ability to provide grant support (e.g., through competitive enterprise challenge funds) and other incentives alongside technical assistance and non-grant financing to enterprises (including MSMEs) to maximize measurable social and/or environmental outcomes. Such grant assistance could, for example, support energy transition and low carbon technology transfer (including through blended financing), for products and services for low income or marginalized populations or direct financial support to MSMEs (including to youth- and women-owned businesses). Bilateral donors (e.g., Nordic countries, Australia, Canada, the USA, the EU), multilateral development banks, national governments, Vertical Funds, and UN agencies like UNCDF are all currently funding enterprise challenge funds and other such grant programmes for private sector companies including MSMEs across the globe.

Identifying the bottlenecks and opportunities that require prioritization to advance UNDP-private sector partnerships was set out as one of the twelve priority areas for review and action by the executive group (EG) in the first 100 day of UNDP’s new strategic plan.

Programmatic engagement with the Private Sector needs to be supported with the following differentiation and engagement modalities:

1. **Refine the policy framework and instruments necessary for UNDP to pursue differentiated programmatic partnerships with the private sector.** This includes the following:

- **On policies, within current FRRs:** Update UNDP’s main private sector policy to ensure clarity of purpose on why, when, and how UNDP engages with the private sector. This includes establishing a new intellectual property policy; enabling personnel exchanges with private sector companies to enhance capacity; and developing a tailored private sector partnership approach for fragile and crisis contexts. Updates should be in line with the implementation plan for UNDP’s Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) policy. Updates should also be in line with the best management practices for net-positive SDG impacts, as set out in the SDG Impact Standards for Private Equity Funds, Bonds issuers, Enterprises, and the OECD-UNDP Impact Standards for Financing Sustainable Development.
- **On instruments, within current FRRs:** Review the use of UNDP’s Model Innovation Challenge Agreement modality. Present a proposal, with a risk assessment, on how to more effectively engage the private sector in project implementation, including the SDG Impact Standards (along with the Assurance and SDG Impact Seal in development) as a screening, due-diligence, risk-mitigation, and integrity tool.

**Beyond current FRRs:** Develop a risk analysis – of threats and opportunities – of making changes to UNDP FRRs to further promote private sector partnerships. This is important in terms of types of

financial instruments like first loss guarantees tranches, required risk sharing, and leverage structure.

2. **Enhance current policy and procedures around due diligence and risk management to facilitate prompt and risk-informed decision-making** in selecting and engaging with different types of private sector partnerships. This includes steps to (within current FRRs):
  - Revise UNDP's due diligence policy to take account of differentiated types of private sector engagement and risk, harmonized with the AML/CFT policy implementation plan, and in line with the SDG Impact Standards. The principle of subsidiarity in decision-making holds in keeping with UNDP's decentralized business model, but with clear (and clearly communicated) escalation measures, implications for delegation of authority, and differentiated approaches depending on sector and levels of risk and engagement.
  - Digitalize UNDP's risk assessment tools for an effective, inter-operable risk assessment system accessible across the organization, with a seamless transition from current systems to Quantum+ and digital escalation capacity.
  - Establish a rapid assessment mechanism that reduces bureaucracy and leverages existing external or other UN agency due diligence assessments.
3. **Consolidate private sector partnership management, guidance, and support** through the following:
  - Leveraging UNDP's new Client Relationship Management system that has a comprehensive digital repository/stream of existing policy instruments and guidance to reduce transaction costs and enhance compliance. This includes reviewing and revising the POPP and private sector toolkits, as well as corporate business processes around donor/partners classification.
  - Create a dedicated inter-bureau solutions team, supported by a dedicated central team from the Sustainable Finance Hub and BERA, to strengthen guidance and support on private sector issues across the organization.
  - Develop tailored approaches for a priority list of private sector partnerships and identify a partnership management lead for each. Design structured approaches for engaging with specialized private sector partners or sectors, including tech providers and Vertical Fund co-financers.<sup>lxxvii</sup>

