Independent Evaluation Office
United Nations Development Programme

FINANCING THE RECOVERY: A FORMATIVE EVALUATION OF UNDP'S RESPONSE TO THE COVID-19 PANDEMIC AND SDG FINANCING

Independent Evaluation Office
United Nations Development Programme

FINANCING THE RECOVERY:
A FORMATIVE EVALUATION OF UNDP’S RESPONSE TO THE COVID-19 PANDEMIC AND SDG FINANCING

ACKNOWLEDGEMENTS

The Independent Evaluation Office (IEO) of the United Nations Development Programme (UNDP) would like to thank all those who have contributed to this review.

IEO TEAM

Directorate: Oscar A. Garcia (Director) and Alan Fox (Deputy Director)

Corporate Section Chief: Ana Rosa Monteiro Soares

Lead Evaluator: Richard Jones

Associate Lead Evaluator: Oanh Nguyen

Research consultant: Gabriel Olila

External peer reviewers: Professor Nora Lustig and Professor James Putzel

Lead consultant: Kevin Watkins

Evaluation consultants: Neil Bird, Javier Torres-Goitia Caballero, Julian Clark, Chandi Kadirgamar, Camille Palumbo

Publishing and outreach: Kate Pond and Flora Jimenez

Administrative support: Oforiwa Asare and Georgiy Geyler

The IEO could not have completed the evaluation without the support of the following:

STAKEHOLDERS AND PARTNERS

UNDP staff at country, regional and headquarters offices who provided valuable insights, information and support to the evaluation.

Other stakeholders and partners: The IEO also would like to thank the government partners, representatives of the United Nations agencies, civil society, non-governmental organizations and bilateral and multilateral development partners who contributed to the evaluation.

FOREWORD

The world has been shaken to the core by the COVID-19 pandemic. It hit just as world leaders were calling for a decade of delivery to achieve the Sustainable Development Goals, and the impact on development progress cannot be overstated. The extent is only just emerging, but already it is clear that poverty has increased – with an estimated 250 million more people pushed into extreme poverty – malnutrition is on the rise and incomes and employment have been badly hit worldwide.

Not for the first time, UNDP proved itself to be a key partner during a time of crisis. The scale of the crisis was startling, as every country in the world grappled with the rapid spread of the virus. UNDP provided agile support to preparedness and response measures within months of the onset. UNDP also stepped up to the challenges the pandemic posed to traditional assistance delivery, and embraced innovation. This included the development of socioeconomic impact assessments, which helped Governments and partners identify how and where the impact would be heaviest, and how to respond.

We all suffered during the pandemic, but we did not suffer equally. Inequalities deepened, not least because the usual fiscal and financial tools could not dampen the impact on employment, social protection, education, production and health care. While wealthier countries were able to put safety nets in place for business and employees, many low-and middle-income countries struggled to provide this level of support. These financial disparities, especially access to finance for responses and recovery plans, will also hinder recovery and worsen inequalities.

This formative evaluation looks at how UNDP can support SDG financing to help Governments realize their commitments, while recognizing that many of the UNDP SDG financing tools are still in their early stages, and that the pandemic is not yet over. We reviewed the existing UNDP mechanisms for supporting SDG financing, as well as its broad toolkit. The evaluation used the current financing architecture and global opportunities as a lens through which to examine whether the UNDP approaches met the needs of countries as they emerge from the pandemic.

The evaluation provides UNDP with specific recommendations as it implements its Strategic Plan, 2022–2025 and the bold 'moon shot' of promoting the alignment of $1 trillion of investment to the SDGs. Recommendations include a strategic road map, and the consolidation of the many UNDP offers and tools to realign resources with demand and need. The evaluation also provides important considerations for the UNDP regional hubs and country offices on how to engage with Governments and the private sector to support the goal of SDG financing. Avenues include integrated national financing frameworks, domestic resource mobilization, sovereign bond financing and climate finance.

Managing the fallout from the pandemic and arresting the backslide into poverty for millions will occupy the global consciousness for some time to come. We find ourselves in unpredictable times, but we cannot lose sight of the 2030 Agenda for Sustainable Development and the needs of the vulnerable communities that all too often bear the brunt of crises. There can be no sustainable development without peace and there can be no peace without sustainable development. Both will need bolder and clearer financing pathways for either to succeed.

Oscar A. Garcia

Director
Independent Evaluation Office, UNDP

CONTENTS

FIGURES

TABLES

BOXES

ACRONYMS AND ABBREVIATIONS

ACT-A	Access to COVID-19 Tools Accelerator
ADB	Asian Development Bank
CEQ	Commitment to Equity Institute (Tulane University)
COP26	Twenty-sixth Conference of the Parties to the United Nations Framework Convention on Climate Change
COVID-19	Coronavirus disease
DREI	UNDP de-risking renewable energy investment framework
ECLAC	United Nations Economic Commission for Latin America and the Caribbean
ESG	Environmental, social and governance (investments)
FAO	Food and Agriculture Organization of the United Nations
G20	Group of 20
GCF	Green Climate Fund
GDP	Gross domestic product
GEF	Global Environment Facility
GNI	Gross national income
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IEA	International Energy Agency
IEO	Independent Evaluation Office
IFAD	International Fund for Agricultural Development
IFI	International financial institution
ILO	International Labour Organization
IMF	International Monetary Fund
INFF	Integrated national financing framework
IRENA	International Renewable Energy Agency
MPI	Multidimensional Poverty Index
NDCs	Nationally determined contributions
ODA	Official development assistance
OECD	Organisation of Economic Co-operation and Development
PPE	Personal protective equipment
SDGs	Sustainable Development Goals

SDR	Special drawing right
TIWB	Tax Inspectors without Borders
UNCT	United Nations country team
UNCTAD	United Nations Conference on Trade and Development
UNDESA	United Nations Department of Economic and Social Affairs
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNICEF	United Nations Children's Fund
UNSD	United Nations Statistics Division
WFP	World Food Programme
WHO	World Health Organization

EXECUTIVE SUMMARY

The world is in the throes of a pandemic – coronavirus disease (COVID-19) – that has devastated public health and triggered unprecedented social and economic reversals. After two years, it is now evident that the world emerging from the pandemic will look very different from the pre-pandemic world. That is especially true for the Sustainable Development Goals (SDGs), the world's shared agenda for a more inclusive, just and sustainable future grounded in universal rights. There is now a real and present danger of the ambitions of the 2030 Agenda for Sustainable Development being pushed back to a more distant future. The mission of UNDP is defined by the SDGs – and the organization has been centrally involved in the pandemic response as part of the wider United Nations system.

This report provides an evaluation of the UNDP pandemic response, focusing on recovery financing. The remit spans early measures taken in the first months of the crisis, including the UNDP technical lead role for the development of socioeconomic impact assessments and recovery plans, and ongoing programmes aimed at aligning financial resources to the SDGs.

The evaluation is defined by three broad questions:

1. How effectively has UNDP supported the pandemic response in programme countries?
2. In its role as technical lead for the United Nations socioeconomic response, was UNDP able to inform the development of policies geared towards a recovery of progress towards the SDGs?
3. Do the tools and approaches being developed to support post-pandemic recovery consider financing and fiscal approaches and needs to ensure building forward better, a green recovery and achievement of the SDGs?

This report provides a formative evaluation of the UNDP pandemic response, focusing on development finance. The evaluation is formative partly because it is too early to assess the effectiveness of actions undertaken during and after the first quarter of 2020; and partly because the pandemic is far from over. What is clear is that the pandemic has intensified the already severe development financing challenges facing programme countries. In the spirit of a formative evaluation, we look at how UNDP has responded to these challenges, and we consider what adjustments might be made in response to a dramatically changed external environment.

We drew on a range of methodologies. Commissioned country studies provided a window on country-level experience and perspectives. Semi-structured interviews were conducted with UNDP staff and teams, and with staff from partner organizations and government representatives. We also interviewed experts and commentators on a range of development finance issues. Our data sources are cited in the report and the annexes contain details of those interviewed, documents consulted, key data used and guiding questions.

Progress towards the SDGs has stalled and may have been thrown into reverse gear. Even before the pandemic, much of the world was off track for most of the SDGs. Recognizing the extent of the deficit, the United Nations Secretary-General had called for the 2020s to be made a **'Decade of Delivery'**. The pandemic now threatens instead to create a **'lost decade'** for development. Economic reversals, lock-downs and the disruption of livelihoods and basic services threaten to reverse hard-won gains in poverty reduction, health and education. Meanwhile, the world remains far off track from a pathway leading to net-zero carbon emissions by mid-decade.

UNDP demonstrated extraordinary flexibility and leadership in its response to the pandemic. The organization deployed its full capabilities to support other agencies and Governments through its procurement and programme delivery system. UNDP was the technical lead in the development of socioeconomic impact assessments across many countries in difficult conditions. UNDP supported the development of the United Nations response and recovery frameworks, including the United Nations framework for the immediate socioeconomic response to COVID-19[1] and the socioeconomic resource plans developed at country level by United Nations country teams to shape the collective United Nations response to the pandemic.

There are some lessons to be drawn from the initial response. UNDP (like the United Nations system more generally) was constrained by shortages of flexible funding. The record on financial resource mobilization was mixed. The transition from emergency response to recovery financing is still under way and as yet has been only partially achieved.

The pandemic has magnified an already large SDG financing gap. One top-down estimate puts that gap at US$4.2 trillion – a 40 percent increase over pre-pandemic levels. Low-income countries face a $400 billion financing gap to mid-decade if they are to resume a pre-pandemic development trajectory, according to the International Monetary Fund (IMF). While there are large margins of error in estimating financing gaps, the deficits point to a large potential shortfall in the investments needed to support achievement of the SDGs.

Shrinking fiscal space and the two-tier recovery now under way will act as a brake on the recovery of progress towards the SDGs. Wealthy countries were able to deploy the full force of their fiscal and monetary capabilities to the crisis response, allocating around one quarter of their gross domestic product (GDP) to that purpose. Poorer countries also used fiscal policy to cushion the impact, but at far more modest levels – equivalent to less than 2 percent of GDP in low-income countries. Slower economic growth and rising public debt are now shrinking the fiscal space available to Governments, with some set for fiscal retrenchment.

An expansionary fiscal environment and increased investment is critical for recovery of progress towards the SDGs. We focus on three critical areas of development financing:

- Domestic resource mobilization allied to more efficient and equitable public spending
- International public finance (from multilateral development banks, debt relief and official development assistance)
- Private capital markets and environment, social and governance (ESG) investment

The evaluation identifies systemic barriers to recovery in each of these areas, along with opportunities. Governments across many of the poorest countries are facing worse than expected growth prospects and mounting debt problems, but more progressive taxation and efficient public spending

1 https://unsdg.un.org/resources/un-framework-immediate-socio-economic-response-covid-19

could unlock resources. Multilateral development finance played an important role in cushioning the impact of the recession. However, it is short of the levels needed to support recovery and prevent reversals of progress. More effective leveraging of the balance sheets of the multilateral development banks, reallocation of IMF special drawing rights (SDRs) and debt relief could change this picture. Private capital markets are weakly aligned with the SDGs, but the rise of ESG investment has created new opportunities.

Sovereign bond markets illustrate the untapped potential of private capital markets. Global issues of green, social and sustainability bonds hit record levels in 2020, rising by 30 percent during the pandemic. Projections for 2021 point to sustained growth, with issues rising to around $650 billion. The growth of the market reflects a mix of factors, including investor appetite for ESG-labelled products. However, concerns over 'greenwashing' and 'SDG washing' figure prominently among asset managers, corporate and retail investors, regulators and credit rating agencies.

The UNDP Strategic Plan, 2022–2025 sets a bold 'moon shot' of promoting the investment and alignment of $1 trillion of public expenditure and private capital to the SDGs, working with Governments and the private sector to mobilize finance at scale. That target is credible, ambitious and commensurate with the scale of the crisis to be addressed. UNDP should be applauded for putting development finance at the heart of the Strategic Plan. The $1 trillion target is split roughly equally between public and private finance. Implicit in the Strategic Plan is a further development financing commitment linked to energy access, supporting 500 million people to gain access to clean energy as well as helping 100 million people to escape multidimensional poverty.

A clear and discernible pathway to aligning the $1 trillion 'moon shot' target needs to be articulated in partnership with Governments and the private sector. Strategy documents do not translate the 'moon shot' set by the Strategic Plan into well-defined priorities, backed by decisions on resource allocation. Reference to the broad 'leveraging' effects of particular approaches risks obscuring areas in which UNDP could make a distinctive and decisive contribution. It is evident that a $1 trillion target can be achieved only through leveraging the experience, evidence and networks of UNDP, but that does not preclude identifying clear pathways to delivery. There are also concerns over the lack of clarity in the metrics against which performance will be measured.

The evaluation reviews a wide range of tools, flagships and approaches through which UNDP will seek to achieve the development finance goals articulated in the Strategic Plan. The creation of the Sustainable Finance Hub[2] consolidated projects and programmes that were previously fragmented. This was a welcome move. We received positive feedback on some of the Hub's work. However, several concerns were identified. The 120+ tools deployed by the Hub appear excessive. Several country offices and regional bureaux raised concerns over the consistency, timeliness and quality of the technical advice provided. There was a view that the preponderance of projects gave rise to a supply-driven approach rather than a responsive demand-driven model.

Looking beyond the broad architecture, we examined a range of tools and approaches. It is clear there are many areas of high-quality, strategically focused work. The integrated national financing framework (INFF) is an example, although there are divergent perspectives on its remit and potential benefits. UNDP has built an impressive track record in many areas of climate finance. Tax Inspectors without Borders (TIWB), a joint project with the Organisation for Economic Co-operation and Development, is building the capacities of revenue authorities. UNDP is an established leader on

2 The Sustainable Finance Hub was originally known as the SDG Finance Sector Hub. The name was changed in December 2022. This evaluation uses 'Sustainable Finance Hub' throughout to refer to both entities.

budget tagging, building on the practical experience it gained in Indonesia (see chapter 5). And UNDP has recently initiated a major new programme on insurance and risk finance.

Consistent with the terms of a formative evaluation, we assess the current portfolio against the development financing and SDG contexts outlined in the report. To summarize some of the main findings, we conclude that:

- The current portfolio and approaches do not provide a platform for movement towards the $1 trillion 'moon shot', though they do provide some of the foundation.
- UNDP would benefit from the development of a strategic road map for development finance that articulates clear pathways to delivery of the SDG financing 'moon shot' proposed in the Strategic Plan.
- It is unclear to what extent the INFF will unlock significant new development financing in the Strategic Plan period; more weight could be attached to efficiency and equity in public spending and to participatory budgeting.
- The UNDP domestic resource mobilization offer is too limited and TIWB could benefit from a strategic focus (such as a strengthened emphasis on extractive industries).
- The work of 'SDG Impact' on standard-setting, which is in its initial stages, is entering an already crowded playing field and may offer limited added value.
- More emphasis should be placed on UNDP developing strong national support for sovereign bonds backed by the development of SDG bond frameworks, underpinned and accompanied by robust budget tracking, reporting and systems for measuring impact and assessment.

There is no credible pathway to achieving the SDGs without fundamental changes in current approaches to development finance, both nationally and internationally. Policy change is the most powerful leverage device in the development finance toolkit. For example, without changes in the lending practices of multilateral development banks, enhanced reallocation of IMF SDRs and debt relief, it is difficult to see how the fiscal space in which Governments of low-income countries operate can be expanded. Expanding demand for ESG investment and strengthening the impact of that investment will require changes in the current certification systems applied by credit rating agencies, along with wider regulatory changes.

UNDP is already extensively engaged in influencing and advocacy work, but the development financing crisis that it must now address demands a response in the Strategic Plan period. The INFF process demonstrates the ability of UNDP to convene key actors around a shared agenda. The organization is closely involved in critical development finance discussions though the United Nations system, the Group of 20 (G20) and dialogue with the IMF, World Bank, regional development banks and Governments. Building on these foundations, we would encourage UNDP to align its influencing on resources with an agenda that sets ambitious but achievable goals, informed by its country experience.

Recommendations

Recommendation 1. The UNDP Strategic Plan 'moon shot' to align over $1 trillion of public expenditure and private capital with the Sustainable Development Goals requires a clearly articulated strategic road map.

Spanning programme delivery and engagement, influencing and advocacy, the strategic road map should identify the distinctive approaches and added value of UNDP and set clear priorities backed by allocation of resources. The objectives of the road map should be underpinned by practical and achievable approaches with the prospect of delivering results, and by metrics for accountable reporting on delivery. In framing the new strategic approach, UNDP should start from an assessment of how it can contribute to financing the SDGs in the three streams – domestic resource mobilization and efficient/equitable public spending; international public finance; and private capital markets – and not from a framework of delivery of the current toolkit, flagships and approaches

Recommendation 2. As UNDP develops a more strategic approach to its Sustainable Development Goal financing work, it should also consolidate its many offers and tools to offer greater clarity and bolster staffing in strategic technical areas, breaking from project-aligned human resources and constraints, to resources aligned with demand and need.

Under the new strategy and supported by a road map for strategic financing of the SDGs, UNDP should consolidate its many service areas and tools to offer a clearer and more strategic set of approaches which can be aligned to and enable the organization to meet its strategic objectives. These should be led by a demand-driven approach that recognizes the needs and capacities at country-office level. UNDP will need to break from its project structure and reliance on technical support to areas funded by specific projects, enabling it to be more demand-driven.

Recommendation 3. The integrated national financing framework approach should be further clarified to ensure that it can be embedded within government systems as an investment platform and not be seen solely as a budgeting exercise. The process should integrate and prioritize budget tagging and support for sovereign bond issuance, and strengthen equity in public finance.

The INFF approach needs further clarification that will clearly underline the added value to Governments (and partners) so as to strengthen engagement, adoption and integration of the approach within government systems. In the current Strategic Plan period, the INFF could play an important role in putting the SDGs at the front and centre of financial planning that strengthens alignment of public and private financing with the SDGs. The structure and short-term financing (two years) of what is a medium- to long-term approach will need to be addressed if the perception of the INNF as an external, donor-led approach is to be overcome and its future assured as an important development financing approach. The INFF should give more weight to equity and efficiency in public spending, consistent with the commitment of the 2030 Agenda to leave no one behind. Its facilitation of public engagement and participatory budgeting should be strengthened and take a prominent part of the toolkit.

Recommendation 4. UNDP should broaden its ambition on domestic resource mobilization. This should include a strengthened offer on taxation, considering advocacy and support for progressive taxation and targeted taxation support focusing on specific sectors where high-impact gains can be achieved.

