



**SUSTAINABLE FINANCE HUB
INTEGRATED SERVICE**
SDG IMPACT
MANAGEMENT AND
FINANCE TRACKING

SDG IMPACT MANAGEMENT & FINANCE TRACKING

Promoting public and private sectors' impact integrity through impact measurement and management (IMM)

Demonstrating the value of SDG-aligned investments

UNDP is actively engaging public and private players to deliver investments that make a positive impact. But the rapid proliferation of ESG and impact investing has created a fragmented

landscape. There is a need for greater transparency and accountability on the sustainability of these investments, and the business operations of investors.

Over the years, UNDP has been considered the most transparent UN agency for applying the International Aid Transparency Initiative (IATI) data standards. On Public Finance, UNDP uses integrated management systems to manage financial resources transparently and to track how the allocation of different financing flows and expenditures contribute to the SDGs.

UNDP has rolled out a range of tools to analyse impact, compare performance and empower investors to make better-informed decisions. **SDG impact management involves identifying the intended and unintended impacts of investments, while finance tracking is the process of**

tracing financial flows to the SDGs, facilitating data-informed decision making. The *SDG Impact Standards* provide a common language for investors, enterprises and policymakers to understand their impact on the SDGs – and a standardized set of metrics for measuring that impact.

Services

UNDP provides best-in-field technical services across its integrated portfolios through:



Policy frameworks and accountability tools for SDG impact management and measurement (IMM)



Public-sector systems for tracking public and private finance towards the SDGs



IMM for private-sector entities



Impact assurance, assessments, evaluation and verification services

1. Policy frameworks and accountability for SDG IMM

UNDP works with governments to develop regulatory frameworks that promote transparent disclosure, providing ministries and investors with information about companies' sustainability-related risks – and opportunities. This supports sound decision making and enables private partners to

realign their business models. The tools UNDP provides include **sustainable finance taxonomies, reporting systems and data ecosystems.** To ensure maximum interoperability of these tools across countries, UNDP collaborates with global financing forums such as the G20 and APEC.

UNDP also helps to **design SDG-related and thematic bond frameworks**, along with tools for monitoring the impact of fund utilization and reporting to investors over the bond lifecycle. Its *Thematic Bond Impact Reporting* tool offers a reporting system with impact assessment and

criteria for finance and investment activities that can make a substantial contribution to the SDGs. Countries are supported in linking debt restructuring to SDG-specific indicators, and developing impact indicators for creditors.

2. Public-sector systems for tracking public and private finance towards SDG impacts

Part of UNDP's integrated support to align public and private investments involves comprehensive and accurate tracking of resources. **SDG budget coding and tracking** promotes budgetary accountability by integrating the SDGs into budgetary cycles – facilitating reporting as well as impact measurement. Through **expenditure trend analysis, advocacy, knowledge and skills capacity building**, UNDP is working to ensure that budgetary expenditures are aligned with

SDG priorities.

UNDP is also **strengthening the links between public and private sector players in order to enhance the consistency and accuracy of reporting on SDG impacts**. Its SDG Corporate Tracker helps companies to report their contributions to the SDGs in collaboration with national governments while integrated financing dashboards support ministries of finance in consolidating data on different financing flows.

3. SDG IMM for private-sector entities

Impact measurement and management (IMM) increases the integrity and clarity of business and investment practices. **SDG Impact Standards for Enterprises** are an organizing framework – similar to ISO standards – that help businesses and investors define the requirements for management, transparency, and governance in line with the SDGs.

Its *Impact Champions program* is a community of practice on impact measurement that provides impact measurement support tailored to the needs of companies (with peer-to-peer learning;

expert mentorship and hands-on support to collect data) while the **Impact Risk Assessment** identifies, assesses and defines mitigation measures. The IMM programme for enterprises is tailored according to business stage and readiness for impact, supported by *Impact Lab*, a digital tool that supports impact management. UNDP uses tools like GIS, remote sensing and AI to collect data critical for decision making, and provides a range of training courses that build private-sector capacity to understand and measure impact towards the SDGs.

Training with the Thai Stock Exchange – moving beyond ESG to SDGs

In 2022, hosted by UNDP Thailand, SFH's SDG Impact and Finance Tracking team trained the Thailand Stock Exchange (SET)

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which has a market capitalization of US\$ 513 billion. A total of 22 listed companies participated in the training. It covered IMM, the SDG Impact Standards, and UNDP *Impact Lab* to design an impact value chain, a data collection plan, and reviewing reporting practices.

4. Impact assurance, assessments, evaluation and verification services for public and private sector

Impact assurance provides formal recognition of business practices that make an impact on the SDGs. UNDP enables enterprises, funds, and bond issuers to have their internal management practices assessed by an accredited assurer for conformance with the SDG Impact Standards. The **SDG Impact Assurance** process includes monitoring and evaluation of environmental, social, and economic impacts over time while the **Carbon Markets** provides an integrated approach to ensuring high integrity, including social and environmental safeguards to mitigate

potential adverse impacts and promote positive ones. **Assurance on debt offering** monitors allocation of proceeds, verifies alignment on green bond framework, governance published and reports impact of investments. The forthcoming **SDG Impact Seal** is conferred to organizations whose practices meet the minimum requirements as assessed against the SDG Impact Standards. The **Gender Equality Seal** is a certification programme for public and private enterprises committed to reducing gender gaps and promoting gender equality.

Partnership

The Sustainable Finance Hub supports UNDP country offices in aligning and leveraging private finance with the SDGs. It brings an SDG financing focus to partnerships with International and Development Finance Institutions, business leaders, faith-based finance partners, and other private sector partners. Through global policy engagements, it strengthens the work on SDG financing with the UN system, including close collaboration with the UNDESA, UNICEF, UN Women and UNCDF. UNDP also supports DFIs and PDBs as they

implement common methodologies to meet their commitments toward SDG and Paris Agreement-aligned investments, building on the OECD-UNDP Standards, to enable the MDBs and IDFC adopt Common Principles for Climate Finance Tracking and on alignment, as well as on other existing work on green investment and sustainable finance taxonomies, such as the International Platform on Sustainable Finance (IPSF). UNDP is partnering with GIZ in respect to establishing SDG Finance Dashboards.

For more information about sustainable finance for development at UNDP,
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