## **B. Resource Mobilization from the Private Sector**

UNDP is committed to playing a stronger and increasingly strategic role in influencing development finance policies. UNDP's new Strategic Plan recognizes development financing as one of the three enablers to further accelerate and scale results and sets the target of promoting the investment of over US\$1 trillion 'moonshot' of public expenditure and private capital in the SDGs.<sup>lxxviii</sup> To achieve this strategy, UNDP has prioritized actions to accelerate a structured approach to private sector partnerships in the first 100 days of UNDP's new Strategic Plan. The Actions lay the foundation for a clear vision and prioritization, commitment to robust risk management, and fostering development innovation and agility. The priority actions include:

- Creation of the policy framework and instruments necessary for UNDP to pursue differentiated programmatic partnerships with the private sector;

- Enhancing current policy and procedures around due diligence and risk management to facilitate prompt and risk-informed decision-making when selecting and engaging with different types of private sector partners; and
- Consolidation of private sector partnership management, guidance, and support.

Importantly, UNDP's engagement with the private sector includes mobilizing resources for its programmatic work, offering private sector actors concrete opportunities to invest in ways and areas that yield transformational, SDG-focused development solutions. These partnerships go far beyond corporate social responsibility and offer important opportunities for businesses to mature in their understanding of development. These partnerships need to be oriented by and aligned with the UNDP SDG Impact Standards, the global management practice standards for sustainability.

UNDP focuses on private sector resource mobilization with the potential for long-term value, engaging in a careful appraisal and assessing return on investment before making choices about which private entities to engage. UNDP will design structured approaches for engaging with specialized private sector partners and sectors, including tech providers and Vertical Fund co-financers.

This portfolio of Private Sector work is at the vanguard of UNDP's Corporate Resource Mobilization Strategy for financing the Strategic Plan. By advancing innovative models that leverage UNDP advisory services and expand partnerships with the private sector – including fees-for-services (e.g., for SDG impact standards and SDG bond reporting), cost-recovery beyond project implementation, facilitation fees, as well as flexible contractual modality for private sector – the private sector strategy continues to unlock private capital and SDG finance while mobilizing resources for UNDP itself in the process. In addition, UNDP will focus on high-value resource mobilization, mainly through a few large partnerships. UNDP will develop tailored approaches for priority lists (e.g., top ten) private sector 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 businesses for innovative initiatives co-designed to leverage each party's comparative advantages.

As noted in the UNDP Corporate Resource Mobilization strategy for financing UNDP Strategic Plan 2022-25, it involves undertaking an analysis of private sector engagement, including the increasing demand for partnerships with the private sector and harness opportunities for new collaborations for funding. A more consolidated support and guidance will be afforded to country offices to forge and manage partnerships with the private sector. Based on a review of the top 10 (ongoing) strategic partnerships that have delivered on impact and have opportunities for scale, a business case for investment will be developed. This task complements the on-going improvement to UNDP's policy framework and instruments, including the due diligence process, necessary to pursue differentiated programmatic partnerships with private sector.

