PUBLIC FINANCE FOR THE SDGs

Partnering with nearly 100 countries to put sustainable development at the centre of public finance.

UNDP has a strong track record of supporting governments and their partners to better link policy areas such as climate, biodiversity, gender, disaster risk management, health and poverty with their public finances. This role has expanded from public financial and expenditure management to include work around SDG-aligned tax revenue mobilisation, SDG-aligned debts instruments and sovereign risk financing. UNDP has developed a niche in providing solutions to public finance that align investment across the SDGs. UNDP’s work on public finance is routed in support of effective governance with a strong focus on transparency and accountability built up from UNDP’s expansive governance portfolio.

UNDP provides access to experts in a variety of different fields in public finances from assisting countries with raising revenues through tax and SDG-aligned debt, to strengthening risk and SDG informed macro-fiscal frameworks and budgets aligned to sustainable development strategies and development plans, to strengthening systems for equitable, effective and transparent utilisation of public resources, to working with parliaments which have a critical oversight role and civil society organizations and others on citizen engagement to complete the budget cycle.

Services

The public finance offer is framed around four key services cutting across the public finance ecosystem:

- Tax for SDGs
- Debt for SDGs aligned
- Insurance and risk financing
- Budgeting for the SDGs

UNDP has implemented these public finance services in relation to climate, gender, biodiversity, health, as well as looking across these policy areas as part of integrated approaches to public finance for the SDGs.

1. Tax for SDGs (Raising domestic revenues aligned with the achievement of SDGs – Tax 4 SDGs)

Raising public finance through taxation is universal. Fiscal policies can guide behaviour towards the achievement of the SDGs in domestic tax schemes. Tax for SDGs focuses on practical actions for skills and knowledge capacity building, institutional and societal change in tax systems to support the financing and achievement of the SDGs. SFH’s Tax for SDGs initiative seeks to increase domestic resources to the SDGs by boosting the capacity of governments to raise tax revenues including through digitalization. OECD-UNDP’s initiative, Tax Inspectors Without Borders (TIWB) has supported the collection of US$2 billion in additional tax revenue since 2015. UNDP has also developed a broader set of services as part of its Tax for SDGs initiative aimed at aligning the taxation policy with the SDGs.
but create incentives and disincentives that align consumer and private sector practices with the SDGs. This includes work on health tax, environment, climate and gender tax etc.

2. Debt for SDGs (Raising public finances – SDG aligned bond issuances – Debt 4 SDGs)

Alongside other partners, UNDP supports SDG-aligned bond issuances detailed in its Bond Service Offering and debt restructuring with expanded advisory in version 2.0. UNDP provides support to establish SDG and thematic bond frameworks. **UNDP SDG Impact Standards for Bond Issuers** specifically set out an internal decision-making framework to help bond issuers develop and implement an impact strategy to contribute positively to sustainable development in line with the SDGs and provided as part of the Bond Service Offering. UNDP is increasingly supporting governments in establishing an enabling environment, governance mechanisms, monitoring and evaluation framework for Eurobonds, Islamic bonds, and green bonds, etc. UNDP has also put together a primer to address the market, **Thematic Bonds 101**.

3. Insurance and risk financing (Sovereign risk financing instruments to protect assets and enable investment)

Sovereign risk financing focuses on sovereign and sub-sovereign protection of large sets of usually public assets (and sometimes agricultural schemes) through one or several layers of financial instruments. Sovereign risk solutions are major drivers of growth, as they strip out uncertainty and risk from countries and their economies, removing the need to keep significant sums for disaster response, recovery and reconstruction, and therefore freeing up more investment financing, the fruits of which require further insurance. UNDP works with governments on country capacity to develop the right strategy and institutional capacity for financially managing risk, and with the insurance industry in the development of specific risk-finance solutions for critical sectors, geographies and under-protected populations.

**Specific components of UNDP’s risk finance offer include the:**

- Building of national capacity to model, analyse and articulate risk
- Development of long-term comprehensive risk finance strategies
- Building of institutional capacity to manage complex risk financing instruments
- Construction of risk finance solutions, together with industry
- Integration of risk financing into how countries take financial decisions, through public financing management, and key development frameworks, such as NDCs, NAPs and INFFs
This work is built on a detailed diagnostic across insurance and risk finance that examines underlying drivers of risk, financing and development, market conditions, governance capacity, current initiatives in each country and more.

**UNDP Insurance Risk and Finance Facility**

is operational in **30 Countries**

### 4. Budgeting for the SDGs

This offer supports countries to align their budgets with the SDGs. UNDP has pioneered analytical approaches, tools, and methodologies for effective budget decision-making around sustainable development. UNDP has well-established service offers in different thematic areas of sustainable development including climate change, biodiversity, gender, poverty reduction and inclusiveness. Importantly, the service offer also includes mainstreaming all the SDGs in the Public Financial Management (PFM) systems and processes. Key areas of support include:

- Determining how the SDGs can be integrated into the budget cycle
- Linking the SDGs to strategic budgeting processes (Medium-Term Macro-Fiscal and Budget and Expenditure Frameworks)
- SDG budget coding and tagging system and impact measurement and management (IMM)
- Local budgeting for the SDGs
- SDG focused budget accountability and participation

These support areas are interlinked with other service offers including debt for the SDGs, tax for the SDGs, Integrated National Financing Frameworks (INFF), and IMM.
Partnership

UNDP partners with the OECD on the Tax Inspectors with Borders Initiative; as well as with UN DESA on the global policy dimensions of the SDG tax policy work; and with regional organizations such as the Africa Tax Administration Forum on support to countries in Africa. UNDP partners with IFIs, commercial banks and in the future central banks on the SDG debt portfolio. As part of UNDP’s SDG and climate budgeting work, UNDP partners with the IMF, OECD, and World Bank as well with UNICEF as part of the UNDP UNICEF Finance Flagship.