TIWB is providing important support to Governments in specific policy areas and building capacity, but UNDP could do more to address systemic tax challenges. Evidence emerging from the work of TIWB could be marshalled to identify recurrent themes, common problems and good-practice solutions. This could help to inform advocacy and engagement through the United Nations Secretariat, the United Nations Department of Economic and Social Affairs and other agencies. UNDP and TIWB should consider a strengthened focus on tax evasion/avoidance in the extractive sector. Progressive taxation and public spending are the foundations of regaining lost progress towards the SDGs. UNDP should consider framing a distinctive workstream on efficient and equitable public spending, building a small hub of central expertise on public finance and scaling up support for a small number of country programmes where the organization is positioned to drive results.

Recommendation 5. UNDP should build on its initial experience in support to sovereign bond issuance and develop a distinctive offer on sovereign bond financing related to the Sustainable Development Goals, linking national reporting systems to strengthened reporting systems for environmental, social and governance investments.

Consideration should be given to the creation of a small sovereign bond financing team with a remit to broaden and deepen sustainable sovereign debt financing for the SDGs. The team could work with Governments, country offices and United Nations agencies to identify compelling SDG-related financing propositions underpinned by credible budget tagging and reporting systems. Building on the lessons from best practices, UNDP could establish a standard for certification, reporting and delivering impact that is beyond the scope of current SDG-related bond certification entities. This would form a basis for dialogue with the key gatekeepers for SDG-related bond finance. Initiating that dialogue at a high level should be a priority for UNDP leadership and inform the organization's strategy for engagement with the G20.

Recommendation 6. UNDP needs to build a climate finance offer around its considerable experience in delivering projects that de-risk and crowd-in climate investment. The aim to support access to clean energy for 500 million people will require a specific finance mobilization strategy to ensure that UNDP can deliver and leverage finance from other actors. Climate budget tagging work should be developed further and support for nationally determined contributions should be more integrated into the UNDP Sustainable Development Goal finance offer.

Progress towards the goal of increasing access to clean energy has been particularly slow in sub-Saharan Africa, and the pandemic has pushed the region even further off track. Getting back on track will require a surge in the provision of mini-grid and off-grid solutions, but this is an area marked by a weak pipeline of bankable projects, which in turn contributes to financing gaps. UNDP should set out how it will address these financing challenges. Domestic resource allocation will be key for climate finance. The INFF process, along with the continuation and integration of climate budget tagging, stands out as an area of work that will need to be embedded and continued going forward to ensure that decisions on national financial allocations are relevant to climate change. The integration and linkage of nationally determined contributions with the INFFs will be needed to ensure that climate commitments are adequately financed. Climate budget tagging is also strongly linked to the support to sovereign bonds with a climate focus, funding climate and green projects, which will be required to monitor and report on climate impact.

Recommendation 7. UNDP should seek to play a stronger and more strategic advocacy role in influencing development finance policies through its engagement at global level with multilateral agencies and intergovernmental forums, and at national level through engagement with Governments.

UNDP should outline a small number of bold policy change priorities which are widely understood across the organization. This does not imply that UNDP should retreat from its wider agenda, but within this agenda, it should identify a small number of 'big wins' that it will seek to achieve in areas where it holds specific competencies. This evaluation suggests several areas for consideration, including more equitable public spending and progressive taxation (domestic resource mobilization); changing the lending practices of multilateral development banks and SDR allocation arrangements; and the alignment of sovereign bond markets with the SDGs.

Chapter 1.

EVALUATION RATIONALE, OBJECTIVES AND METHODOLOGY

1.1 Introduction

The Sustainable Development Goals (SDGs) are at a crossroads. The coronavirus disease (COVID-19) pandemic has triggered major reversals of progress towards the SDGs. What should have been a Decade of Action for accelerating progress threatens to become a lost decade for human development. In the forward to the *Sustainable Development Goals Report 2021*, the United Nations Secretary-General left no doubt about the scale of the setbacks triggered by the COVID pandemic, saying "The current crisis is threatening decades of development gains, further delaying the urgent transition to greener, more inclusive economies and throwing progress on the SDGs even further off track." That crisis provides the context for this evaluation.

In the first half of 2020, UNDP responded to the unfolding health emergency. It recognized early on that the crisis in public health would have wider social and economic consequences and that planning for recovery would be critical. The UNDP Strategic Plan, 2022-2025 was framed during the pandemic crisis, setting a direction for travel to mid-decade.

This report provides an evaluation of UNDP pandemic response efforts, focusing on recovery financing. The remit spans initial measures taken in the first months of the crisis, including the role of UNDP in the development of socioeconomic impact assessments and recovery plans, and ongoing programmes aimed at aligning financial resources to the SDGs.

The evaluation is formative in design,[3] for three reasons. First, and most obviously, it is too early to assess the strengths and weaknesses of the UNDP response to the pandemic. Second, the crisis triggered by the pandemic is still unfolding. Like many other organizations, UNDP is implementing programmes in a dramatically changed world. Formative evaluations can provide early feedback on emerging trends, challenges and outcomes with a view to informing decision-making. Third, the UNDP Strategic Plan provides the guiding framework that will define the organization's direction, priorities and goals over the period to mid-decade. Focused on the critical area of development finance, this evaluation aims at providing evidence to inform the adjustments that will be necessary for successful implementation of the Plan.

The Strategic Plan sets a justifiably high level of ambition on development finance. An already large SDG financing gap has widened dramatically. Closing that gap, which now exceeds US$4 trillion, is a condition for keeping alive the ambition, the hope and the sense of human solidarity enshrined in *Transforming our World: the 2030 Agenda for Sustainable Development*. Without bold action backed by international cooperation on public finance and private capital, the world will fail to deliver on the

---

3 Scriven, M (1991) Beyond Formative and Summative Evaluation. In: Mclaughlin, M, Philips, D (eds), Evaluation and Education: At Quarter Century. Chicago, IL: The University of Chicago Press.

promise of the 2030 Agenda. The UNDP Strategic Plan includes a target of mobilizing, through a mix of organizational action and partnerships, $1 trillion in public and private finance by 2025. That goal is commensurate with the scale of the financing crisis. Our aim in this evaluation is to support the successful pursuit of what is an exacting target by identifying both barriers to delivery and the measures needed to remove them.

1.2 Evaluation rationale and objectives

UNDP has been in a process of adjusting to the profound crisis triggered by COVID-19. From an early stage, development agencies – including UNDP – recognized that the pandemic was likely to trigger setbacks in development far beyond the immediate public health emergency. Outcomes have fully justified the early warnings. UNDP has responded to the pandemic by drawing on its full range of organizational capabilities. It is clear that the post-pandemic world in which UNDP will implement its Strategic Plan will look very different than the world envisaged in 2019, when the United Nations Secretary-General called on Governments to make the 2020s a Decade of Action for the SDGs.

This formative evaluation of the UNDP response to the pandemic focuses on the organization's approach to development finance for recovery. The remit is defined by three broad questions:

- How effectively has UNDP supported the pandemic response in programme countries?
- In its role as technical lead for the United Nations socioeconomic response, was UNDP able to inform the development of policies geared towards a recovery of SDG progress?
- Do the tools and approaches being developed to support post-pandemic recovery consider financing and fiscal approaches and needs to ensure building forward better, a green recovery and achievement of the SDGs?

The evaluation considered UNDP support to the COVID-19 response and to recovery financing over the period March 2020 to June 2021. In its consideration of pre-pandemic support to SDG financing, the evaluation reviewed reports and assessments undertaken, tools developed and service offers rolled out under the previous UNDP Strategic Plan (2018-2021), up to November 2021.

1.3 Evaluation methodology

This is a formative rather than a summative evaluation.[4] It is too early to fully evaluate the effectiveness of the initial UNDP response to the pandemic crisis as it evolved from early 2020. In the spirit of a formative evaluation, we provide initial feedback regarding the relevance, coherence and effectiveness of the UNDP response, while recognizing that the organization was operating in a rapidly changing environment. The report documents preliminary evidence on outcomes related to financing.[5] Along with the rest of the United Nations system and in common with every development organization, UNDP is in a process of adjusting to the post-pandemic world. We assess the potential effectiveness of the tools and approaches currently deployed in the light of the emerging context for SDG financing and the ambitions defined in the Strategic Plan.

4 Scriven, M (1991) Beyond Formative and Summative Evaluation. In: Mclaughlin, M, Philips, D (eds), Evaluation and Education: At Quarter Century. Chicago, IL: The University of Chicago Press.

5 Dickson R, Saunders M. Developmental evaluation: Lessons for evaluative practice from the SEARCH Program. *Evaluation*. 2014;20(2):176-194.

Development finance is a defining theme of the evaluation. UNDP is not a major source of development finance or fiscal support to Governments. However, it is centrally involved through its technical advisory work, engagement with Governments and dialogue with development partners in a wide range of development finance issues. The Strategic Plan sets a 'moon shot' of promoting the alignment of $1 trillion in development financing with the SDGs by mid-decade. We assess that objective by reference to three broad strands of financing which are critical for closing the SDG financing gap, while recognizing that there are areas of overlap. The work of the Sustainable Finance Hub is structured around seven action areas (detailed in section 5),[6] which offer a more extensive framework which is complicated by considerable overlap. In this section, we broadly follow the framework for financing of the Addis Ababa Action Agenda[7] by looking at:

- Domestic public finance
- International public finance
- Private finance (with a focus on international private capital)

We recognize that other structures could have been adopted and that the boundaries between different forms of finance are sometimes blurred (for example, debt restructuring that reduces the claims of private creditors can release public finance). But the Addis Ababa Action Agenda does provide an intuitive framework with application to the tools and approaches evaluated in section 5.

The backdrop to the evaluation was provided by potential setbacks across a broad swathe of SDGs. We selected a small number of SDGs with a view to illustrating the scale of impact in areas of direct relevance to the UNDP pandemic response and Strategic Plan. One of the difficulties in assessing impact is the time lag in data collection. For this reason, we drew on modelling work providing plausible projection scenarios in areas such as extreme poverty, child and maternal health, education and access to energy. Where possible, we supplemented these scenarios by drawing on real-time data and proxies for impact (for example, reduced attendance at clinics as a proxy for child health), including from the country studies. We also drew on consolidated SDG reporting by relevant United Nations agencies. On access to energy, we draw on reports from the International Energy Agency (IEA) and Sustainable Energy for All, as well as the recent Independent Evaluation Office (IEO) evaluation of UNDP support to energy access and transition.

Estimates for the SDG financing gap were drawn from peer-reviewed analysis and recent work by the Organization for Economic Co-operation and Development (OECD), the International Monetary Fund (IMF) and the World Bank. Our fiscal data are drawn from IMF data sets and the Fund's *Fiscal Monitor* and *World Economic Outlook* reports. Data on debt sustainability are drawn from the Debt Service Suspension Initiative database and the World Bank's *International Debt Statistics*. We draw on a variety of sources to capture the international public finance response, including the reporting systems of the OECD, IMF, World Bank and regional development banks, academic research and civil society organizations. Our work on private capital markets draws on publications from the Financial Stability Board, market reports from specialized sources (such as Moody's and Bloomberg) and standard-setting agencies. We reviewed several documents related to specific issues of sovereign bonds, including national bond frameworks and reports from 'second opinion' agencies. References are cited throughout the text and provided in annex 2.

6 https://sdgfinance.undp.org/
7 https://sustainabledevelopment.un.org/content/documents/2051AAAA_Outcome.pdf

A multi-stakeholder approach was undertaken to gather perspectives from key actors through 'virtual' semi-structured interviews. It was important for us to understand how different approaches were viewed by key actors in UNDP and their counterparts in other United Nations agencies. For that reason, we conducted extensive interviews with senior management and staff in country offices, regional bureaux and headquarters. We interviewed government actors through the country-study process. Key informants were identified on specific thematic areas, including fiscal policy, multilateral financing and private capital markets. Throughout, the evaluation team met with representatives of international financial institutions (IFIs), including the IMF and World Bank, at headquarters level as well as in the 10 case-study countries. Overall, 300 people were met; details of those interviewed details provided in annex 4.

Country case studies were commissioned to provide a window on the impact of the pandemic on the SDGs, emerging financing challenges and the UNDP response. For data collection and analysis, the country-level case studies entailed detailed desk reviews encompassing response strategies and data analysis. Interviews were conducted with country and regional staff, Governments and partner agencies. The 10 countries covered were Armenia, Bangladesh, Benin, Colombia, Indonesia, Jamaica, the Lao People's Democratic Republic, Peru, Rwanda and Uganda. Selection criteria included: (1) existing UNDP support to SDG financing in countries; (2) the health impacts of COVID-19; (3) debt and fiscal constraints at the country level due to the pandemic; and (4) a regional balance. Guiding questions are outlined in annex 10.

There are several limitations associated with the methodology and evaluation framework. The lags in SDG data have already been noted. While this is a constraint in 'normal' times, in the context of the pandemic and the crisis it has triggered, there is a danger that systemic risks will remain underreported until after the event. The documented reversals of progress may prove to be exaggerated or, more likely the case, an understatement of the real threats. Uncertainties over economic recovery projections add to potential margins of error in projections about the SDGs. In some areas, our evaluation covers structures and processes that are still under development, which made it difficult to assess delivery. The Sustainable Finance Hub, which was created in 2019, is a case in point. Finally, the evaluation is an attempt to draw lessons from a rapidly changing context that remains fluid, notably with respect to the future direction of the pandemic. Attempting to draw hard-and-fast evaluation conclusions from what is a snapshot picture of a moving story would be no less a mistake than a failure to acknowledge the scale of the changes under way. We therefore frame our recommendations as broad approaches which, on the best evidence available to us and our interpretation of that evidence, we believe will support successful implementation of the Strategic Plan.

1.4 Evaluation structure

The evaluation is structured around eight sections. Given the formative, forward-looking nature of the evaluation and the complexity of the subject matter, the evaluation heavily emphasizes both a detailed context for regression of progress due to the pandemic and the current SDG financing situation along with opportunities and trends. Sections 1 and 2 outline the rationale and objectives for the evaluation along with the evaluation's methodology.

Section 3, Sustainable Development Goals: heading for a 'lost decade', details the impact of the pandemic across eight SDGs (Goals 1, 2, 3, 4, 5, 6, 7 and 13). These SDGs were chosen as they are both the focus of UNDP efforts under the current and (likely next) Strategic Plan and are also areas strongly impacted by the pandemic. The evaluation recognizes this interrelationship throughout this section and its analysis.

Section 4, ‘UNDP: COVID-19 pandemic response’, reviews the strategic response of UNDP to the pandemic and its alignment with broader United Nations goals and strategies. The section also reflects on the level of consideration within the plans and response to the regression of progress due to the pandemic and the need for financing for the SDGs.

Section 5, ‘Financing for an SDG recovery’, gives a detailed overview of the current global SDG financing architecture and the opportunities and challenges for UNDP to leverage key tools for SDG financing. This section is comprehensive, recognizing the complexity of the financing sector and the multitude of tools available to Governments to leverage funding for the SDGs across international public finance, domestic resource mobilization and private finance.

Section 6, on the UNDP financing toolkits, evaluates the current SDG financing structure and strategies within UNDP as well as key tools being used to leverage funding for the SDGs across the public and private financing sectors.

Section 7, ‘Shaping development finance policy options’, assesses the broader positioning of UNDP in advocating across the global governance system for increased SDG financing.

Section 8 provides a number of conclusions, drawn from the evaluation’s findings and recommendations, about areas where UNDP could focus to move towards its ‘moon shot’ target of supporting the alignment of $1 trillion in financing for the SDGs.

Chapter 2.

SUSTAINABLE DEVELOPMENT GOALS: HEADING FOR A 'LOST DECADE'?

Summary Message #1: The pandemic has triggered unprecedented reversals in human development, stalling or reversing progress across a broad swathe of SDGs. During the pandemic, the number of people living in poverty is estimated to have increased by 100 million in 2020[8] alone, while the number of malnourished people increased by between 83 million and 132 million in the same period.[9] Meanwhile 1.6 billion children were impacted by school closures,[10] with 'learning poverty' increasing by 70 percent.[11] While there are data gaps and uncertainties in many areas, the overall picture is clear: without urgent remedial action, the SDGs will be pushed out of reach for many countries. There is a real and present danger that the 'Decade of Delivery' for the SDGs will become a 'lost decade'.

Summary Message #2: There is no rapid 'reset policy button' for returning to the (already inadequate) trajectories of progress of the pre-pandemic era. Millions of people have been pushed into poverty. The provision of child and maternal health care has been disrupted, with potentially devastating consequences for child mortality. Reversals have robbed millions of children of opportunities for learning. Women, young people and the poor have been hit hardest. Gender disparities are widening as women disproportionately bear the impact of labour-market changes, lockdown-related care provision and school closures. Clearing the pandemic-related backlog while accelerating progress will increase the SDG financing gap (see section 5).

Summary Message #3: The period to mid-decade covered by the UNDP Strategic Plan is the defining window of opportunity for holding to the promises of the 2030 Agenda. The human development reversals documented in this section provide the context in which the Strategic Plan will be implemented. As the United Nations 'SDG Integrator', UNDP has a key role to play in leading the adjustment to the changed circumstances.

2.1 Impact of the pandemic on selected SDGs

The defining context for the UNDP pandemic response is the impact of the pandemic on prospects for realizing the 2030 Agenda. There is now a real and present danger that the SDGs will be pushed out of reach. The combined effects of health-system impacts, lockdowns, the disruption of basic services

8 https://unsdg.un.org/resources/un-framework-immediate-socio-economic-response-covid-19
9 FAO, IFAD, UNICEF, WFP and WHO. 2020. The State of Food Security and Nutrition in the World 2020. Transforming food systems for affordable healthy diets. Rome, FAO.
10 World Bank, January 2021, Urgent, Effective Action Required to Quell the impact of COVID-19 on education Worldwide
11 https://www.worldbank.org/en/topic/education/publication/the-state-of-the-global-education-crisis-a-path-to-recovery

and economic reversals have left many countries, especially the poorest, even further off track for the 2030 targets. Changing this picture will require fundamental changes in approaches to development financing, as shown in section 5. The period to mid-decade, which coincides with the period of the UNDP Strategic Plan, will be critical in determining whether the SDG pledge can be honoured in a dramatically worsening policy environment.

COVID-19 has confronted the international community with what may be its greatest development challenge since the founding of the United Nations. What started as a global public health emergency has mutated into a crisis for human development – and for the SDGs. Progress across a broad spectrum of the Goals has either stalled or been thrown into reverse gear. While no country or social group is immune to the social and economic impacts triggered by the pandemic, it is overwhelmingly the poorest countries and the poorest, most vulnerable populations who have been the worst affected. The pandemic has served humanity with a reminder of our shared vulnerabilities and common interests, but the pandemic buzz-words, 'we are all in this together', masks a profound moral and political failure to act on shared values – a failure reflected in the reversals of progress towards the SDGs. As the United Nations Secretary-General has written, "Humanity's welfare – and indeed, humanity's very future – depend on solidarity and working together as a global family to achieve common goals."[12] Defending the ambitions of the 2030 Agenda is a measure of that solidarity.

