



Sustainable Finance

SDG Finance Academy

GLOBAL CONTEXT

Global total net wealth grew again in 2021 to an unprecedented \$431 trillion^[1]. And yet the majority of the developing world saw significant increases in their debt burden as borrowing increased to cover significant financial losses from the pandemic. The world's low-income countries borrowing levels increased by 12% to a record \$860 billion and external debt stocks of low and middle-income countries combined rose 5.3% to \$8.7 trillion.^[2] Whilst Foreign Direct Investment (FDI) picked up with flows increasing in developing countries to a total of \$427 billion in the first half of 2021, the pandemic saw FDI reduce significantly in more vulnerable economies: FDI flows to small island developing states (SIDS) fell by 40%, and those to landlocked developing countries (LLDCs) by 31%^[3], leading to an uneven rebound.

The pandemic has increased the annual SDG investment needs for developing countries to \$4.2 trillion^[4]. The recovery of SDG-aligned investment projects remains fragile. The total number of SDG-aligned projects fell by 6% in developing countries and by 50% in least developed countries (LDCs)^[5]. In the meantime, investments in carbon intensive sectors continued to increase – by 2021, \$ 423 billion is being spent annually to subsidize fossil fuels, while the climate finance need continue to grow and our estimated at \$ 4.35 trillion^[6]. Over the course of the pandemic, it has become even more evident that the financial system is not fit for purpose in driving investment towards sustainable development and more resilient futures.

As a globally agreed metric of development goals, indicators and targets, the SDGs provide the framework to make decisions over investments that are driven by impact not by profit alone. The challenge is bringing SDGs into financial decision making more systematically. There are positive disruptions to the financial system, but they are still isolated, not at sufficient scale, and not accelerating fast enough. For example, in 2021 the combined labelled issuance of Green, Social, and Sustainability, Transition, and Sustainability-linked bonds reached \$767 billion^[7] and yet the size of the bond market was estimated to be at \$125 trillion worldwide^[8]. Sustainability linked bonds still only represent less than 1% of this. For countries the challenge is to put in place comprehensive risk-informed financing strategies for their national sustainable development strategies looking across all sources of finance, public and private, international and domestic. These will require measures both to leverage new sources of finance from public and private sources as well as initiatives to better align investment with their sustainable development priorities.

UNDP'S COMPARATIVE ADVANTAGE

UNDP's Strategic Plan (2022-25) identifies development financing as an enabler to scale up development impact and has also articulated a moonshot to promote the investment of over \$1 trillion of public expenditure and private capital in the SDGs^[1]. As stated in UNDP's Strategic Plan, "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 UNDP as an architect for the multistakeholder platforms necessary to leverage and align finance at the scale necessary to deliver on the SDGs.