### C. People, Culture, and Ways of Working

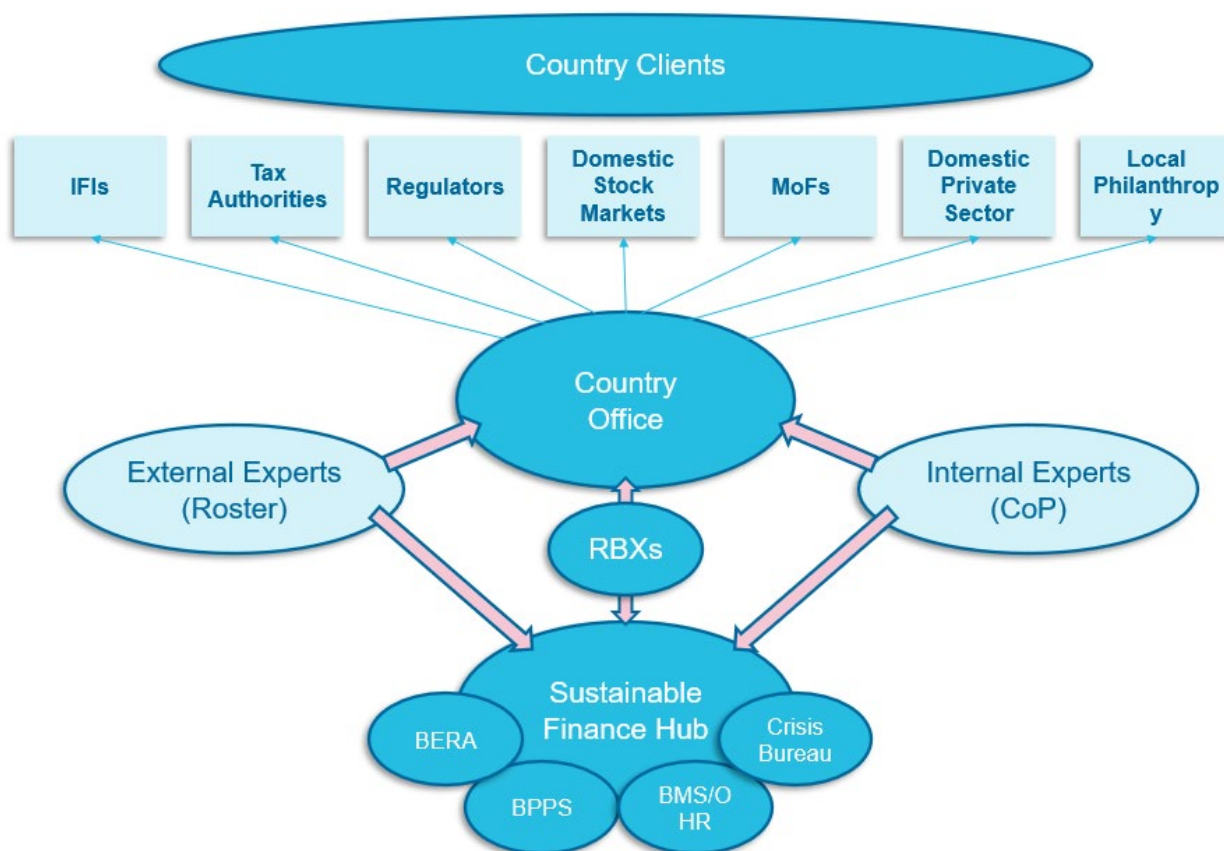
The scope of this strategy requires UNDP to build greater staff capacity for working on the strategic outcomes and engaging in transformational partnerships with the private sector and the financing community. There are many staff members with relevant skills and experience throughout the organization,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

To significantly enhance coordination, leadership, quality assurance and risk management in its work with the private sector, build upon important existing work, address the challenges identified in this strategy, and maximize new opportunities, the established Sustainable Finance Hub (SFH) is leading the implementation of this strategy in collaboration with other teams who are part of the GPN. 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. The Sustainable Finance Hub operates as a joint BPPS and BERA platform, serves as a connector, broker and global coordinator among internal and external actors, and curates and manages UNDP's catalogue of service offers to governments, investors, and companies.

The Sustainable Finance Hub provides a leadership role in our work to define UNDP's coherent approach on SDG financing and the implementation of this strategy. It provides 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 how to attract regional and global flows of capital while supporting companies and investors to align their businesses models with the SDGs.

By 2025 all UNDP Country Offices will have established SDG finance engagements and promoted US\$1 trillion of SDG-aligned investment. In order to achieve the UNDP Strategic Plan target of promoting the investment of over US\$1 trillion of public expenditure and private capital in the SDGs, we need to ensure that we have the expertise and capacities at the disposal of Country Offices to both offer and tailor solutions for partners. UNDP's Sustainable Finance Hub (SFH) will work across the Global Policy Network, bringing the Regional and Central Bureaux combined assets together and delivering an integrated capacity development initiative for RRs, DRRs and their teams, known as the Sustainable Finance Academy

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



### VIII. List of Annexes:

Annex 1: Compendium of GPN Integrated Policy and Programme Services to the Country Offices

Annex 2: UNDP's definition of the private sector

Annex 3: Key challenges to private sector-driven inclusive, circular, and sustainable growth  
Building on Lessons Learnt from the 2018-2022 Private Sector Strategy

Annex 4: Lessons learned from past and current work on private sector issues

Annex 5: Landscape analysis of development cooperation for private sector work

Annex 6: Partnerships for UNDP's work with the private sector

Annex 7: Guiding principles for working with the private sector

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<sup>i</sup> See Annex I for UNDP's definition of the private sector.