Even before the pandemic, progress towards the SDGs fell far short of the ambitions of the 2030 Agenda. The pre-pandemic SDG report card included some encouraging results, building on progress in the Millennium Development Goal era. Extreme poverty was falling, albeit too slowly and unevenly across countries. Child and maternal health were improving, with marked gains in many countries. Even so, the gap between ambition and commitment was widening. That gap was documented in the United Nations SDG report card for 2019[13] and wider evidence tracking progress towards the 169 targets underpinning the 17 Goals.[14] In some areas – including inequality, the climate crisis, hunger and biodiversity – trends were moving in the wrong direction. In September 2019, the United Nations Secretary-General, in an effort to galvanize action, issued a global call for 'a decade of action' to accelerate progress towards the SDGs.[15]

Failure to tackle inequality between countries and social disparities within countries was at the centre of the SDG achievement gap. The principle of 'leaving no one behind', a critical part of the 2030 Agenda, was not informing the design of public policy – a concern acknowledged by the high-level political forum on sustainable development in 2019.[16] In adopting the SDGs, Governments recognized that disparities in wealth and opportunity, reinforced by discrimination and injustice, were a barrier to attaining the Goals.[17] They pledged "to reach the furthest behind first."[18] Honouring that pledge was a condition for accelerating progress.

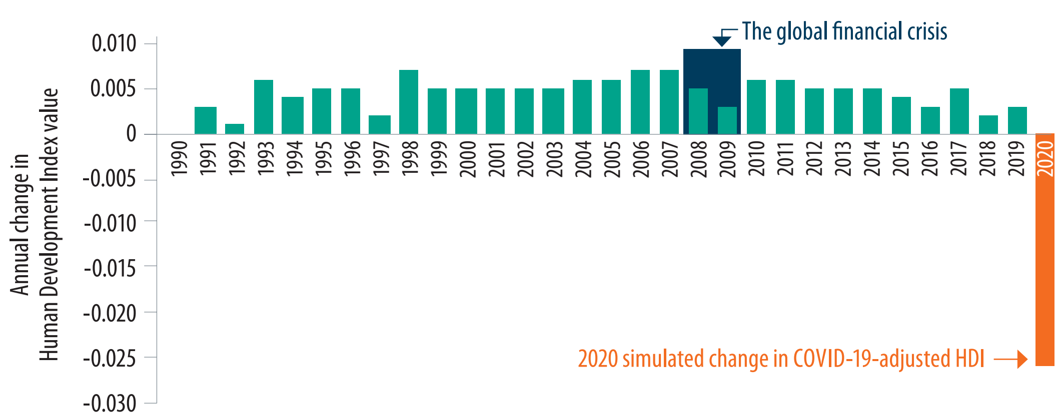
Weak alignment between pledges of support for the SDGs and actual financial commitments was a major feature of the pre-pandemic landscape. While 193 Governments endorsed the SDGs

12 United Nations, Our Common Agenda – Report of the Secretary-General, New York, 2021, p.4.
13 United Nations, The Sustainable Development Goals Report 2019, New York, 2019.
14 Independent Group of Scientists appointed by the Secretary-General, Global Sustainable Development Report 2019: The Future is Now – Science for Achieving Sustainable Development, (United Nations, New York, 2019).
15 United Nations, Remarks of the Secretary-General to the high-level political forum on sustainable development, 24 September 2019.
16 Resolution adopted by the United Nations General Assembly, 'Political declaration of the high-level political forum on sustainable development convened under the auspices of the General Assembly', A/RES/74/4, 15 October 2019.
17 United Nations, Chief Executives Board for Coordination, Leaving no one Behind: Equality and Non-Discrimination at the Heart of Sustainable Development: The United Nations System Shared Framework for Action, New York, 2017.
18 A/RES/74/4, Annex, paragraph 5.

in 2015, reaffirmed their pledges at international meetings and aligned development plans with the SDGs, few translated their pledges into budgetary allocations, national revenue mobilization strategies, medium-term financial planning or international resource mobilization. Almost all developing countries had integrated the SDGs into national plan documents before the pandemic. However, most failed to underpin the commitment with financial provisions. One detailed pre-pandemic review of national planning found that 79 out of 107 country-level plans had no specific costing associated with implementation. In 2019, the Inter-Agency Task Force on Financing for Development concluded, "This lack of a comprehensive financing component has sometimes impeded the ability of plans to effectively guide policy."[19] The 2015 Addis Ababa Action Agenda on Financing for Development was designed to underpin and move towards the SDGs through international cooperation across seven key financing needs. Here, too, delivery fell far short of stated intent (see section 5).[20]

With just eight years to the 2030 target date, the pandemic has triggered devastating reversals of progress. These reversals are captured in the 2021 Sustainable Development Report, which tracks performance in 165 countries using an index attaching equal weight to each Goal.[21] For the first time since 2015, the global average score has worsened. Importantly, this deterioration does not fully capture the scale of the setback because of lags in the availability of data. Simulations carried out by the UNDP Human Development Report team point to setbacks in capabilities (figure 1), as measured by the Human Development Index, without precedent since the Index was created. The losses registered in the 2020 simulation are equivalent in scale to the gains made over the preceding six years. Behind these aggregate measures are devastating setbacks in the human condition which have left millions of people more vulnerable, impoverished and disadvantaged.[22] As illustrated in figure 1, human development is facing a reversal that is unprecedented since the concept was introduced in 1990.

FIGURE 1. Annual change in Human Development Index value, 1990–2020



Source: UNDP Human Development Report Office simulations based on data from the International Telecommunications Union, the United Nations Educational, Scientific and Cultural Organization Institute for Statistics and the World Health Organization

19 United Nations, Inter-agency Task Force on Financing for Development, Financing for Sustainable Development Report 2020. (New York: United Nations, 2020), available from: https://developmentfinance.un.org/fsdr2020.

20 Resolution adopted by the United Nations General Assembly, 'Addis Ababa Action Agenda of the Third International Conference on Financing for Development (Addis Ababa Action Agenda)', A/RES/69/313, 27 July 2015.

21 Sachs, Jeffrey D. et al, Sustainable Development Report 2021, The Decade of Action for the Sustainable Development Goals, Cambridge University Press, Cambridge, 2021.

22 UNDP. 2020 Human Development Perspectives, 'COVID-19 and Human Development: Assessing the crisis, envisioning the recovery', New York. 2020.

The pandemic has had a disproportionate effect on poor people, youth, women, minorities and workers in low-paying jobs. Aggregate indicators can mask underlying inequalities. No country or social group has escaped the effects of the crisis, but the human costs have been unequally spread. Safety nets have kept millions out of poverty, but one in five of the world's poor had no access to safety nets at the start of the pandemic. Disruptions to education and employment limit opportunity and threaten social mobility through their effects on children and youth, especially those from poorer households. Gender inequalities have been magnified by rising care demands, labour-market adjustments and violence against women. In all of these areas, the pandemic threatens to leave a legacy of rising inequality.

The evaluation team selected a small subset of the SDGs that were either directly relevant to the UNDP strategic response as well as the UNDP Strategic Plan, or were showing considerable impact from the pandemic. This section looks at the impact of the pandemic on SDG 1 (poverty reduction), SDG 2 (zero hunger), SDG 3 (good health and well-being), SDG 4 (quality education), SDG 5 (gender equality), SDG 7 (affordable and clean energy), SDG 8 (decent work and economic growth) and SDG 13 (climate action).

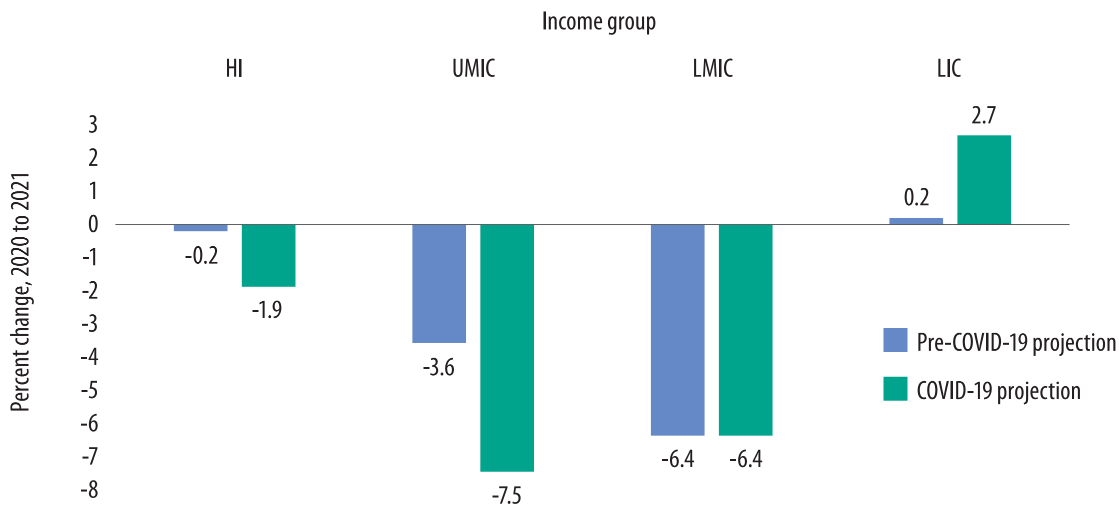
Goal 1: Poverty reduction

Economic reversals, lockdowns and the disruption of livelihoods have triggered increases in extreme poverty. Although the quarter century to 2020 saw extraordinary reductions in poverty, the pace of poverty reduction had started to slow before the pandemic. The world was not on track for the goal of eradicating extreme poverty. The World Bank's most recent estimates suggest that the pandemic left almost 100 million more people in extreme poverty ($1.90 purchasing power parity) in 2020, a historically unprecedented increase. Even if the world returns to a pre-pandemic trend in poverty reduction, it will take to mid-decade to reverse this additional poverty. Moreover, the rebound will be unequal. Most of the projected decline in poverty for 2021 will happen in middle-income countries, while poverty is projected to rise in low-income countries (figure 1). For sub-Saharan Africa, the projected increase in poverty will reverse the progress of the past seven years. While these data are extrapolated from economic growth projections, high-frequency surveys confirm that lockdowns have been associated with significant losses of income and reduced consumption, including by the poorest households.[23] The economic fallout of the COVID-19 pandemic and the uneven global recovery have been especially harmful for the least developed countries. Of the 46 countries in this group, 41 registered negative per capita growth of gross domestic product (GDP) in 2020 (up from 11 in 2019). The number of extreme poor in countries eligible for support from the International Development Association (IDA) was 75 million higher in 2020 than in 2019. Other estimates such as research commissioned by UNDP from the Pardee Center for International Futures at the University of Denver estimates that a 'high damage' pandemic scenario could leave over 251 million people in extreme poverty.[24]

23 Contreras Gonzalez,Ivette Maria et al. The Labor Market Impacts of COVID-19 in Four African Countries : April to October 2020 - Evidence from LSMS-Supported High-Frequency Phone Surveys on COVID-19 (English). Living standards measurement study (LSMS) Washington, D.C.: World Bank Group. http://documents.worldbank.org/curated/en/487231623812990428/The-Labor-Market-Impacts-of-COVID-19-in-Four-African-Countries-April-to-October-2020-Evidence-from-LSMS-Supported-High-Frequency-Phone-Surveys-on-COVID-19

24 UNDP and the Frederick S Pardee Centre for International Futures, December 2020, Flagship Publication 1: Assessing impact of COVID -19 on the Sustainable Development Goals.

FIGURE 2. Percent change in the projected number of poor people by income group, 2020 to 2021



HI= high-income countries; UMIC=upper-middle-income countries;
LMIC=lower-middle-income countries; LIC=low-income countries

Source: Lakner et al. (2020) (updated), PovcalNet, Global Economic Prospects

Poverty in middle-income countries has also been on the rise. In Latin America, the developing region which suffered the deepest pandemic recession, the United Nations Economic Commission for Latin America and the Caribbean (ECLAC) estimated that another 22 million people dropped into poverty (measured by national poverty lines) at the end of 2020 as the incidence of extreme poverty increased from just under 8 percent to 11 percent.[25] While the picture remains very fluid, survey evidence suggests that the 'new poor' pushed into poverty by the pandemic are more urban and disproportionately employed outside of agriculture.

Fiscal retrenchment in the coming years could exacerbate the setback in poverty reduction. The unwinding of safety net spending as Governments adjust to fiscal pressures that could drive up poverty, trapping the 'new poor' of the pandemic era in extreme deprivation. In addition, if Governments are forced to raise certain broad-based taxes (such as value added tax), more poor people could become net payers into the fiscal system. Spending cuts in sectors such as education and health could worsen the lot of the poor beyond the current generation.

Inequality within and between countries is likely to rise. Higher inequality within countries means that growth will translate into lower rates of poverty reduction. The IMF estimates that the average Gini coefficient, a measure of inequality, could increase by 2.6 percentage points for emerging market and developing economies following the pandemic, wiping out improvements in equity since 2008. Prospects for inclusive growth have deteriorated. Underscoring the impact of the crisis on the poorest sections of society, projections for countries eligible for IDA support anticipate no growth in the incomes of the poorest 40 percent for 2019-2021. The economic fallout from the pandemic and the uneven global recovery have been especially harmful for the least developed countries.

25 Economic Commission for Latin America and the Caribbean), Social Panorama of Latin America, 2020 (LC/PUB.2021/2-P/Rev.1), Santiago, 2021.

Multidimensional poverty has increased. The Multidimensional Poverty Index (MPI), produced by UNDP and the Oxford Poverty and Human Development Initiative, looks beyond monetary poverty to wider and overlapping dimensions of deprivation in education, health, living standards and opportunity. The 2021 report, *Unmasking disparities by ethnicity, caste and gender*,[26] drew attention to the potential for the pandemic to exacerbate inequalities between countries with divergent levels of social protection and basic service provision and within countries. Using quantitative assessments of food insecurity and education impacts, one exercise developed simulations for impacts of multidimensional poverty across 70 countries. The research found a reversal of between 3 and 10 years in progress to reduce multidimensional poverty, depending on the scenario assumptions. Results for one mid-range scenario predict 426 million people entering multidimensional poverty.[27] The MPI is a key outcome indicator for the UNDP Strategic Plan, 2022–2025 which specifies as an objective a reduction of 100 million in the number of people affected by multidimensional poverty.

Children account for a significant share of those affected by the increase in poverty and deprivation. That is partly a function of demography and partly a result of the pandemic's impacts on education. Using national poverty lines, the United Nations Children's Fund (UNICEF) and Save the Children[28] estimate that an additional 150 million children will be living in poor households in 2021.[29] The same agencies estimate that deprivation, as measured by a broader range of indicators consistent with the MPI, will increase by 15 percent.[30]

Goal 2: Zero hunger

Already on the increase before the pandemic, global malnutrition is worsening. Some 680 million people – around 9 percent of the world's population – were malnourished pre-pandemic. It is estimated that this figure rose by between 83 million and 132 million in 2020.[31] While pandemic-related data on child malnutrition remain limited, modelling work published in *The Lancet* pointed to a potential 14 percent increase in severe wasting among infants, with an additional 47 million children affected, over 80 percent of them in South Asia and sub-Saharan Africa.[32] School closures left over 360 million children who previously had received school meals without that nutritional support. Separating the impact of pandemic-related economic reversals from conflict and climate-related humanitarian emergencies is difficult, but the World Food Programme reported a 30 percent increase in 2020 in the number of people facing crisis levels of food insecurity, to 174 million (with over 30 million at risk of famine).

Goal 3: Good health and well-being

The COVID-19 pandemic both highlighted and magnified disparities in universal health provision. Even in the most advanced economies, health systems buckled under the strains generated by COVID-19, notably in the provision of intensive care. In developing countries, underresourced health systems, unequal access to care and limited access to vaccinations had devastating consequences.

26 Alkire, S., Kanagaratnam, U. and Suppa, N. 2021. "The Global Multidimensional Poverty Index (MPI) 2021."
27 Ibid.
28 Save the Children/UNICEF (2021), 'Impact of COVID-19 on children living in poverty: A Technical note', UNICEF data hub, https://data.unicef.org/covid-19-and-children/, accessed 14 March 2022.
29 Ibid.
30 UNICEF, '150 million additional children plunged into poverty due to COVID-19, UNICEF, Save the Children say', Press release, New York/London, 17 September 2020, https://www.unicef.org/eap/press-releases/150-million-additional-children-plunged-poverty-due-covid-19-unicef-save-children, accessed 14 March 2022.
31 FAO, IFAD, UNICEF, WFP and WHO. 2020. *The State of Food Security and Nutrition in the World 2020. Transforming food systems for affordable healthy diets*. Rome, FAO.
32 Fore, Henrietta H et al., Child malnutrition and COVID-19: the time to act is now, The Lancet, Volume 396, Issue 10250, 517 – 518.

With just 8 percent of the world's population, Latin America has accounted for almost 23 percent of COVID-19 deaths.[33] Peru has the world's highest COVID-19 fatality rate, and when Mexico and Ecuador are included, the region accounts for three of the five highest fatality rates. Disparities in COVID-19 fatality rates illustrate global inequalities in health care and the effects of vaccine inequity.[34] Even at far lower levels of reported infection, health systems in sub-Saharan Africa have been placed under intense pressure. Restricted and unequal access to oxygen[35] and other therapeutic treatment has been a feature of COVID-19 surges across South Asia, sub-Saharan Africa and Latin America.

Many countries were left facing health system emergencies. The pandemic response crowded out other vital health services, while lockdowns disrupted their provision. In Peru, the health system was overwhelmed by the crisis. Over three quarters of primary health care posts and half of tertiary hospitals reported major gaps in service provision capacities ahead of the pandemic. As the crisis unfolded and resources were diverted to treat COVID-19 cases, the wider health care system suffered and child immunization rates fell sharply. What happened in Peru was a microcosm of the wider crisis that unfolded in countries across the region, including in Ecuador and (exacerbated by governmental inefficiencies) Brazil. In Bangladesh, the disruption of health services led to a marked reduction in attendance at clinics for a range of vital maternal and child health services. Research in Uganda documented steep reversals in the range of 7 to 10 percent for attendance at clinics providing treatment for malaria, antenatal care and immunization. In the Philippines and South Africa, the diversion of health workers and resources to deal with the COVID-19 emergency contributed to reduced provision and clinic attendance in a context of increased poverty and malnutrition. Evidence from our country studies confirms the scale of impact.