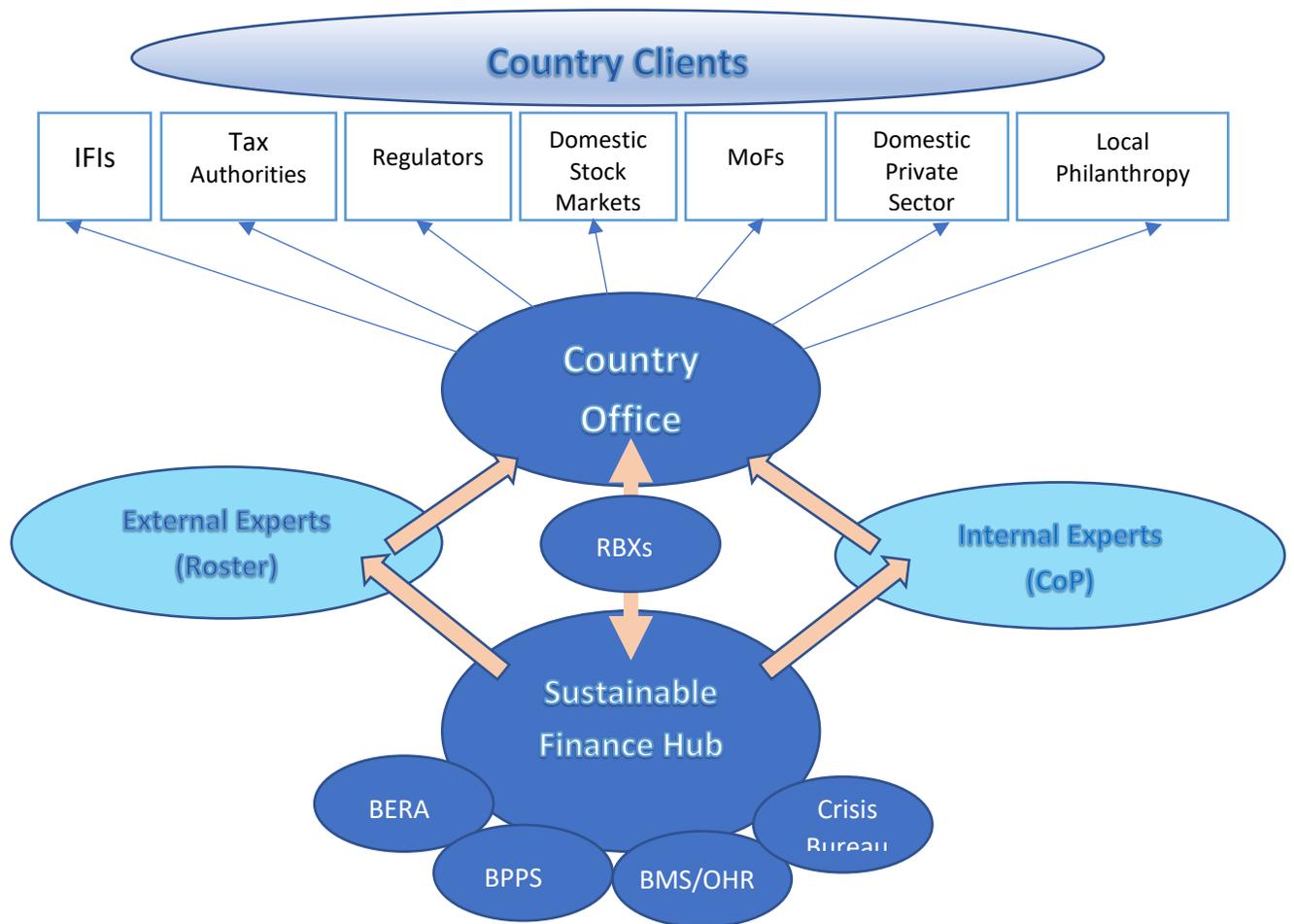
UNDP has a strong track record of supporting governments and their partners to better link policy areas such as climate, biodiversity, gender, disaster risk management, health and poverty with their public finances. This role has expanded from public financial and expenditure management to include work 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 role – unlike many finance institutions – is not transaction based and our policy advice on public finance is not linked to loans or other financial deals. Notably, 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 is also uniquely positioned as an enabler and facilitator of catalytic capital for the SDGs. While it is not an international finance institution (IFI) and does not have deep pockets of capital, it can play important roles both in terms of helping to increase volumes of financing and in offering new catalytic financing approaches to investment and policy reform; especially through its wide reach of Regional Bureaus (RBX) and Country Offices (CO). With UNDP Country Offices trained in our financial tools and approaches, we would have one of the largest networks in the world in which to reach national governments and other country level partners to engage in and design interventions for financing the SDGs.

UNDP'S SERVICE LINES

UNDP supports governments and their partners to align their development plans and associated financing with the SDGs. UNDP's Sustainable Finance Hub (SFH) has established five offers through which CO can scale up their engagements with public and private partners towards the delivery of the SDGs. Ultimately these offers will contribute to the systemic transformation required to put the financial system and capital markets on a more sustainable footing and for finance to deliver on the SDGs at scale in all countries. These services across (i) public financing for the SDGs; (ii) private investment for the SDGs; (iii) SDG Impact Management and finance tracking; (iv) national financing frameworks and portfolios; and (v) the SDG Finance Academy are all interlinked. The SDG Finance Academy offer will enable and ensure the success of the first four offers as it acts as a foundation in support of their delivery, reach and implementation. These offers provide CO with access to tools and experts which are backed up by training modules for staff and for our partners through the Academy. We refer to this set of offers as 4+1. Further guidance, training modules and focal points across all offers can be accessed through [The Sustainable Finance Hub web portal](#).