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- <sup>xli</sup> 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](https://beamexchange.org/uploads/filer_public/b2/3a/b23a3505-e3f1-4f63-8c0c-aeb35a763f91/beamliteraturereview.pdf)
- <sup>xlii</sup> 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.
- <sup>xliii</sup> UNDP. (2021). For every dollar pledged to tackle climate crisis for world's poor, four dollars are spent on fossil fuel subsidies that keep the climate crisis alive according to new UNDP research. UNDP. <https://www.undp.org/press-releases/every-dollar-pledged-tackle-climate-crisis-world%E2%80%99s-poor-four-dollars-are-spent>
- <sup>xliv</sup> UNDP. (2021). Alternative uses of pre-tax fossil-fuel subsidies per year. <https://www.undp.org/publications/alternative-uses-pre-tax-fossil-fuel-subsidies-year>
- <sup>xlv</sup> 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](http://www.enterprisedevelopment.org/download.ashx?id=1842)
- <sup>xlvi</sup> BEAM Exchange. (2014). Market systems approaches. Retrieved from [https://beamexchange.org/uploads/filer\\_public/b2/3a/b23a3505-e3f1-4f63-8c0c-aeb35a763f91/beamliteraturereview.pdf](https://beamexchange.org/uploads/filer_public/b2/3a/b23a3505-e3f1-4f63-8c0c-aeb35a763f91/beamliteraturereview.pdf)

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- <sup>xlvi</sup> 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).
- <sup>xlviii</sup> UNDP. (2016). Discussion Paper - Developing New Financial Instruments for providing Development Assistance.
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- <sup>li</sup> UNDP. (2022). Financing the Recovery: A Formative Evaluation of UNDP's Response to the COVID-19 Pandemic and SDG Financing. <http://web.undp.org/evaluation/evaluations/thematic/recovery-finance.shtml>
- <sup>lii</sup> UNDP (2022). UNDP Strategic Plan 2022- 2025. <https://strategicplan.undp.org/>
- <sup>liii</sup> UNDP (2022). Global Policy Network Services to Country Offices
- <sup>liv</sup> 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](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/socar12713a>).
- <sup>lv</sup> UNDP. (2016). Mobilizing Private Finance for Sustainable Development. New York. United Nations.
- <sup>lvi</sup> OECD (2021), Development Co-operation Report 2018: Joining Forces to Leave No One Behind, OECD Publishing, Paris, <https://doi.org/10.1787/dcr-2018-en>.
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- <sup>lix</sup> UNDP (2021). The Indonesian SDG Bond: A Leap Towards Financing the SDGs. <https://www.undp.org/indonesia/news/indonesian-sdg-bond-leap-towards-financing-sdgs>
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- <sup>lxii</sup> Chimhowu, A., Hulme, D., Munro, L., 2019, The 'New' national development planning and global development goals: Processes and partnerships. Accessible at: <https://www.sciencedirect.com/science/article/pii/S0305750X19300713>
- <sup>lxiii</sup> INFF Facility, 2022, The State of INFFs in 2022. Accessible at: <https://inff.org/resource/the-state-of-integrated-national-financing-frameworks-in-2022-or-report>
- <sup>lxiv</sup> 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.
- <sup>lxv</sup> UNCDF Report on Results Achieved by the United Nations Capital Development Fund in 2017 (2018).
- <sup>lxvi</sup> <https://www.uncdf.org/Download/AdminFileWithFilename?id=14749&cultureId=127&filename=2021-07-07ide4sdgs-web-versionpdf>
- <sup>lxvii</sup> [UNCDF and UNDP commit to advancing Bangladesh's inclusive digital economy, digital financial skills and financing for SDGs - UN Capital Development Fund \(UNCDF\)](#)
- <sup>lxviii</sup> [UNDP, Jumia and Market Vendors all benefiting from unique E-Commerce Partnership | United Nations Development Programme](#)
- <sup>lxix</sup> [Digital In Motion | United Nations Development Programme \(undp.org\)](#)
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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."

<sup>lxxviii</sup> UNDP (2022). UNDP Strategic Plan 2022- 2025. <https://strategicplan.undp.org/>

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