TABLE 1. Impact of COVID-19 on selected health indicators in Bangladesh and Uganda

Health service variable/ indicator	Status – Bangladesh	Status - Uganda
Antenatal care	31% decrease in antenatal care visits by mothers	7% decrease in antenatal care visit attendance
HIV-positive pregnant women receiving antiretroviral medicines (ARVs)		12% decline
HIV-exposed infants who received ARVs at birth		18% decline
HIV services	86% decline in testing rate for HIV from 2019 to 2020	Number of HIV+ individuals declined by 36%

33 Johns Hopkins University via Our World in Data, December 2021.
34 John Hopkins Coronavirus Resource Center, Mortality Assessment, November 2021, https://coronavirus.jhu.edu/data/mortality
35 Every Breath Counts Coalition, Why the costs of medical oxygen must be included in universal health coverage, updated 12 December 2021, https://stoppneumonia.org/why-the-costs-of-medical-oxygen-must-be-included-in-universal-health-coverage/, accessed 14 March 2022.

Table 1 (cont'd)

Health facilities	70% drop in utilization of adolescent health services in 5 months	10% decline in health facilities deliveries
Immunization services		20% drop in children receiving three doses of diphtheria/ pertussis/tetanus vaccine (DPT3)
Severe acute malnutrition (SAM)	73% drop in hospital admissions of children with SAM between February and March 2020	Cases of SAM increased by 8%

Sources: United Nations Bangladesh, Immediate Socioeconomic Response to COVID-19, August 2020; and United Nations Uganda, Leaving No One Behind: From the COVID-19 Response to Recovery and Resilience-Building: Analyses of the Socio-economic impact of COVID-19 in Uganda, June 2020 (Data from Ministry of Health, 2020)

Rising poverty and the disruption of health systems threaten major reversals in child and maternal health. While public health authorities and aid donors have focused on the intensive tertiary care needed to treat COVID-19 cases, the pandemic raises the spectre of far wider public health effects. Restricted access to treatment of killer childhood diseases such as malaria and pneumonia, delays in vaccination programmes and increased malnutrition could contribute to significant reversals in child survival. Surveys by the World Health Organization (WHO) in 2021 found that 40 percent of countries reported disruption of vital services for malaria and one third of countries reported the disruption of immunization programmes.[36] Johns Hopkins University, using the Lives Saved Tool, projected as a mid-range estimate an increase in maternal and child deaths of 14 percent and 17 percent respectively as a result of interrupted health service provision and increased wasting.[37] Another study covering 18 low- and lower-middle-income countries estimated that in the year to June 2021, an additional 114,000 children and women lost their lives as a result of interrupted health services and the diversion of critical treatments, including medical oxygen.

Goal 4: Quality education

The effects of the pandemic on education powerfully illustrate the risks of long-term scarring and rising inequality of opportunity. The impact on education could have a sizeable repercussion and long-term implication for employability and equality going forward. Reductions in education levels, if not addressed, will increase the levels of unskilled workers and increase inequality.[38] The key transmission mechanisms have included the loss of instructional time linked to school closure, rising poverty and unequal access to learning opportunities. Without urgent mitigation, reversals in education will generate effects that are likely to prove irreversible, with the most disadvantaged children left even further behind and inequalities in education driving wider inequalities that will hold back overall progress towards the SDGs. The United Nations Educational, Scientific and Cultural Organization (UNESCO) estimates that learning losses incurred during 2020 could, in the absence of remedial action, eliminate

36 WHO, 2021, Second round of the national pulse survey on continuity of essential health service during the COVID-19 pandemic: January-March 2021.

37 Roberton, Timothy et al, Early Estimates of the indirect effects of the COVID-19 pandemic on maternal and child mortality in low-income and middle-income countries: a modelling study, The Lancet Global Health, Volume 8, Issue 7, e901 - e908.

38 Neidhöfer, Guido, Nora Lustig, and Mariano Tommasi. Intergenerational Transmission of Lockdown Consequences: Prognosis of the Longer-run Persistence of COVID-19 in Latin America. Journal of Economic Inequality, July 31, 2021. https://doi.org/10.1007/s10888-021-09501-x,

the gains of the last 20 years. Even before the pandemic, there was a crisis in global learning, with 53 percent of children in low-income countries unable to achieve basic literacy and numeracy standards. The World Bank now estimates that 'learning poverty' has risen to 70 percent, affecting another 100 million children. The most marginalized children are often the worst affected.

School closures affected over 1.6 billion children at the peak of the pandemic, 94 percent of the world's students.[39] In many countries, closures continued for a full academic year or more. Several countries were still to reopen schools at the time of writing, two years after the onset of the of the pandemic.[40] Some of the lengthiest school closures have been in developing countries, with pupils in Bangladesh losing one and a half (March 2020 to September 2021) and Uganda almost two full school years.

As children return to school carrying the disadvantages associated with increased poverty and malnutrition, there is an elevated risk of increased dropout rates. For adolescent girls, that risk is associated with early marriage and pregnancies,[41] and for girls and boys increased poverty and learning losses could increase child labour.[42] Education illustrates the impact of the pandemic in magnifying inequalities. School closures have caused on average a loss of around one half of the school year in developing countries, compared to one quarter in advanced economies, with higher reported learning losses for low-income households. The education crisis triggered by COVID-19 is layered on a pre-existing learning crisis which placed SDG 4 in jeopardy. Over half of children in low- and middle-income countries are unable to read at the end of their primary school years, and some 260 million children and adolescents were out of school prior to the pandemic.

For those on the wrong side of the digital divide – children from poor households, minority groups and rural areas – school closures effectively meant an end to learning. Our country studies document deep inequalities in access to remote and digital learning, despite the efforts of Governments to extend support. In the Lao People's Democratic Republic, just 43 percent of the population have access to Internet, bandwidth is limited and costs are high, limiting access to digital learning.[43] In Bangladesh, unequal access to television coupled with low Internet bandwidth limited the reach of distance learning efforts. Research in Ethiopia illustrates a global pattern of unequal learning losses. Children in Grade 4 before the pandemic who live in urban areas only progressed at less than half of the speed that would have been expected once schools reopened, with progress even lower for rural students, whose learning progressed by only one third. Unequal access to the Internet is one factor limiting the reach and effectiveness of home learning programmes.

Goal 5: Gender equality

The pandemic has contributed to deteriorating gender equity. Women have been directly affected by the pandemic. Mothers and sisters have borne the brunt of childcare responsibilities associated with the closure of schools. One estimate of women's participation in labour markets in Latin America suggests

39 World Bank, 'Urgent, Effective Action Required to Quell the Impact of COVID-19 on Education Worldwide', 27 January 2021, https://www.worldbank.org/en/news/immersive-story/2021/01/22/urgent-effective-action-required-to-quell-the-impact-of-covid-19-on-education-worldwide, accessed 16 March 2022.

40 'Nearly a third of Uganda's students may never return to school.' New York Times, 20 November 2021.

41 United Nations Children's Fund, COVID-19: A threat to progress against child marriage, UNICEF, New York, 2021.

42 Education international, 'Today over 160 million children between the ages of 5 and 17 are in child labour', 11 June 2021, https://www.ei-ie.org/en/item/25040:alarming-new-child-labour-numbers-reiterate-the-need-for-quality-public-education, accessed 16 March 2022 .

43 Datareportal, Digital 2020: Laos, https://datareportal.com/reports/digital-2020-laos, accessed 16 March 2022.

a setback of a decade.[44] Women traders, farmers and workers have seen their livelihoods disrupted – and there is evidence that unemployment rates may have increased more for women than men in developing countries and emerging markets, adding to already marked disparities. There is disturbing – and widespread – evidence that lockdown has been associated with an epidemic of violence against women and abuse of girls, in their homes and communities. In Peru, the Aurora Program of the Ministry of Women and Vulnerable Populations reports a 97 percent increase in complaints of domestic violence addressed through their helpline throughout 2020 compared to 2019.

Goal 7: Affordable and clean energy

Progress in access to affordable energy through sustainable systems is under threat. Pre-pandemic trends in energy access were positive, but insufficient to put the world on track for universal access to electricity by 2030. Some 770 million people worldwide are living without access to electricity, two thirds of them in sub-Saharan Africa.[45] Progress towards SDG 7 has been driven largely by advances in South Asia.[46] According to analysis in the World Energy Outlook 2020, the number of those lacking electricity in Africa increased by 2 percent to over 590 million people in 2020. In addition, rising poverty levels worldwide may have made electricity unaffordable for more than 100 million people who previously had connections, pushing these households into reliance on more polluting and inefficient sources of energy.[47]

Several factors have contributed to reversals in access to energy access. First, access to modern energy systems, especially in Africa, is typically through off-grid or devolved mini-grid systems. Declining purchasing power and rising poverty have reduced demand, while disruptions in the supply chain and delivery have reduced supply and increased prices. The COVID-19 pandemic also decreased the flow of new investments, increased the cost of capital in developing economies and overloaded procurement channels with adverse consequences for the development of the 2021 pipeline for off-grid systems. These pandemic-related pressures were overlaid on systems marked in many countries by weak regulatory frameworks and a lack of clear targets backed by credible policies (over 40 percent of countries in Africa and Asia have no SDG targets for energy access).

Goal 8: Decent work and economic growth

Lockdowns and market disruptions have held back progress towards decent work, contributing to poverty and rising inequality. According to the International Labour Organization (ILO), 8.8 percent of working hours were lost in 2020 due to the pandemic and lockdowns. The equivalent of some 144 million jobs were lost in 2020. Employment-related income losses amounted to $3.7 trillion, pushing over 100 million workers into extreme or 'moderate' poverty.[48] Losses have been concentrated in sectors characterized by lower levels of skill, exacerbating inequalities. Prior to the pandemic, micro, small and medium-sized enterprises comprised 25 percent of GDP in Bangladesh, making them a key driver of economic growth. According to findings in April 2020, these industries shrank by 52 percent overall, which led to a loss of an estimated $630 million. The 2020 IEO evaluation of UNDP work in youth economic empowerment found the number of youth not in employment, education or training was

---

44 ECLAC, 'Social panorama of Latin America 2020', https://www.cepal.org/sites/default/files/presentation/files/ppt_socialpanorama2020_en.pdf, accessed 16 March 2022.

45 IEA (2021), World Energy Outlook 2021, IEA, Paris https://www.iea.org/reports/world-energy-outlook-2021

46 IEA, IRENA, UNSD, World Bank, WHO. 2021. Tracking SDG 7: The Energy Progress Report. World Bank, Washington DC. © World Bank.

47 IEA (2020), World Energy Outlook 2020, IEA, Paris https://www.iea.org/reports/world-energy-outlook-2020

48 ILO, World Employment and Social Outlook, Trends 2021, International Labour Office – Geneva: ILO, 2021.

on the increase, reaching 270 million in 2020.[49] In many countries, informal sector losses have weighed heavily on women. This was recognized in the Rwanda Emergency Recovery Programme, which included a strong focus on women traders. The share of young people not in employment, education or training increased between 2019 and 2020 in 24 out of 33 countries with available data.

Goal 13: Climate action

The impact of the pandemic on the climate crisis is ambiguous, but not benign. While the global economic downturn provided a temporary reduction in greenhouse gas emissions, the respite could prove temporary. IEA projections anticipate a surge in energy-related carbon dioxide emissions in 2021 – the second-largest increase in history – reversing most of last year's decline. The carbon-intensity of the post-COVID recovery is reflected in sharply rising demand for fossil fuels, including coal. G20 countries collectively have committed at least $325 billion in public finance to fossil fuels (including $47 billion to coal). In April 2021, the OECD estimated that just 2 percent of recovery spending was allocated to identifiably 'green' measures. Bearing in mind that the pathway to 'net zero' by mid-century requires the halving of emissions by 2030, this is not a propitious background.

On a positive interpretation, the twenty-sixth Conference of the Parties to the United Nations Framework Convention on Climate Change (COP26) kept open a pathway to the Paris Agreement goal of limiting global warming to a 1.5°C threshold. The 'Glasgow Breakthroughs' in areas like power, steel and agriculture have set ambitious targets for 2030.[50] New initiatives were agreed on methane and deforestation. The Glasgow Pact recognizes the need to phase out unabated coal (albeit on a diluted basis) and inefficient fossil fuel subsidies. Viewed from a different perspective, the 'CoP26 glass' was also left half empty. Analysis by the Climate Action Tracker suggests that even with the most optimistic scenario with full implementation of the Glasgow agreements, warming will reach 1.8°C. Concrete targets embedded in national plans would increase that figure to 2.4°C, while current policies would ratchet that figure up to 2.7°C.[51] [52]

Efforts to protect vulnerable people from the climate crisis are inadequate and under-resourced, with harmful consequences across the SDGs. Attention at CoP26 focused on the failure of rich countries to honour a $100 billion climate financing commitment (from 2009). An agreement was reached to act on this commitment by 2025. The United Nations Secretary-General has called for half of climate finance to be allocated to adaptation, which is double the current share. The Glasgow Pact includes new commitments for adaptation, including through 'locally led' approaches, which could double funding to $40 billion by mid-decade.[53] This represents a small share of the adaptation financing gap. As increased climate risks interact with conflict, rising poverty and post-COVID pressures on budgets, the modest increase in adaptation funding offers limited protection against prospective climate crisis impacts.

49 UNDP Independent Evaluation Office, Evaluation of UNDP support to youth economic empowerment, UNDP, New York 2021.

50 Carbon Brief, 'Analysis: Do COP26 promises keep global warming below 2C?', 10 November 2021, https://www.carbonbrief.org/analysis-do-cop26-promises-keep-global-warming-below-2c, accessed 16 March 2022.

51 Climate Action Tracker, 'What do governments need to deliver in 2022?', 1 December 2021, https://climateactiontracker.org/blog/what-do-governments-need-to-deliver-in-2022/, accessed 16 March 2022.

52 Birol, Fatih, 'COP26 climate pledges could help limit global warming to 1.8C, but implementing them will be the key', IEA, 4 November 2021, https://www.iea.org/commentaries/cop26-climate-pledges-could-help-limit-global-warming-to-1-8-c-but-implementing-them-will-be-the-key, accessed 16 March 2022.

53 UNEP, 'COP26 ends with agreement but falls short on climate action', UNEP, 15 November 2021, https://www.unep.org/news-and-stories/story/cop26-ends-agreement-falls-short-climate-action, accessed 16 March 2022.

2.2 The impacts of the SDGs are mutually reinforcing – for better and for worse

The setbacks in progress cannot be viewed in isolation; their effects will be cumulative and mutually reinforcing. The siloed tracking systems that report on the Goals can obscure and understate the long-term impacts. Deprivation, injustice and disadvantage do not operate in isolation. Girls robbed of their education today are less likely to seek health care, educate their daughters or contribute to inclusive growth in adulthood. Child malnutrition triggers disadvantages that follow children through their education into adulthood and employment, with devastating consequences for individuals and countries. Failure to tackle the climate crisis is already undermining livelihoods, exacerbating humanitarian emergencies and trapping communities and countries in cycles of poverty and conflict. Gender disparities inflict injustice on women, hold back progress in education and limit job creation and poverty reduction through labour-market inefficiencies. In summary, viewing setbacks in progress towards the SDGs separately overlooks the fact that the overall losses will be greater than the sum of individual parts. The flip side of these downward spirals is the potential for positive spirals, with mutually reinforcing progress fuelled by opportunity, equity and the extension of rights.

Catalysing a virtuous cycle for recovery of progress will require a strengthened focus on equity. As documented in this section, the reversals linked to the pandemic have reinforced social disparities and inequalities linked to wealth, gender and other markers for disadvantage. It follows that any agenda for recovery and mitigating the impact of the pandemic will have to encompass public policies geared towards greater equity and fairness. The pandemic has placed a premium on the commitment made by Governments when they signed the 2030 Agenda: "We pledge that no one will be left behind (…) And we will endeavour to reach the furthest behind first."[54]

BOX 1. Threats to the SDGs in Benin

Early and decisive action by the Government of Benin helped contain the economic downturn and social impact of the pandemic. That action included significant investments amounting to 3.5 percent of GDP in health support, safety nets and financing for firms. Even so, there were some severe consequences for vulnerable populations.

While it is too early to provide a definitive assessment, outcomes reported in 2020 included:

- **Major setbacks for maternal and child health.** Reflecting the impact of the lockdown, curative care services and antenatal consultations declined in the first semester of 2020 compared to the previous year. The rate of hospital and medically supervised deliveries decreased by 21 percent in the first semester of 2020 compared to 2019. Immunization coverage for children declined from 91 percent in 2019 to 72 percent in 2020.
- **Education.** The temporary closure of schools (between 30 March and 11 May 2020) may lead to an increase in the dropout rate, notably for young women. In 2018–2019, the dropout rate was estimated at around 21 percent.
- **Food security.** The accessibility of food products decreased, prices of staple food increased and nearly half of Beninese households are vulnerable to food insecurity. Nearly 15 percent of households working in the agricultural sector were in a situation of severe food insecurity due to the pandemic.
- **Household income and poverty.** The authorities estimated that average household income would decrease in 2020, in part due to large expected gross job losses (between 360,000 and 620,000), with the trade, transport and tourism sectors particularly impacted.

54 Resolution adopted by the United Nations General Assembly, 'Transforming our world: the 2030 Agenda for Sustainable Development', A/RES/70/1, 25 September 2015, paragraph 4.

Chapter 3.

THE UNDP RESPONSE TO THE COVID-19 PANDEMIC

Summary Message #4: Consistent with the wider United Nations response, UNDP recognized early on the gravity of the pandemic, not just for health systems but for human development and the progress represented by the SDGs. The United Nations strategic response, which was mirrored by the UNDP response, stressed the need for concerted international action spanning humanitarian emergency, social protection and economic recovery.

Summary Message #5: The crisis exposed structural constraints facing UNDP, in common with all United Nations agencies. Reliance on earmarked funding left UNDP without the flexible financing needed to mount a fuller response. The same is true for the wider United Nations system, where efforts to mobilize new resources were fragmented and – at best – partially successful.

Summary Message #6: UNDP leadership and staff deserve enormous credit for the COVID-19 response. The agency deployed its procurement systems to support the immediate emergency response, especially in the health sector. It reallocated budgets to address the immediate emergency and sought to mobilize new and additional resources.

Summary Message #7: UNDP provided outstanding leadership in overseeing the development of social and economic impact assessments on behalf of the United Nations system. The assessments provided an early snapshot of the crisis unfolding as the social and economic effects triggered by the pandemic emerged. In many cases, the assessments helped inform government responses. There is evidence of effective engagement and dialogue with partners, including the IMF and the World Bank. The exercise served to illustrate the unique assets available to UNDP through its country offices, and the value added of an organization able to link responsive national programmes to intellectual leadership.