This SDG Finance Academy offer focuses on 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 for offer with different clients. The below schematic describes the flow, reach and connectedness that the Academy supports to enable UNDP to achieve its SDG finance goals with national partners.



The SFH will work across the Global Policy Network, bringing the Regional and Central Bureau combined assets together and delivering an integrated capacity development initiative for RRs, DRRs and their teams. This initiative and offer is known as the SDG Finance Academy and involves: (i) designing and delivering a targeted training tailored to region and country contexts in consultation with UNDP CO and RBX (ii) establishment of SDG Finance Focal Points in all country offices who will be key knowledge resource persons on all content and can help build the community of practice; and (iii) emplacing an infrastructure of support including a roster of experts and internal communities of practice to sustain support for UNDP CO as they scale up their SDG finance engagements.

The offer is framed around three key services, each building on the last that form the offer, and thus the Academy: (i) Learning and Training; (ii) Building a Community and Exchanging Knowledge; and (iii) Generating Engagements. This three-tiered approach emulates the SURGE Academy which has already been proven in its success. Learning is no longer only delivered online and one off training is not seen as ample anymore to achieve learning outcomes. Instead, it requires ongoing delivery over a more extended period of time, community engagement, learning from other people and experiences, and clear use cases/case studies for application, as well as continual updating and adjusting. The future of learning is blended between online and face to face and this structure will enable us to achieve high quality learning outcomes and ensure practical application of these newly acquired skills. This offer will enable us to get all of the SFH offers and their tools, approaches and strategies out to the CO so that they can actually understand and make use of their content by working with national partners while streamlining our approach. Finally, the Academy will also provide an umbrella for all SFH trainings, ensuring consistent messaging and branding and creating a cohesiveness around all of our training including that which is currently under development, existing training and new trainings for development.

1. Learning and Training

The SFH four service offers will provide the scaffolding for content of this initiative. To transfer knowledge from these offers to COs we have designed a competency framework and learning process. The structure includes an overarching umbrella module - Module 1 “Introduction to SDG Finance and the Academy”. This module will act as the chapeau to the remaining 22 modules, by providing information on the why and what of SDG finance and a brief overview of all the module content. Further, the modules will be structured in an interoperable and interconnected menu where RBX and CO can pick and choose which modules are of interest and relevant to them, with Module 1 being required to be undertaken initially before any other modules. Further, Signature Solutions and Development Contexts will cut across all modules. Module 1 will be designed with an emphasis on supporting Resident Representatives (RR) and Deputy Resident Representatives (DRR), to arm them with the knowledge they need to engage at a higher level with their country level partners, while the remaining modules will have a greater emphasis on supporting the learning of SDG Finance Focal points and other practitioners internal and external to UNDP especially those experts on the roster.

SDG Finance Academy Module Structure	
1. Introduction to SDG Finance and the Academy	14. Insurance for the SDGs
2. Financing Strategies for the SDGs	15. Digital Instruments Finance Instruments for Unlocking Private Capital
3. Governance and Coordination for the SDGs	16. Engaging with Financial Centres for Sustainability
4. Digital and Digital Financing Ecosystems for National Development Priorities	17. MSMEs
5. Tax for SDGs	18. Accelerating Impact Ventures
6. SDG Debt	19. Inclusive and Sustainable Business Models
7. Budgeting for the SDGs	20. Private Sector Services
8. International Finance Institutions	21. SDG IMM and SDG Standards
9. Effective Development Cooperation for the SDGs	22. Sustainable Finance Taxonomies
10. Blended Finance for the SDGs	23. SDG Finance Dashboard
11. Financing SDG Project Pipelines	
12. Innovative Finance Instruments	
13. Philanthropy for the SDGs	

Each module will either develop new content, and/or convert and leverage existing content (trainings, slides, briefing documents etc.) from materials provided by GPN at large into targeted virtual trainings of approximately 3 hours in length that can also be leveraged for in person trainings, initially for UNDP CO as well as internal and roster staff, and in the future, for external partners. Each three-hour learning webinar may consist of short videos including interviews, slides, quizzes, readings etc. as well as a test to assess the level of understanding of each module, an evaluation questionnaire and a final certificate. The length and format of training may evolve over time as necessary to adapt to feedback. The earlier modules in development will be those where content exists already, and the later modules will be developed based on the speed of new content creation. This approach will also help us to create buy-in and generate interest at the country level, and also eventually lead to training that can be delivered to external partners as fee for service.