3.1 The pandemic response

It is difficult to separate the UNDP pandemic response role from that of the wider United Nations system. It is beyond the scope of this evaluation to assess the response of the United Nations system. At the same time, UNDP was acting as part of that system and operating in a framework defined by United Nations plans. For that reason, we offer observations on the wider United Nations response insofar as it shaped the interventions and approaches of UNDP.

Along with every other United Nations agency and international organization, UNDP responded to a fast-changing and uncertain environment. In March 2020, in a media briefing on the WHO Strategic Preparedness and Response Plan, the WHO Director-General declared a global pandemic. By the end of 2020, the fatality figure had risen to 1.8 million. By the end of 2021, over 5 million deaths had been reported. Successive waves of the pandemic have generated enormous strains on health systems and, as noted in the last chapter, triggered devastating social and economic impacts. The interaction of public health impacts, disruption of basic services and economic reversals left Governments facing challenges which could not have been anticipated. Any consideration of the UNDP strategic response must consider this rapidly changing backdrop, along with the UNDP role as part of the broader United Nations response.

The initial United Nations response recognized the threat posed by the pandemic, not just to public health, but to prospects for achieving the SDGs and the aims of the Paris Agreement. In March 2020, the United Nations issued a call to action through the publication, *Shared responsibility, global solidarity: responding to the socio-economic impacts of COVID-19*.[55] The document echoed concerns raised by the IMF, World Bank and others, warning that COVID-19 posed not just an immediate public health crisis but a wider threat to the 2030 Agenda. It called for a robust multilateral response amounting to 10 percent of global GDP, including "the first truly global stimulus in history." *Shared responsibility* highlighted the distinctive threats facing the poorest countries and disadvantaged social groups within countries. As we show in section 5, the global fiscal response was heavily concentrated in advanced economies, with low-income countries mobilizing between 1 and 2 percent of GDP.

An initial inter-agency funding mechanism – the COVID-19 Response and Recovery Fund – was created to support the efforts of developing countries. This mechanism shaped the operating context for UNDP. The financial requirements of the fund were initially projected at $2 billion, with $1 billion for the first nine months of operation, focused on three windows: (1) addressing the health crisis; (2) mitigating the socioeconomic impacts; and (3) recovering better. The Response and Recovery Fund was presented as a complement to the WHO response plan[56] and a wider humanitarian appeal overseen by the United Nations Office for the Coordination of Humanitarian Affairs.[57] The governance structure operated under the overall leadership of the Secretary-General through his Designate, with the latter chairing an Advisory Board bringing together the agencies covering the relevant SDGs. The stated purpose of the fund included the rapid mobilization and deployment of financing, with an emphasis on data-based evidence and results.

55 United Nations, *Shared Responsibility, Global Solidarity: Responding to the socio-economic impacts of COVID-19*, United Nations, New York, March 2020.

56 WHO, *2019 Novel Coronavirus (2019-nCoV): Strategic preparedness and response plan*, WHO, Geneva, 4 February 2020.

57 UN Info COVID-19 Data Portal, 'Status of COVID-19 Related Funding Efforts', https://data.uninfo.org/Home/_FundingTracker, accessed November 2021.

FIGURE 3. The five pillars of the United Nations development system response

1. **HEALTH FIRST:** Protecting health services and systems during the crisis
2. **PROTECTING PEOPLE:** Social protection and basic services
3. **ECONOMIC RESPONSE & RECOVERY:** Protecting jobs, small and medium-sized enterprises, and the informal sector workers
4. **MACROECONOMIC RESPONSE AND MULTILATERAL COLLABORATION**
5. **SOCIAL COHESION AND COMMUNITY RESILIENCE**

In April 2020, the United Nations set out a framework for the immediate socio-economic response to COVID-19.[58] The socioeconomic response framework guiding this response and coordination was set at a level of ambition commensurate with the scale of the crisis. Recognizing the multidimensional impacts, the response plans were to be framed around five 'critical pillars': protecting health services and systems; social protection and basic services; protecting jobs and small and medium-sized enterprises; the macroeconomic response and multilateral collaboration; and social cohesion and community resilience**.** The country-level socioeconomic response plans were coordinated through the resident coordinator system across 162 countries, with strong support from UNDP as technical lead for social and economic response and recovery. The United Nations pledged to adjust and expand its full $17.5 billion development portfolio to respond to the crisis, operating through United Nations country teams (UNCTs) and working closely with Governments and partners. An overarching aim was to defend the SDGs and gear the COVID-19 response towards recovery, with a focus on vulnerable communities and those left furthest behind.

The World Bank and IMF followed broadly similar strategic planning response pathways. Like the United Nations, the World Bank Group responded to the crisis with speed, transitioning from regular operations to a crisis response geared towards the exceptional financing needs of developing countries. The Bank's strategy focused on three stages: relief through an emergency health response; restructuring to strengthen health systems; and resilient recovery. By June 2020, the World Bank had approved just under $6 billion in emergency response finance and was programming for $160 billion in spending over a 15-month response period by drawing on the 2018 International Bank for Reconstruction and Development (IBRD) capital increase and front-loading IDA19 resources. The IMF moved rapidly in its response, doubling its emergency lending capacity, expanding concessional support through the Poverty Reduction and Growth Trust and reforming the Catastrophe Containment and Relief Trust to provide debt relief.

58 United Nations, *A United Nations framework for the immediate socio-economic response to COVID-19*, United Nations, New York, April 2020.

The pandemic has highlighted the financing constraints under which UNDP and the wider United Nations system operate, with resources skewed towards humanitarian response. Total funding for the United Nations system was $56 billion in 2019. However, assessed contributions – the most flexible financial resources – accounted for only around one quarter of this total, while earmarked funding represented 58 percent. Over the past decade or more, humanitarian spending has absorbed a rising share of United Nations expenditure, increasing by 135 percent between 2010 and 2019, while development spending increased by 17 percent. Expenditure on humanitarian assistance and development assistance was roughly equal in 2016, but by 2019 the United Nations expenditure on humanitarian assistance (38 percent of total expenditure) was notably larger than spending on development assistance (33 percent). The upshot is that the United Nations system had limited scope for responding to the pandemic, other than through appeals and reallocation, and that unpredictable humanitarian appeals geared towards short-term financial flows are growing in importance.

In September 2020, six months into the pandemic, the United Nations provided an update of its response strategy reflecting a deteriorating environment. Warning that in addition to a health crisis, the world faced a socioeconomic crisis, a humanitarian crisis, a security crisis and a human rights crisis, it called for "the most massive public health effort in history", coordinated through WHO: measures to safeguard lives and livelihoods, including socioeconomic impacts and the Global Humanitarian Response Plan;[59] and transformative approaches to recovery centred on the SDGs.[60] This was further updated in December 2021, taking into account lessons from 20 months of support.[61]

Humanitarian funding requirements were put at $10.3 billion, with $3.3 billion raised by November 2021. Resources for a strengthened health response through WHO were broadly aligned with fundraising targets with a call for $1.7 billion in support with $1.6 billion received.[62] By contrast, funding requirements for the first nine months of the socioeconomic response were put at $1 billion, with just $86 million secured.[63]

Looking back at the initial response, it is possible that an implicit humanitarian-development divide may have weakened impact. For entirely understandable reasons, the initial response focused on an unfolding health emergency. As indicated above, the initial United Nations appeal was geared towards a humanitarian response, partly reflecting the dangerous interaction between COVID-19 and pre-existing humanitarian emergencies. The effectiveness of these responses will doubtless be reviewed in due course. Early evaluations and assessments of individual responses are already under way across a number of United Nations agencies. This includes an early review of the international health response to COVID-19 led by the Right Honourable Helen Clark and Her Excellency Ellen Johnson Sirleaf.[64] The Inter-Agency Humanitarian Evaluation of the Global Humanitarian Response Plan for the COVID -19 pandemic is currently under way.

---

59 United Nations, *Global Humanitarian Response Plan COVID-19: United Nations Coordinated Appeal, April – December 2020*, United Nations, New York, 2020.

60 United Nations, *United Nations Comprehensive Response to COVID-19: Saving Lives, Protecting Societies, Recovering Better*, United Nations, New York, September 2020.

61 United Nations, *United Nations Comprehensive Response to COVID-19: Saving Lives, Protecting Societies, Recovering Better: 2021 Update,* United Nations, New York, December 2021.

62 UN Info COVID-19 Data Portal, 'Status of COVID-19 Related Funding Efforts', https://data.uninfo.org/Home/_FundingTracker, accessed November 2021

63 Multi-Partner Trust Fund Office, United Nations COVID-19 Response and Recovery Fund, November 2021, https://mptf.undp.org/factsheet/fund/COV00, accessed November 2021.

64 The Independent Panel for Pandemic Preparedness and Response, *COVID-19: Make it the last Pandemic*, report presented to the World Health Assembly in May 2021.

Globally, the United Nations used its convening power to facilitate a wider dialogue around COVID-19, to bring together Governments, the Bretton Woods agencies, the private sector and civil society. At the end of May 2020, the Secretary-General and the Prime Ministers of Canada and Jamaica launched the Initiative on Financing for Development in the Era of COVID-19 and Beyond, to identify and promote concrete financing solutions to the COVID-19 health and development emergency as well as looking beyond the pandemic and ensuring that financing is available to realize the 2030 Agenda.[65] Six discussion groups were convened to address questions of external finance and remittances, jobs and inclusive growth; recovering better for sustainability; global liquidity and financial stability; debt vulnerability; private sector creditors' engagement; and illicit financial flows. The result was a wide-ranging menu of options, which was distilled to reflect the views expressed by ministers of finance from all continents during a high-level meeting on 8 September 2020.[66] The financing for development track was further supported by a series of round tables on rebirthing the global economy to deliver sustainable development for all and a high-level meeting with civil society. Following on from these high-level events, a road map has been created to continue the work on the financing for development track and ensure implementation of some of the most pressing policies from the menu of options. Six clusters were established, focusing on: sustainability and climate action (under the leadership of UNDP); socioeconomic response: social protection, gender, youth, health, education and human rights (ILO); finance and technology (United Nations Conference on Trade and Development (UNCTAD)); liquidity and debt vulnerability (United Nations Department of Economic and Social Affairs (UNDESA)); illicit financial flows (regional economic commissions); and addressing countries' special needs (UNDESA).

3.2 The evolving strategic response of UNDP

Finding 1. The UNDP strategic response to COVID-19 mirrored that of the wider United Nations system, with UNDP taking the technical lead on socioeconomic assessments and contributing to a coordinated crisis response with a bridge to recovery.

Working across 170 countries, UNDP had an immediate window on the crisis and a track record of deep engagement with many Governments. Patterns of engagement varied across countries. Based on country evaluations and previous evaluation documents, the typical pattern of dialogue with government is focused on planning and/or social ministries.

An initial UNDP '3 x 3' framework (April 2020) was geared towards a crisis response, with a bridge to recovery. Mirroring the wider United Nations response, the UNDP integrated response[67] established three broad objectives to enable Governments to prepare, respond and recover, and three priority areas: health; inclusive and integrated crisis management;[68] and socioeconomic needs assessment and response. The strategy document also highlights the global role of UNDP in supporting the private sector. The assessment and response strand sets out a broad approach geared to sustainable, resilient and rights-based solutions crafted with the public and private sectors.

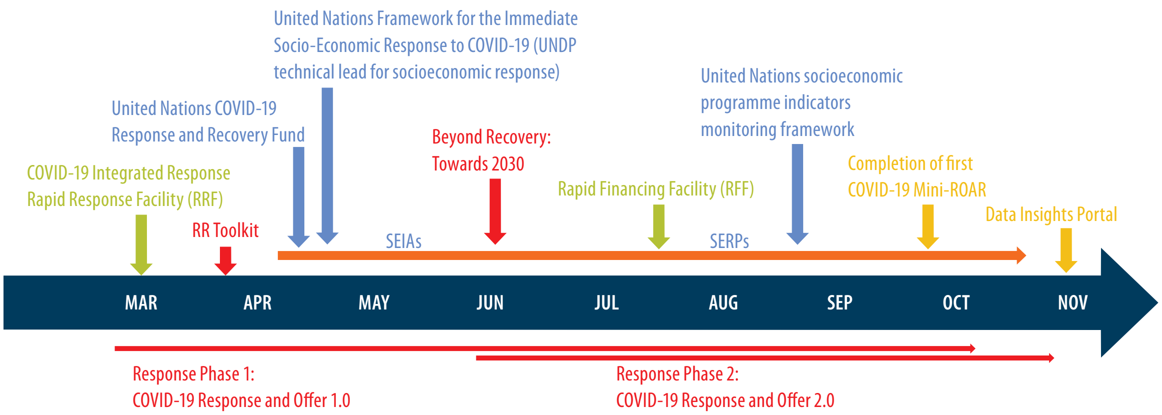
65 United Nations, 'Financing for the Development in the Era of COVID-19 and Beyond Initiative', https://www.un.org/en/coronavirus/financing-development#discussion-groups, accessed 19 March 2022.

66 A meeting of finance ministers was convened by the United Nations Deputy Secretary-General and the Finance Ministers of Canada and Jamaica on 8 September 2020. See https://www.un.org/en/coronavirus/meeting-of-finance-ministers.

67 UNDP, 'COVID-19: UNDP's Integrated Response, April 2020.

68 Integrated crisis management saw UNDP support Governments to maintain core functions, and to plan, coordinate, communicate and finance their crisis responses.

FIGURE 4. The UNDP COVID-19 response in 2020



ROAR= Results-oriented annual report; RR= Resident Representative; SEIA=socioeconomic impact assessment; SERP=socioeconomic response plan

Source: 'Update on UNDP's Socio-economic Response, Beyond Recovery: Towards 2030', Briefing Note #2, 25 January 2021, prepared for the Executive Board at its first regular session of 2021, available here.

UNDP estimated that $5 million per country would be required for preparation, rapid response and initial recovery assessments, amounting to $500 million globally. A COVID-19 Rapid Response Facility was launched, funded by existing resources and capitalized with an initial $20 million, providing up to $250,000 per country for initial action. UNDP stated an intention to unlock additional resources by repurposing unspent programme funding, in consultation with host country Governments and donors as appropriate.

The UNDP financial structure (earmarked versus flexible funding) somewhat constrained the organization's ability to mount a flexible response to the pandemic at scale. In 2019, earmarked funding accounted for 78 percent of the $4.8 billion reported, with voluntary regular resources (core) funding accounting for 14 percent. For the pandemic response, this placed a premium on releasing resources through reallocation and/or the mobilization of new donor funding.[69] Of the $1.6 billion reported to have been utilized for COVID-19 as of November 2021, new funds accounted for 54 percent and repurposed funds for 46 percent.[70]

The next phase of the UNDP crisis response, *Beyond Recovery: Towards 2030* (June 2020), set out a more detailed and granular strategic response to the pandemic.[71] The stated purpose was to help policymakers make choices and manage complexity in four areas: governance, social protection, the green economy and digital disruption. The analysis behind this selection is based on the identification of seven 'tipping points' or thematic issues.[72] *Beyond Recovery* highlighted the UNDP role as the integrator of the

69 Dag Hammarskjold Foundation and the United Nations Multi-Partner Trust Fund Office, *Financing the UN Development System: Time to meet the Moment*, September 2021.

70 UNDP, COVID-19 Monitoring Dashboard, November 2021.

71 UNDP, 'Beyond Recovery: Towards 2030', June 2020, https://www.undp.org/publications/beyond-recovery-towards-2030

72 (i) **Social contract:** A rights-based social contract on greater solidarity; (ii) **Capabilities:** A capabilities revolution focused on health and addressing income inequalities; (iii) **Climate and nature-based transition**: Decoupling growth from carbon emissions and unsustainable consumption production; (iv) **Inclusion and diversity**: A decisive move on inclusion and diversity, including gender equality; (v) **Digital disruption:** A digital acceleration for people and planet; (vi) **Peace:** Peaceful and resilient institutions and societies capable of prevention, preparedness and risk management; and (vii) **Human rights and multilateralism**: Reasserting multilateralism and the Universal Declaration of Human Rights.

United Nations development system. In that context, it underscored the importance of the UNDP role in working with Governments to develop integrated national financing frameworks (INFFs) to align the COVID-19 response with the SDGs, with UNDP coordinating with international financial institutions. The document also refers to the UNDP private sector strategy as a key element in the COVID-19 response, including:

- Impact investor maps to identify investment opportunities in the recovery phase
- Technology access partnerships to support local production of COVID-19 health technologies
- The Connecting Business Initiative with 50,000 member companies operating across 13 countries
- Work with small and medium-sized enterprises
- The COVID-19 Private Sector Global Facility, launched in partnership with the United Nations Global Compact, International Chamber of Commerce and companies such as Microsoft, PwC and DHL

While *Beyond Recovery* was framed during an unfolding crisis, it was pitched at a high level of generality. The four priority areas spanned a vast array of themes, without specifying where and how UNDP would make a distinctive contribution. With the benefit of hindsight, it is worth asking whether a more concentrated focus on areas demanding urgent action and where UNDP has established competencies (for example, social protection) might have merited more weight (relative to universal health coverage, for instance). It was supported by more detailed development offers that, while not always linked to the response strategy, articulated how UNDP was adjusting its approach in several technical areas to align with needs arising from the pandemic.[73]

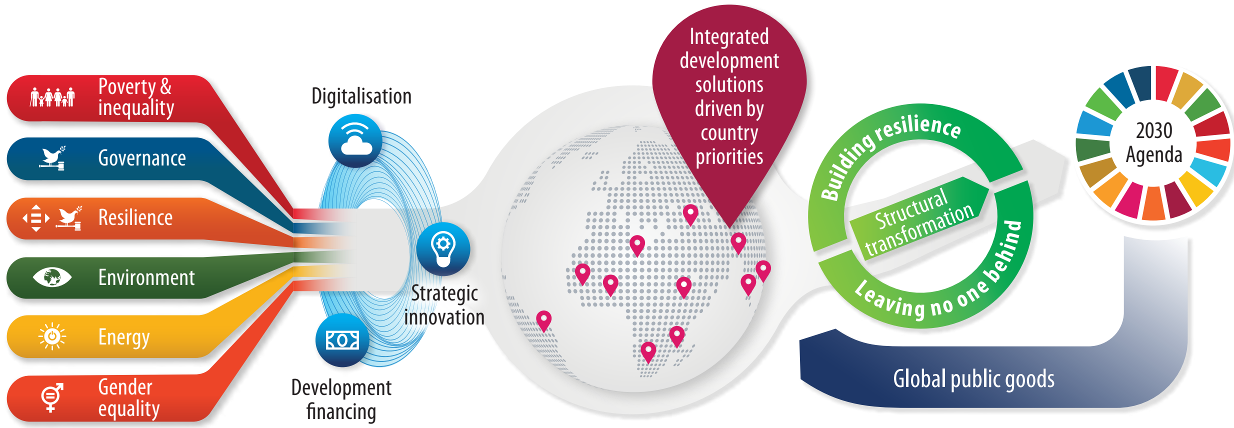
The UNDP Strategic Plan, 2022–2025[74] builds on the COVID-19 response. The pandemic overlapped with the development of the current Strategic Plan and has clearly had a strong influence on the future focus of UNDP work, as has the need to align financing to development needs. The plan sets four high-level goals for improving the human condition:

- Helping 100 million people escape multidimensional poverty
- Supporting 500 million people to gain access to clean energy
- Supporting 800 million people to participate in elections
- Promoting over $1 trillion of public expenditure and private investment in the SDGs

The role of UNDP in achieving delivery is summarized as comprising a '3 x 6 x 3' approach with the plan identifying three directions of change (structural transformation, leaving no one behind, resilience), six 'signature solutions' (poverty and inequality; governance; resilience; environment; energy; gender inequality); and three enablers (strategic innovation, digitalization and development financing). This builds on the framework of the previous Strategic Plan, 2018–2021 which was evaluated in an earlier IEO evaluation report.[75]

73 From March 2021, UNDP developed guidance for its policy and programme offer, health systems support, inclusive and integrated crisis management and responses and addressing the socioeconomic impact of the pandemic, among others. The notes were short, giving examples of work, resources, tools and contacts.
74 UNDP Strategic Plan, 2022-2025, https://strategicplan.undp.org/
75 UNDP IEO, 2021, Evaluation of the UNDP Strategic Plan, 2018-2021.

FIGURE 5. The UNDP Strategic Plan, 2022–2025: the UNDP development offer



Source: UNDP Strategic Plan, 2022–2025

3.3 The UNDP country-level response

Finding 2. UNDP was quick to adapt to the changing circumstances of the pandemic and the needs of Governments and stakeholders, adapting projects to the changing context and the needs of key target groups.

For their initial response to the pandemic, many countries, through UNDP country offices, received financing support through the UNDP Rapid Response Facility (in the early stages of the pandemic) and the Rapid Financing Facility (in the latter part of 2020). This new and rapid financing mechanism allowed country offices to respond quicky to the pandemic and the needs of countries, giving breathing space as country offices planned to reallocate or raised new funds for the pandemic. Many projects had to adapt and reassign financing for the immediate and pressing pandemic preparedness and response needs, such as the purchase of personal protective equipment (PPE) and ventilators, as in the cases of Bangladesh and Indonesia.

UNDP reported expenditures of $1.6 billion in responding to the pandemic ($675 million in 2020 and $953 million in 2021), with new funds accounting for 54 percent and repurposed funds 46 percent.[76] The initial UNDP response in 2020 understandably focused on the health and integrated crisis needs of the response, accounting for 72 percent of spending in 2020 ($486 million) and 56 percent in 2021 ($568 million).

[76] UNDP COVID-19 Monitoring Dashboard, November 2021.

TABLE 2. UNDP COVID-19 budget utilization, 2020 and 2021, as of November 2021

(In millions of United States dollars)

	2020	2021	Total	%
Health systems support	361	370	731	*44*
Inclusive integrated crisis management	125	291	416	*25*
Social protection	61	115	176	*11*
Digital disruption	39	73	112	*7*
Governance	38	64	102	*6*
Socioeconomic impact assessments	26	53	79	*5*
Green economy	25	15	40	*2*
	675	**981**	**1,656**	**100**

Source: UNDP COVID-19 Monitoring Dashboard

Finding 3. UNDP support to the health sector was central to the initial pandemic response in many countries and was well aligned with government-led responses.

In the initial months of the pandemic, Governments of programme countries were responding to an unfolding crisis in health systems. UNDP supported this response through activities ranging from procurement support to the delivery of PPE, ventilators and other medical support. UNDP has shown itself to have robust procurement services in health, through the Global Fund to Fight AIDS, Tuberculosis and Malaria, as well as the ability to respond quickly to crisis needs.[77]

The country studies undertaken for the evaluation capture the scale of the crisis in which UNDP was operating. In Peru, a country severely hit by the pandemic, UNDP initially supported purchasing of PPE for indigenous communities and then collaborated with WHO and the Municipality of Lima to produce PPE for front-line workers made by a local company from recycled plastics, among other support.[78] In Bangladesh, also severely hit by the pandemic, UNDP provided COVID-19 awareness materials and PPE supplies and supported the establishment of medical helplines. The Partnership for a Tolerant, Inclusive Bangladesh adjusted social media tools originally developed to fight violent extremism, to curb COVID-19 disinformation. In Armenia, existing disaster risk reduction partnerships shifted focus to COVID-19 preparedness and response and partnerships with youth groups helped to counter the spread of COVID-19 misinformation.

Spending across the four tipping points outlined in *Beyond Recovery* – governance, social protection, the green economy and digital disruption – accounts for a small proportion of overall fund utilization. In 2020 and 2021, health system support accounted for 44 percent of fund utilization, followed by inclusive and integrated crisis management (25 percent), social protection (11 percent), digital disruption and innovation (7 percent), governance (6 percent) and the green economy (2 percent).[79] A shift to a more developmental approach to recovery has yet to be seen. The green economy, governance and

77 UNDP IEO, 2020, Reflection, Lesson from Evaluations: UNDP Support to the Health Sector.

78 https://www.pe.undp.org/content/peru/es/home/presscenter/articles/2021/nuevos-cascos-de-vida-para-la-primera-linea.html

79 UNDP COVID-19 Monitoring Dashboard, 17 November 2021.

social protection are not yet emerging as significant themes for the recovery in UNDP programmes but can be seen in the socioeconomic impact assessments and have been taken up in some government COVID-19 recovery plans.

Finding 4. UNDP took the technical lead in the development of the socioeconomic impact assessments, providing a strong strategic focus and coherence for UNDP country offices and support and guidance for government responses to COVID-19.

The socioeconomic impact assessments were developed jointly by UNCTs and Governments to provide "a vast set of analytical tools to take stock of the COVID-19 crisis, make rapid assessments, offer forecasts and simulations, prepare needs assessments and set the baselines for rigorous impact assessments."[80] The process of developing the assessments was not seen as a one-size-fits-all exercise and allowed Governments to focus on specific areas of urgency and interest as the pandemic evolved and to develop new assessments as new needs emerged. By June 2020, 63 assessments had been developed, an extraordinary achievement given the backdrop (lockdown and the health crisis) in a short space of time.[81] At the time of writing this evaluation, 144 socioeconomic impact assessments have been completed. Some of them undertook a broad socioeconomic assessment of the impact of COVID-19 on countries, and others took a more thematic approach, reflecting the situation in the country and demands from Governments at different junctures of the pandemic.[82]

The development of the socioeconomic impact assessment was a timely intervention on the part of UNDP and the United Nations, providing a medium- to long-term assessment of the pandemic's impact beyond the health sector. While the quality and timeliness of the assessments varied, there are clear examples of their content being taken up in whole or part by Governments to inform and even shape country-level response plans. In Kenya, the assessment formed the basis for county-level COVID-19 reconstruction plans and was a first step in identifying the impact of the pandemic and aligning the responses and resources of United Nations agencies to the United Nations socioeconomic response plans, under the leadership of the resident coordinator in country.

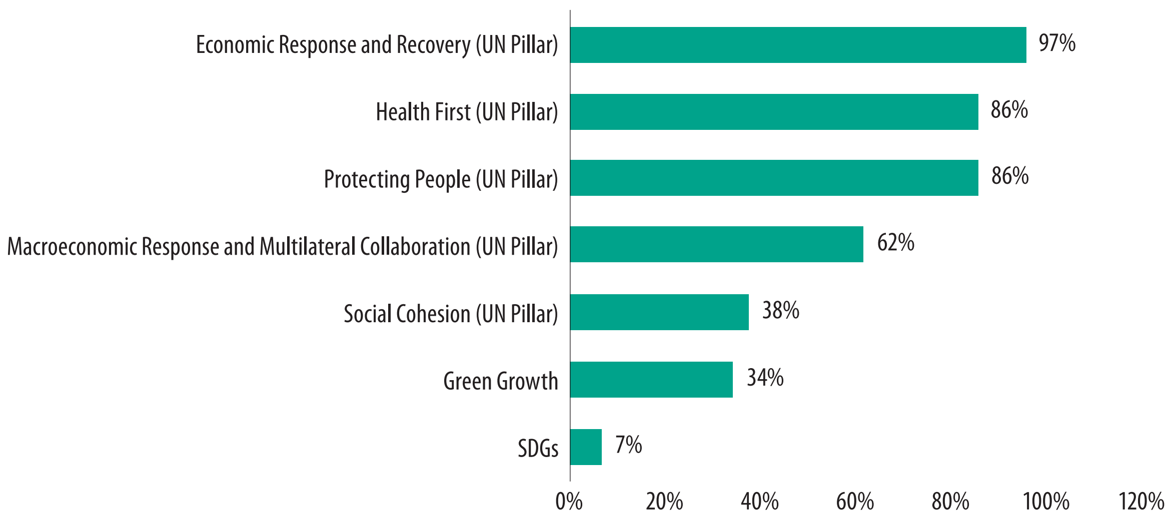
In Armenia, the development of the socioeconomic impact assessment illustrated the positive role played by UNDP as part of a broader coalition of support that provided social and economic analysis and advice to the Government. In Rwanda, the assessment was undertaken in collaboration with IFIs and the World Bank and was said to have informed responses beyond the United Nations agencies and Government, and recognized the position of UNDP in providing socioeconomic support, with the Government asking UNDP and the World Bank to co-chair the COVID-19 recovery development partners group. In Benin, the process led the Government to ask UNDP for assistance in the development of an integrated national response plan for COVID-19.

UNDP has used the impact assessment in some cases to position itself as a provider of socioeconomic analysis, providing an opportunity to continue this detailed level of socioeconomic analysis going forward beyond the crisis response. This is further illustrated in Afghanistan, where UNDP has recently developed a new socioeconomic outlook which details the regression of progress resulting from the precarious and unstable economic situation.[83]

80 UNDP, July 2020, Understanding Socio-economic Impact Assessments of COVID-19: An explanatory note for UNDP Country Office Staff.
81 UNDP, June 2020, Brief 2: Putting the United Nations Framework for socio-economic response to COVID-19 into action: Insights.
82 https://www.undp.org/coronavirus/socio-economic-impact-covid-19
83 UNDP, 2021, Afghanistan Socio-Economic Outlook 2021-2022: Averting a Basic Needs Crisis.

The adoption of the assessment was not always assured and was dependent on the positioning of UNDP in country vis-à-vis other donors and IFIs. In the United Republic of Tanzania and somewhat in Peru, IFIs such as the World Bank, IMF and regional banks are more recognized for economic guidance ahead of United Nations agencies and UNDP. This lessened the influence of the impact assessments outside of the United Nations agencies and the development of the socioeconomic response plans by the UNCT. In the Lao People's' Democratic Republic, the quality and timing of the assessment limited its influence on government response plans and the economic considerations, though it was reported to have supported the Government's pandemic recovery framework developed in late 2021.

FIGURE 6. Inclusion in socioeconomic impact assessments of four United Nations pillars, green recovery and the SDGs: analysis of 30 reports



Source: Evaluation analysis

The evaluation analysed 30 socioeconomic impact assessments (including the 10 country case studies) to assess their alignment with United Nations and UNDP COVID-19 response frameworks, as well as consideration for the SDGs and a green recovery.[84] Of the five pillars of the United Nations development system response shown in table 7, health, economic response and recovery and social protection appeared throughout the assessments analysed. Only two thirds included macroeconomic response and only one third included an assessment of social cohesion needs. Looking more broadly, a third included a consideration of green growth, while only 7 percent included a specific consideration of the impact of the pandemic on the SDGs and regression of progress. This illustrated a strong alignment of the assessments with the overriding guidance but also illustrates gaps in areas that were less articulated in the guidance, specifically impact on the SDGs and ensuring a green recovery.

84 The evaluation team used an extended list of countries using the same criteria for selection as used for identifying the country case studies, namely: (i) existing UNDP support to SDG financing in countries; (ii) the health impacts of COVID-19; (iii) debt and fiscal constraints at the country level due to the pandemic; and (iv) a regional balance.

Finding 5. At country level, United Nations coordination was built around the office of the resident coordinator and socioeconomic response plans. UNDP provided technical input to the response plans, which were informed by the socioeconomic impact assessments.

At headquarters level, the United Nations Development Coordination Office led the development of guidance for the response plans, in close collaboration with UNDP. At the country level, the process was led by the resident coordinator's office in cooperation with United Nations agencies. The socioeconomic response plans outline in detail the United Nations COVID-19 response offer and funding requirements for all United Nations agencies including UNDP. The plans, covering a period of 12 to 18 months, initially operated in tandem with United Nations Sustainable Development Cooperation Frameworks and were rolled into the frameworks from the end of 2021.

The socioeconomic response plans were built on the framework outlined in the Secretary-General's initial March 2020 strategy (*Shared Responsibility, Global Solidarity*) and the same framework of health, social protection, economic response and recovery, macroeconomic response and social cohesion on which the socioeconomic impact assessments and the United Nations framework for the immediate socio-economic response to COVID-19 were structured.[85] The response plans provide details of country-level socioeconomic challenges for the five pillars and articulate a United Nations response plan which includes information on projects/programmes, budget outlines and resource availability, to a degree a United Nations cooperation framework for the COVID-19 pandemic.

Many socioeconomic response plans are specific in the projects to be developed and in the implementing United Nations agencies, government partners and funding sources (which include a mixture of new funding, repurposed/ programmed funds and calls for funding). There is variance in the approaches taken by UNCTs in developing the plans. Some delivered response plans more akin to an impact assessment (Liberia),[86] some presented solely the United Nations offer (Armenia), while others combined their impact analysis with the United Nations socioeconomic response plan, providing a comprehensive rationale for support (Zimbabwe).[87, 88]

As of May 2021, 121 response plans had been developed for 139 countries, detailing the United Nations development offer, budget estimations and funding availability. The plans called for funding of $28.7 billion to enable a response across United Nations agencies at the country level. The United Nations reported that these agencies were able to raise $15.7 billion (54 percent), leaving a funding gap of $13 billion.[89] The needs identified at the country level through the response plans, produced mostly in cooperation with government counterparts, exceed the central call for funds outlined above for health (by $1.6 billion), humanitarian response (by $10.3 billion) and the Response and Recovery Fund (by $1 billion).

Due to the close link between the socioeconomic response plans, the United Nations Sustainable Development Cooperation Frameworks and the ongoing portfolio of programmes, response plans in some cases offered long-term solutions to what was in many cases a short- to medium-term crisis. The response plans clearly offered resident coordinators an opportunity early in the process of United Nations

85 https://unsdg.un.org/sites/default/files/2020-04/United Nations-framework-for-the-immediate-socio-economic-response-to-COVID-19.pdf
86 https://liberia.un.org/en/102668-un-liberia-covid-19-socio-economic-response-and-recovery-plan
87 https://unsdg.un.org/resources/immediate-socio-economic-response-covid-19-zimbabwe
88 As of 13 October 2020, two internal reviews of the socioeconomic response plans have been undertaken, 22 June 2020 (22 plans) and 17 July 2020 (32 plans). A further analysis is being undertaken.
89 UNINFO Data Portal COVID-19 Data Portal, 29 December 2021.

system reforms to bring the UNCT together to coordinate a response to the pandemic. In several countries this was successful, and UNDP was able to support the UNCT and resident coordinator's office in the response, through technical support to the both the impact assessment and socioeconomic response.

BOX 2. The experience of Armenia in developing its socioeconomic impact assessment

In Armenia, a strong country team was able to play a pivotal role in informing the policy response to COVID-19, engaging with the Government and donors to shape policy on the crisis response.

As in other countries, COVID-19 triggered a marked economic reversal in Armenia, leading to pressure on the exchange rate, increased inflation and fiscal pressures. The close and trusted working relationship between UNDP, the Government and key international partners was key to the response to the pandemic. An important entry point was a legacy programme on disaster relief, which in turn informed the development of both a household survey and a survey of businesses and farmers. The surveys provided real-time data which was shared with the Government, UNCT, donors and the IMF and established UNDP as a critical interlocutor.

The donor environment in Armenia is characterized by close and regular dialogue between donors, allowing for collaboration between agencies. One visible outcome of that dialogue was the participation of the IMF in the UNDP-led socioeconomic impact assessment. The UNDP household survey team was in the field collecting data during the early days of the pandemic, while the Government was rolling out its initial COVID-19 support programmes. The country office used the granular data being collected by the surveys in biweekly meetings with the Government and donors, particularly the IMF, shedding light on the impact of government policies in different regions, broken down by gender and income group. The close engagement of UNDP with the Deputy Prime Minister's Offices and the Ministry of Territorial Administration and Infrastructure, through provision of primary data and technical advice, contributed to government policymaking and a practical COVID-19 response across the country.

While the socioeconomic impact assessment was not integrated into the Government's crisis response plan, it did inform implementation. The assessment, which was itself informed through dialogue with the World Bank, European Development Bank, the IMF and other development partners, spanned the five areas of the United Nations framework for the immediate socioeconomic response to COVID-19. The IMF was directly involved in the drafting of chapter 4 on the macroeconomic response and multilateral collaboration, establishing continuity and consistency with inputs from the European Union and United Nations.

In what is an overwhelmingly positive story of effective engagement to inform and influence policy, the evaluation team identified a few lessons learned. The critical ingredients for success include the development of trust with government; a distinctive delivery offer (the household survey); sustained engagement with development partners; effective leadership; and a strong national team with the right competency profile. There are distinctive features that are relevant and less easy to duplicate. The Government is clearly very open to engagement and is marked by strong technical capacity in many areas, donors appear to coordinate effectively and Armenia is not facing a full-blown economic crisis. Even so, the country may serve as a role model for converting the type of technical assistance offered by UNDP into wider influencing.

Chapter 4.

FINANCING FOR AN SDG RECOVERY: BRIDGING THE GAP

Summary Message #8: The SDG financing gap has increased dramatically. Three years ago, the Secretary-General's *Roadmap for Financing the 2030 Agenda for Sustainable Development* warned that the 'decade of action' would have to be backed by a step-increase in public and private financing. It drew attention to a financing gap of between $2.5 trillion and $3 trillion. That gap has since increased to an estimated $4.2 trillion (OECD), a figure that could rise as the full impact of reversals of progress towards the Goals emerges

Summary Message #9: Many developing countries, especially the poorest, face the prospect of responding to a growing SDG financing gap in a shrinking fiscal space. Slower economic growth, reduced revenue and rising external debt are combining to push Governments in the direction of fiscal retrenchment, including budget cuts in areas marked by major reversals of progress and raising revenues in ways that may affect the poor's purchasing power, such as higher consumption taxes (value added tax, sales taxes, excise taxes). While advanced economies were able to respond to the pandemic with an aggressively expansionist fiscal policy stance which protected vulnerable populations and created a springboard for early recovery, developing countries are now unwinding far more limited programmes. One consequence is a two-tier recovery that threatens to drive a divergence in income between richer and poorer nations.