The services presented are not required to be implemented in one particular order and the services will be tailored to critical entry points according to context and sequenced as appropriate. These trainings will be supported by other existing technical in depth trainings UNDP also has on offer for those who are interested in taking a deeper dive and improving their skill set further on a specific topic and where these trainings are already being offered, they will continue to be implemented, however, in connection with the SDG Finance Academy. All modules will be available in one online singular setting and ideally eventually also in a public forum similar to those offered by other institutions such as The World Bank, for example. We also aim to offer these training modules both online and face to face to clients in the future as a fee for service. Further, the content will be available in multiple languages.

2. Building a Community and Exchanging Knowledge

To ensure ongoing learning, create a sense of community and feedback loops to test, refine and iterate on the modules and promote cross learning and dialogue, we will create an online people centered knowledge exchange space. This will require a level of moderation and promotion. Each person who undertakes a training module will be given access to this community that will consist of staff and roster experts across CO, RBX and HQ and include a mix of people new to SDG finance and also SDG Finance Focal Points.

3. Generating Engagements

These newly developed capacities in CO and the SDG Finance Academy infrastructure will enable CO to engage directly with clients, building these clients capacities around the four offers and providing them with access to technical roster experts to design interventions with these clients.

Implementation: We have begun conversations with RBX regarding implementation of Module 1 for and with their CO and will set up a working group of HQ and RBX staff to advocate for, and co-lead trainings. Further, we will consult with these CO to understand what modules they would like to see prioritized for learning. After delivering Module 1, we will then identify a number of countries for an in depth multi day training around the priority modules and repeat the process across countries and regions. These trainings will then set up the trainees to participate in the knowledge exchange platform as well as to generate engagements. RBX and CO will have access to support of each other as well as HQ, and external roster experts to design interventions with partners to unlock catalytic finance to achieve the SDGs.

Impact: As the Academy moves forward hand in hand with support for country and regional bureau planning and programming, we will expect that every CO will be measuring in part their success by how much finance they leverage for their government and private sector partners to deliver on the SDGs, not just how much UNDP CO deliver themselves. Expected outcomes to be monitored:

- CO will be able to articulate and engage with national governments autonomously and adapt offers into national context
- CO will be able to identify partners and there will be demand from Ministries of Finance, Central Banks etc.
- CO will invest resources
- CO will provide testimonies on how the trainings have been useful for them
- Institutional knowledge will be built, and confidence will increase
- High level champions will be identified
- Training is adapted for specific needs at the CO level

Incentives and requirements: We will also look to develop incentives and requirements for the trainings offered through the Academy. For example, we will create course certificates of completion, including investigating how these could be digitized for LinkedIn profiles. In addition, we will explore with the Office of Human Resources (OHR) as to how we could incorporate a requirement for staff undertaking training components, or have such skills built into performance management and evaluation.

DEMAND-ANALYSIS

We are consulting with RBX as well as CO and their RR on their needs and we also intend to undertake a more structured needs assessment. In addition, demand is regularly analyzed through STARS and ROAR analyses, coordination meetings with regional and thematic focal points, inter-agency meetings, meeting with donors and partners and direct consultations and meetings with UN Agencies and partners.

PARTNERSHIPS

At the national level, the SFH supports UNDP CO in aligning and leveraging public and private finance with the SDGs. Working with UNDP RBX, the SFH promotes knowledge and technical exchanges between countries and collaborates with partners and networks that champion systemic reforms and brings an SDG financing focus to the partnerships with International and Development Finance Institutions, business leaders, faith-based finance partners, philanthropy and other private sector partners. UNDP builds consensus for improved governance of financing through global policy engagements, and also strengthens the work on SDG financing with the UN system, including close collaboration with the UNDESA, UNICEF, UN Women and UNCDF. More specifically, we already have a cadre of partners involved in delivering training on existing components of SFH tools including Duke University, KPMG, and Convergence. These partners combined with other external institutional partners and external experts will both support us in delivering training as appropriate and be trained in Module 1 ensuring they too can be representative of UNDPs mission, values and approach as well as offers as related to SDG finance.

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