Summary Message #10: International cooperation could expand the fiscal space available to Governments, but the response to the pandemic has been limited and inconsistent with SDG commitments. Multilateral development finance debt relief and aid have the potential to expand the fiscal space available to Governments and support an SDG recovery. The IMF and multilateral development banks responded to the pandemic crisis, cushioning the human and economic impacts and preventing more severe adjustments. However, the response fell far short of the levels merited by what was the deepest economic downturn in living memory.

Summary Message #11: The rise of environmental, social and governance (ESG) investment creates new opportunities for SDG financing. The value of ESG-labelled investment continued to increase sharply during the pandemic and is projected to rise sharply to mid-decade. Private capital has a key role to play in many areas of SDG financing, including infrastructure, energy transitions and job creation. However, private capital flows to developing countries declined in 2020. ESG investments continued to increase during the pandemic, creating new opportunities to better align private capital markets with the SDGs. Justified concerns over 'greenwashing' and 'SDG washing' have been identified as barriers to the full exploitation of these opportunities.

(cont'd)

Summary Message #12: The emergence of 'SDG bonds' could unlock new financing at scale. The current architecture for establishing the credentials of SDG bond issues remains relatively weak, creating a space for more credible and robust bond frameworks and reporting systems. Following Mexico's entry to the market with an SDG bond in 2020, other countries have followed suit. Like the more established 'green bond' and 'social bond' issues, SDG bonds seek to tie investments to programmes and budget lines geared towards an identified SDG purpose.

The UNDP Strategic Plan, 2022–2025, has set a bold 'moon shot' of promoting the investment and alignment of $1 trillion of public expenditure and private capital to the SDGs. This section looks at the context in which that objective will be pursued, starting with the global fiscal fault lines which emerged during the pandemic, highlighting the shrinking fiscal space available to many developing countries. 'Fiscal space' in this context refers to the ability of Governments to finance critical investments in areas such as health, education, safety nets and the inclusive economic recovery needed to reduce poverty and create jobs. The section then summarizes recent evidence on the SDG financing gaps, recognizing the tentative nature of the findings. The stated plans for delivering on the $1 trillion commitment include roughly equal levels of mobilization from public finance and private capital. While recognizing that the boundaries are often blurred, three broad categories of development finance are considered, needed to close the SDG financing gap:

- Public spending financed by domestic resource mobilization
- International public finance (broadly spanning multilateral development banks, official development assistance (ODA) and debt relief)
- Private capital, with a focus on ESG investment

SDG financing aggregates can obscure the opportunities and constraints facing different countries. What matters for SDG financing is getting the right resource in the right place on the right terms. That does not imply that there is no place for private investment and expenditure in these areas. Household contributions represent a large share of overall spending on health and education – and private sector providers often play an extensive role. However, public finance and domestic resource mobilization are critical to the financing of public systems serving the poor. Aid and international public finance play an important supplementary role, especially in the poorest countries. Private capital has a greater role to play in financing economic infrastructure and investments in areas that generate the commercial returns needed to underpin future investment. Energy infrastructure, housing and water are cases in point. In practice, though, public and private finance operate along a spectrum. For example, countries able to access private bond markets on sustainably affordable terms have opportunities that may be denied to countries where poor credit ratings lead to punitive interest rates. Blended finance, in which public actors underwrite part of the investment risk facing private capital, can unlock financing in areas such as energy and infrastructure. In the context of the UNDP strategy, this places a premium on clarity in the identification of financing options facing different countries.

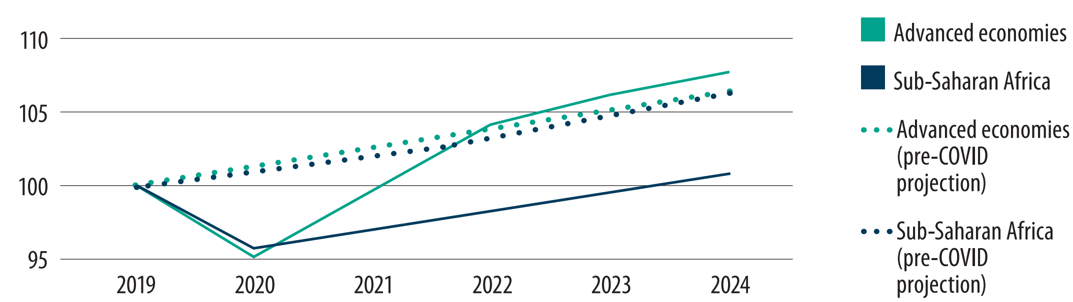
4.1 Fiscal fault lines

The fiscal policy environment has a critical bearing on public finance for recovery of progress towards the SDGs. Governments pursue policy goals within a defined fiscal space – broadly, the budgetary and financial room for manoeuvre without compromising stability or macroeconomic objectives. Governments can expand fiscal space by increasing domestic resource mobilization, borrowing or reconfiguring spending. The UNDP Strategic Plan, 2022–2025, consistent with the Addis Ababa Action Agenda, aims to contribute to the expansion of the fiscal space available for achievement of the SDGs.

Sustainable and inclusive economic growth is one of the most powerful determinants of fiscal space and a condition for SDG achievement, but the world has entered a two-tier economic recovery pathway. The crisis triggered by COVID-19 has fundamentally changed economic prospects, overwhelmingly for the worse in developing countries. In contrast to the 2008 financial crisis, from which most developing countries recovered quickly while advanced economies lagged, the pandemic has hit the poorest countries hardest. Aggregate output for the advanced economy group is expected to regain its pre-pandemic trend path in 2022.[90] By contrast, aggregate output for the emerging market and developing economy group (excluding China) is expected in 2024 to remain 5.5 percent below the pre-pandemic forecast, with adverse consequences for living standards and the SDGs (figure 4). Low-income countries, which are collectively furthest from the Goals, face the bleakest prospects. If the story of the past two decades has been one of modest convergence, the post-pandemic era is currently heading towards a divergence in income between the richest and poorest countries.

Unequal access to vaccines is an important factor in the outlook for recovery, contributing to the divergence between richer and poorer nations. Inequitable vaccine distribution has weighed heavily on the social impacts of the pandemic and prospects for economic recovery. Rich countries have responded to successive waves of the pandemic by rolling out extensive vaccination programmes – including booster shots – reaching over 70 percent of their populations. By contrast, at the end of November 2021, just 5 percent of sub-Saharan Africa's population had received one vaccine dose, and three quarters of front-line health workers were unvaccinated. At the time of writing this evaluation, there appeared to be little prospect of developing countries achieving the targets of 40 percent coverage by the end of 2021 or 60 percent coverage by mid-2022. Limited vaccine coverage has a material effect on SDG financing, both by slowing economic recovery and by increasing the risks of recurrent lockdowns.

FIGURE 7. Change in real GDP per capita, 2019–2024



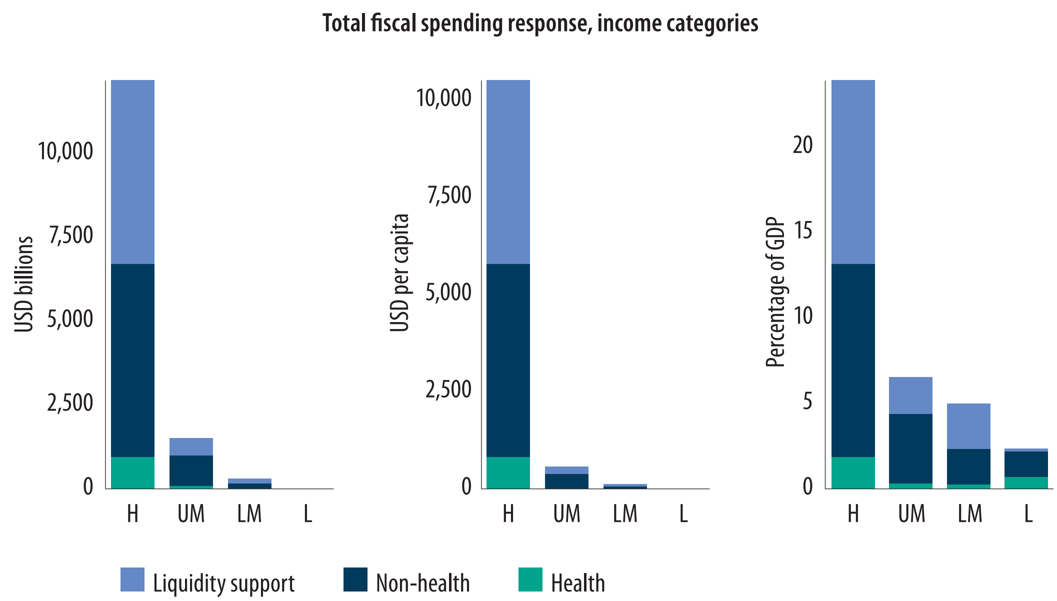
Source: Center for Global Development, 2021, Development Agencies and the "New Normal"

90 IMF Blog, October 2021, A Hobbled Recovery Along Entrenched Fault Lines.

Economies went into the pandemic crisis with unequal fiscal and monetary policy options, and they have emerged with unequal prospects for social and economic recovery. In advanced economies, government support to households, firms and local governments accounted for over 80 percent of the $16.9 trillion spent globally on the fiscal response to COVID-19. Public debt financed by central banks at historically low interest rates financed the extension and strengthening of safety nets, protected employment and created an enabling environment for recovery. Economies were kept on life support through an array of loans, equity injections, tax deferrals and loan guarantees. Fiscal deficits increased sharply to an average of 12 percent of GDP for advanced economies.[91]

While developing countries increased spending on COVID-19 priorities, most did so through a combination of modest deficit financing, the diversion of spending and reduced capital investment. Fiscal deficits also increased in developing countries, rising to 9.8 percent of GDP in emerging markets and 5.5 percent in low-income countries. However, in marked contrast to rich countries, where deficit financing underpinned an expansionary fiscal response, in many developing countries rising deficits reflected reduced revenues and modest increases in spending. Additional spending in low-income countries barely exceeded lost revenues (figure 8).[92] These fiscal constraints limited the scope for spending on safety nets and other priorities as the pandemic's effects worsened.

FIGURE 8. Mean COVID-19 fiscal response recorded by income category



Note: H = high-income; UM = upper-middle income; LM= lower-middle income; L= low-income

Source: Overseas Development Institute, based on IMF, October 2021, Fiscal Monitor Database of Country Fiscal Measures in Response to the COVID-19 Pandemic, https://odi.org/en/publications/multilateral-finance-in-the-face-of-global-crisis/

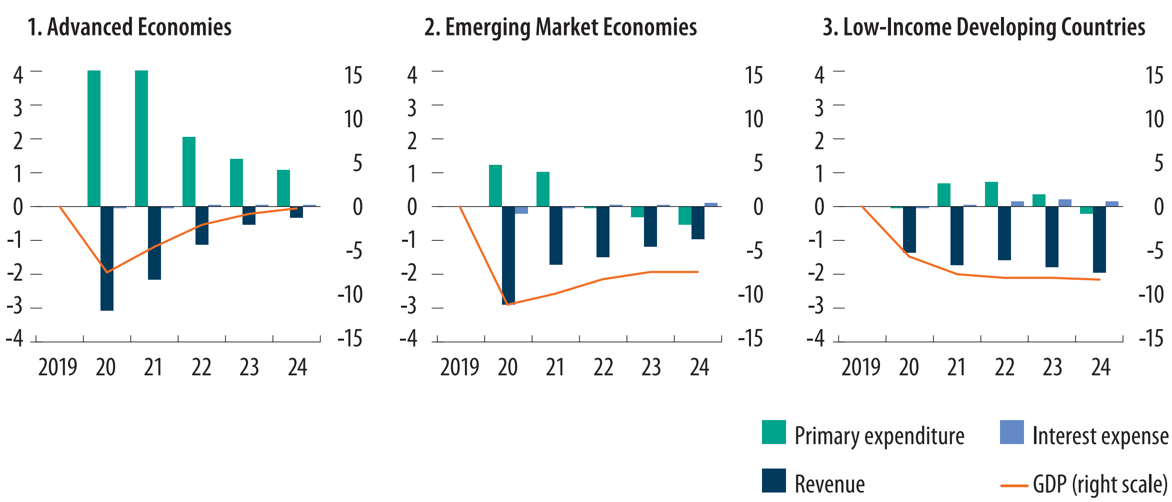
91 IMF, April 2021, Fiscal monitor: A Fair Shot.

92 Miller, Mark et al, 'Multilateral finance in the face of global crisis', Overseas Development Institute, 11 October 2021, https://odi.org/en/publications/multilateral-finance-in-the-face-of-global-crisis/, accessed 24 March 2022.

Fiscal consolidation and retrenchment threaten to limit public spending on SDG recovery in countries where it is most critical. While advanced economies are well placed to reduce the fiscal deficits and public debt incurred during the pandemic through economic recovery, many emerging markets and developing countries are faced with the prospect of achieving deficit reductions through fiscal retrenchment. That is the opposite of what is needed from an SDG financing perspective**.** There is already evidence of planning for fiscal retrenchment. The average fiscal deficit in emerging markets is projected at 6.6 percent of GDP in 2021, 3 percentage points lower than 2020. Around half of the adjustment is projected to occur through spending cuts, with real primary spending falling in many countries. While the overall fiscal deficit in low-income countries is projected to remain unchanged, at around 5 percent of GDP, this reflects the limited role of fiscal policy in responding to the pandemic. Over the period to 2025, the average deficit is projected to return to pre-pandemic level as countries implement consolidation measures to rein in debt. Government revenues in low-income countries are projected to be 2 percent of GDP lower than anticipated in 2019, shrinking the financing envelope for investment in the SDGs.

External public debt is limiting room for fiscal manoeuvre. Many developing countries entered 2020 in a vulnerable position, with public external debt at elevated levels. The modest fiscal support provided in the face of revenue losses and economic slowdown exacerbated debt sustainability concerns. Excluding China, ratios of external debt to gross national income (GNI) increased from 37 percent to 42 percent between 2019 and 2020. The external debt stock of countries eligible for the Debt Service Suspension Initiative rose by 12 percent in 2020, leaving over half with debt-to-GDP ratios in excess of 60 percent. These indicators highlight vulnerability to future increases in borrowing costs.

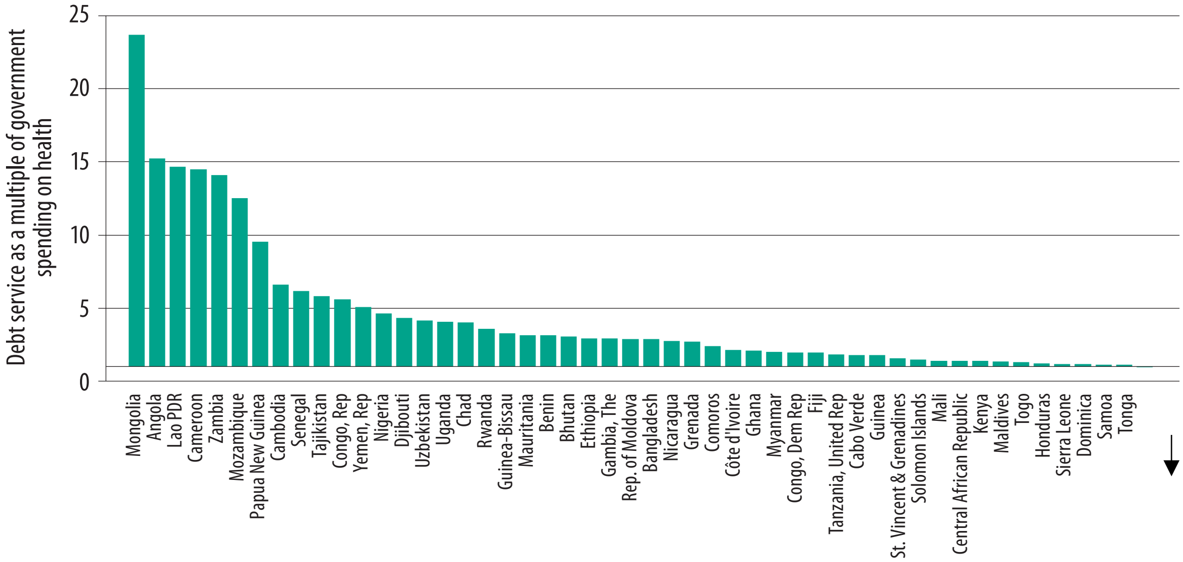
FIGURE 9. The effect of the COVID-19 pandemic on fiscal and gross domestic product forecasts
(Deviation from pre-pandemic projections as a percentage of 2019 GDP, simple average)



Source: IMF Fiscal Monitor, October 2021

Unsustainable debt represents a major threat to recovery of progress towards the SDGs because it is shrinking the fiscal space available to government. The combination of higher interest rates and lower government revenues has progressively strained the capacity of low-income developing countries to service debts and finance their recovery. In contrast to advanced economies, debt servicing is projected to absorb a growing share of the limited revenue base of low-income countries, diverting public spending from domestic SDG recovery priorities. By way of illustration, 49 countries eligible for support from the from the Debt Service Suspension Initiative are projected to spend more on debt servicing in 2021 than on public health (figure 9).

FIGURE 10. Countries spending more on debt servicing than health in 2021



Source: Debt Service: World bank, International Debt Statistics/ DSSI (October 2021), Spending on Health (share of GDP): WHO (latest data for 2018), GDP in current prices: IMF, World Economic Outlook (October 2021)

Overall development finance flows were falling before and contracted sharply during the pandemic, which is the opposite of what an SDG financing approach would require. Net financial flows (debt plus equity) to developing countries (excluding China) contracted by 26 percent in 2020, exacerbating liquidity constraints and limiting fiscal space. The headline figure conceals a complex underlying picture (table 4). Equity flows and bank lending fell sharply, while multilateral institutions expanded lending (see below). Bond issuance also increased sharply, but this was almost entirely due to China. Issuance by low- and middle-income countries fell by 11 percent, and effectively collapsed in sub-Saharan Africa as credit agencies revised their risk ratings.[93] In effect, bond markets priced African Governments out of markets at precisely the moment when borrowing could have financed urgently needed investments in priority SDG areas.

[93] The global spread for African issuers spiked to more than 1,000 basis points (bp) in late March (more than double the level a month earlier) before falling back to about 600 bp by late November 2020.

TABLE 3. Aggregate net financial flows to low- and middle-income countries, 2011–2020

(In billions of United States dollars)

	2018	2019	2020
Net financial flows, debt and equity	1,108.2	953.8	908.6
Percent of GNI (%)	*3.7*	*3.1*	*3.0*
Net debt inflows	574.5	400.1	435.4
Long-term	352.4	372.3	419.4
Official creditors	81.3	64.0	128.6
World Bank (IBRD and IDA)	14.7	19.1	27.2
IMF	30.9	21.6	46.5
Private creditors	271.1	308.3	290.8
Bonds	203.6	255.2	280.1
Banks and other private	67.5	53.1	10.7
Short-term	222.2	27.8	16.0
Net equity flows	533.6	553.7	473.2
Net foreign direct investment inflows	496.5	505.7	434.5
Net portfolio equity inflows	37.2	48.0	38.7

Source: World Bank (2021), International Debt Statistics

The $1 trillion 'moon shot' outlined in the UNDP Strategic Plan sets an exacting target with implementation taking place in a domestic environment marked, under current circumstances, by fiscal retrenchment in many countries, a limited international public finance response and capital markets which currently fill only a small part of the SDG financing gap. An obvious corollary is that, alongside UNDP direct programme delivery, successful alignment of finance to the SDGs and the Strategic Plan will require far-reaching changes in the policies and approaches that shape decisions on domestic resource mobilization, international public finance and private capital. As indicated in section 7, UNDP should consider an expanded role in informing and influencing national and global policies.

4.2 The SDG financing gap

An SDG financing strategy would align goals and targets with national domestic and international resource mobilization, as envisaged in the 2015 Addis Ababa Action Agenda.[94] One of the critical weaknesses of the pre-pandemic SDG endeavour was a failure on the part of Governments and the international community more broadly to act on SDG financing commitments. Closing the SDG financing gap should be seen as a key element in the renewed social contract between Governments called for in [Our Common Agenda](). [95]

94 Resolution adopted by the United Nations General Assembly, 'Addis Ababa Action Agenda of the Third International Conference on Financing for Development (Addis Ababa Action Agenda)', A/RES/69/313, 27 July 2015.

95 United Nations, Our Common Agenda – Report of the Secretary-General, New York, 2021.

Estimating global SDG financing gaps is inherently difficult, partly because of the breadth and scope of the SDGs, partly because of data gaps and partly because of the diverse sources of finance involved. There are many studies of financing gaps in relation to specific SDGs, such as primary health care,[96] education[97] and water and sanitation.[98] The typical approach involves estimating the cost of achieving specified targets and estimating the potential for domestic resource mobilization, with the difference constituting the financing gap. This framework has been applied to clusters of SDGs to derive indicative top-down global estimates, though uncertainties over baseline spending and financing flows introduce large margins of error.[99] The absence of an agreed international framework which could be applied to assess both global and national financing is a weakness in the SDG architecture.

Pre-pandemic estimates of the SDG financing gap put the investment shortfall in the range of $2.5 trillion to-$3 trillion per annum[100]. This was based on a 2014 UNCTAD study of investment across 10 sectors. Subsequent analysis largely confirmed this ballpark estimate while providing a more detailed breakdown of the financing gaps for different groups of countries.

- **IMF research in 2019**[101] estimated financing costs for five SDGs[102] of **$0.5 trillion** for low-income countries and **$2.1 trillion** for emerging market economies, representing respectively on average 15 percent and 4 percent of GDP.
- Analysis by the **Sustainable Development Solutions Network**[103] estimated the financing gap at **$400 billion,** though covering only low-income developing countries, subject to countries raising revenue-to-GDP ratios by five percentage points.[104]
- **The Brookings Institution**[105] estimated that low-income countries needed to increase spending by 140 percent (from **$0.8 trillion to $1.9 trillion**) and lower-middle-income countries by 165 percent (from **$70 billion to $190 billion**). The additional per capita spending required to establish an SDG floor across 10 sectors in 2025 was put at $344 for lower-income countries, and the overall global financing deficit in developing countries at around **$1 trillion**.

Analysis by the IMF also points to an increase in the financing gap, estimating that the average costs of achieving the SDGs have increased by 2.5 percentage points of GDP, or around one fifth, to 14 percent of GDP for low-income countries, a $59 billion *increase* in the financing gap. The IMF warns that left

---

96 Global health 2035: a world converging within a generation Jamison, Dean T et al. The Lancet, Volume 382, Issue 9908, 1898-1955.

97 Save our Future White Paper, 'Averting an Education Catastrophe for the World's Children', October 2020, https://saveourfuture.world/white-paper/, accessed 25 March 2022.

98 "World Bank Group; UNICEF. 2017. Sanitation and Water for All: How Can the Financing Gap Be Filled?. World Bank, Washington, DC. © World Bank. https://openknowledge.worldbank.org/handle/10986/26458 License: CC BY 3.0 IGO."

99 One study from the Brookings Institution estimated a 2015 baseline against which to measure financing gaps to 2030. A task force with a remit to measure total official support for sustainable development could help create a shared methodology for measuring development finance for the SDGs, though its remit is limited (it does not extend to the use of private capital to finance public investment through bonds, for example).

100 United Nations, 2019, Roadmap for Financing the 2030 Agenda for Sustainable Development, 2019-2020.

101 Gaspar, Vitor et al, 'Fiscal Policy and Development: Human, Social and Physical Investment for the SDGs', IMF Staff discussion note, SDN/19/03, January 2019.

102 Education, health, roads, electricity and water and sanitation.

103 Sustainable Development Solutions Network, 'SDG Costing & Financing for Low-income Developing Countries', September 2019.

104 The Sustainable Development Solutions Network also suggests sources of funding to convert the $400 billion needed including blended finance ($50 billion); global corporate tax reform and higher corporate tax rates ($50 billion); earmarked taxes (wealth, financial transaction and carbon tax) ($200 million); increased ODA ($100 billion); giving pledge, ($30 billion). Debt relief is uncalculated.

105 Kharas, Homi and John McArthur, 'Building the SDG economy: Needs, spending, and financing for universal achievement of the Sustainable Development Goals', Global Economy & Development Working Paper 131, The Brookings Institution, Washington, DC, October 2019.

unmitigated, the financial effects of the pandemic could set achievement of the SDGs back a decade.[106] The financing gap estimate tells only a partial story. Analysis by IMF staff indicates that low-income developing countries will require close to $200 billion in spending over five years to combat the pandemic and $250 billion to regain the convergent paths they were on prior to the pandemic – an implausible level of investment without increased aid and debt relief.[107]

Global estimates may underestimate the real costs of an 'SDG recovery' for two reasons. First, reversals of progress have added to immediate investment costs. For example, research by UNESCO suggests the rising costs of remedial education and wider support for children returning to school and projected reductions in government budgets could increase the financing gap for SDG 4 by one third.[108] Second, current studies may have underestimated the cost of acting on commitments to leave no one behind. As coverage rates expand in areas such as health and education, the marginal costs of delivery rise above average costs (which most of the research highlighted above uses to estimate financing gaps). Travelling the next mile towards the SDG targets involves reaching hard-to-reach populations and addressing the social determinants of disadvantage. Unlike average costs, marginal costs are non-linear, with important implications for SDG financing.

This is no less the case for the funding of climate change, with one estimate suggesting that emerging markets (excluding China) and developing countries will need to mobilize an additional $0.8 trillion annually by mid-decade and $2 trillion by 2030, if the Paris Agreement targets are to be achieved.[109] Meanwhile, the annual costs of climate adaptation have been estimated by the United Nations Environment Programme (UNEP) at around $300 billion – between 5 and 10 times current financing levels.[110] Achieving universal electricity access in sub-Saharan Africa will require investments of $135 billion in cumulative investment to 2030.

These financing gap estimates underscore the relevance of the ambitions of the UNDP Strategic Plan and the challenges the organization will face in achieving them. Doing so would materially improve the fiscal environment facing developing countries and make a distinctive contribution to an 'SDG recovery'. However, in many countries UNDP will be swimming against a financial tide. Changing this picture will require a combination of technical advice and engagement on wider development financing issues (See below and section 7).

4.3 Aligning finance with SDG purpose

Viewing the SDGs through the prism of global finance highlights the 'affordability' of the SDGs and large inequalities in wealth. While SDG financing gaps are large in relation to the fiscal resources of many Governments, they are modest when measured against international capital markets. The $4.2 trillion SDG financing gap estimated by the OECD represents[111] just 1 percent of the $404 trillion

106 Benedek, Dora et al, 'A Post-Pandemic Assessment of the Sustainable Development Goals', IMF Staff discussion note, SDN/2021/003, April 2021.

107 IMF Policy Paper, March 2021, Macroeconomic Developments and Prospects in low-Income Countries-2021

108 UNESCO, 'UNESCO warns that the funding gap to reach SDG4 in poorer countries risks increasing to US$200 billion annually due to COVID-19 if we do not take urgent action', Press release, 4 September 2020, https://en.unesco.org/news/unesco-warns-funding-gap-reach-sdg4-poorer-countries-risks-increasing-us-200-billion-annually, accessed 25 March 2022.

109 Bhattacharya, Amar and Nicholas Stern, 'Beyond the $100 billion: financing a sustainable and resilient future', London School of Economics and Political Science, Policy Note, November 2021.

110 United Nations Environment Programme (2021). The Gathering Storm: Adapting to Climate Change in a Post-pandemic World - Adaptation Gap Report 2021: Executive Summary. https://wedocs.unep.org/20.500.11822/37312.

111 OECD (2020), *Global Outlook on Financing for Sustainable Development 2021: A New Way to Invest for People and Planet*, OECD Publishing, Paris, https://doi.org/10.1787/e3c30a9a-en.

in 2019 global financial assets and 2 percent of non-bank financial assets as measured by the Financial Stability Board.[112] Such comparisons serve to highlight the gap between private capital markets and the social purpose enshrined in the SDGs. That gap may be growing. Despite the global economic downturn, asset wealth has grown during the pandemic – by 10 percent in 2020 according to one estimate.[113] The 2020 *increase* in billionaire wealth of $5.5 trillion exceeds the total SDG financing gap.[114]

Global capital is heavily concentrated in advanced economies and a small number of emerging markets, and it is overwhelmingly governed by practices and business models prioritizing short-term commercial profit rather than long-term SDG priorities. Simple aggregate measures of the SDG financing gap can also obscure critical public policy challenges. What matters for achieving the SDGs is getting the right type of finance to the relevant country on the right terms. Public finance has to account for the bulk of the heavy lifting in areas such as universal health coverage, basic education and safety net provision. In other areas, including energy and employment, unlocking private finance – both domestic and international – is the key to achieving the SDGs, operating in concert with public finance.

Climate financing illustrates the critical importance of aligning the purpose of the SDGs with appropriate sources of capital. There has been a proliferation of initiatives highlighting the assets under the control of 'net-zero' asset managers. The Glasgow Financial Alliance for Net Zero is a consortium of financial companies with reported assets of $135 trillion with a unifying conviction that "private finance can help fund private sector initiatives and turn billions committed to climate investment through public channels into trillions of total climate investment."[115] That objective is a climate imperative. Clean energy transitions consistent with the Paris Agreement goals will require private capital to finance between half and 70 percent of energy transition investments. As the consortium illustrates, there is no shortage of global finance, but the investment is not reaching the countries and sectors in developing countries where it most needed – and where abatement benefits could be greatest. Achieving the 2030 Goal for energy access poses distinct financing challenges. Hitting the global target will require annual investments of over $35 billion, according to the IEA, half of it in off-grid systems.

For all its potential, blended finance remains limited – and fell during the pandemic. Financial flows from this source have averaged $9 billion since 2015 but fell by half in 2020. Major constraints include shortages of bankable projects and limited scale. The conclusions of the 2021 Convergence report are relevant to the financing of the SDGs: "There is a lack of financial intermediation in the blended finance market, and for addressing the SDG investment gap more generally. On the one hand, donors and investors are looking to channel large amounts of capital towards market opportunities aligned with the SDGs. Yet, SDG projects are often small, and there are few intermediaries in the market equipped to channel these flows."[116] Aid commitments to blended finance are limited, at around 2 percent of ODA and $10 billion to $15 billion of project volumes annually.[117] Where funds are available, they are often left undisbursed because of problems linked to payment arrangements, tariff levels and market readiness. The Mini-grid Funders Group reports that less than 15 percent of the $2 billion approved since 2007 has been disbursed.

---

112 Financial Stability Board, Global Monitoring Report on Non-Bank Financial Intermediation, 2020.

113 Allianz Research, 'Allianz Global Wealth Report 2021', October 2021, https://www.eulerhermes.com/en_global/news-insights/economic-insights/Allianz-global-wealth-report-2021.html

114 Collins, Chuck, 'Global Billionaires See $5.5 Trillion Pandemic Wealth Surge', Institute for Policy Studies, 11 August 2021, https://ips-dc.org/global-billionaires-see-5-5-trillion-pandemic-wealth-surge/, accessed 25 March 2022.

115 Glasgow Financial Alliance for Net Zero, https://www.gfanzero.com/, accessed 25 March 2022.

116 Convergence, The State of Blended Finance 2021, Toronto, 27 October 2021, page 7.

117 Lankes, Hans Peter, 'Blended finance for scaling up climate and nature investments', One Planet Lab, London School of Economics and Political Science, October 2021.

This financing context has considerable relevance to the objective in the UNDP Strategic Plan, 2022–2025 of supporting access to electricity for an additional 500 million people. While beyond the scope of this evaluation, the measures for unlocking pro-poor blended finance can be readily identified. They include the removal of 'upstream' bottlenecks in the form of unstable policies and weak regulatory environments; mid-stream bottlenecks in the form of shortages of bankable projects; and downstream constraints such as information gaps over investment opportunities. It is evident from the sustained record of underinvestment, now compounded by the effects of the pandemic, that removing these bottlenecks in the time frames available will require a concerted drive to reform policy environments.

4.4 Domestic resource mobilization and public spending

The UNDP Strategic Plan and associated policy tools envisage an increase in domestic resource mobilization to back an SDG recovery. Fiscal retrenchment will make that goal more difficult to pursue. Tax reform could expand the fiscal space available to Governments, but implementing tax reforms during an economic slowdown will be problematic. More equitable public spending could release the resources needed to drive results among populations left behind, but the record in this area is mixed.

Domestic resource mobilization is the real foundation for SDG financing across many areas of public policy. Recent analysis by the IMF suggests that the frontier resource mobilization potential against GNI averages 23 percent for low-income countries and 27 percent for emerging economies, far exceeding current levels (17 percent and 20 percent respectively for the two groups).[118] Narrowing the gap would substantially increase the resources available to Governments for investment in safety nets, health, education and other priority areas.

Successful reform has been achieved through progressive income taxes, measures to curtail loopholes and deductions, an expanded revenue base – for example, through property and land tax – and more efficient revenue collection, including through the application of digital technologies. Yet progress has been limited and partial. Two thirds of low-income countries collected less than 15 percent of GDP in revenue in 2017; and two thirds of all developing countries collected less than 20 percent. Raising these levels against a backdrop of reduced growth will inevitably pose political challenges and limit the scope for resource mobilization for the SDGs.[119]

International cooperation could help expand the tax base for developing countries by limiting tax evasion and avoidance. The Tax Justice Network has recently estimated that developing countries lose $40 billion annually to tax practices which contravene the letter and the spirit of SDG commitments (SDG 16.4).[120] Natural resource extraction is a prime area for illicit practices. Recent research by the IMF shows that Governments in sub-Saharan Africa are losing between $450 million and $730 million per year in corporate income tax revenues as the result of profit-shifting by multinational companies in the mining sector.[121]

118 Benedek, Dora et al, 'A Post-Pandemic Assessment of the Sustainable Development Goals', IMF Staff discussion note, SDN/2021/003, April 2021.

119 Clements, Benedict et al, 'Low-Income Developing Countries Will Surely Need More Debt Relief Down the Line', Center for Global Development, 23 June 2021, https://www.cgdev.org/blog/low-income-developing-countries-will-surely-need-more-debt-relief-down-line, accessed 25 March 2022.

120 Tax Justice Network, 2021, The State of Tax Justice 2021.

121 Albertin, Giorgia et al, 'Tax Avoidance in Sub-Saharan Africa's Mining Sector', IMF Departmental Paper, 28 September 2021.

Domestic resource mobilization has taken on added urgency with the fiscal pressures generated by the pandemic. Progressive taxation is one part of the equation. Financing safety nets through [regressive tax systems]() that weigh heavily on the poor can compound rather than alleviate poverty.[122] Despite the downturn, there is scope for increasing tax revenues through the development of property-related taxes and curtailment of tax deductions and exemptions (which can exceed 5 percent of GDP in much of Africa and Latin America).[123] The other side of the equation is efficiency and equity in public spending. International benchmarking demonstrates that countries at similar levels of GNI and public spending can achieve widely divergent SDG outcomes. Better budget execution and public finance management systems can make more resources available.[124] Budgets that skew resources towards, for example, tertiary health care and universities in countries marked by extreme inequality in access to primary health care and basic education, can reinforce social disparities and act as a brake on progress. Conversely, investing more income per capita on services that expand opportunities for social groups who have been left behind can act as a driver for the SDGs. In the current context, policymakers with a concern for equity should focus their efforts on budgets that maintain or expand the safety nets and health and education services threatened by the pandemic. Many of the policies needed to reduce inequality and expand opportunity are the same now as they were pre-pandemic,[125] but the pandemic has given an added urgency to equity.

4.5 International public finance – aid and multilateral institutions

Successful implementation of the UNDP Strategic Plan will require an enabling environment supported by international public finance. One of the central roles of IFIs, multilateral development banks, debt relief and aid is to expand the fiscal space available to Governments in low-income and middle-income countries. The record of delivery during the pandemic is more limited than demanded by the scale of the crisis threatening the achievement of the SDGs.

In contrast to the domestic policy stance of OECD countries, the international aid response to the pandemic crisis was muted. As developing country Governments grappled with a public health crisis, economic recession and rising poverty, ODA grew by 3.5 percent in 2020, from $151.7 billion in 2019 to $157 billion in 2020, an increase of more than $5 billion.[126] That figure is dwarfed by the $56 billion increase in SDG financing which the IMF estimates has been incurred by sub-Saharan Africa alone. Expressed differently, 2020 aid levels represented well under 1 percent of the pandemic stimulus packages mobilized by advanced economies. Much of the estimated $12 billion in 2020 aid financing directed towards COVID-19 may have been diverted from other activities.[127] ODA increased by just 1.8 percent for the least developed countries, a group for which it represents three quarters of external finance.

---

122 Lustig, Nora, The Sustainable Development Goals (SDGs), Domestic Resource Mobilization and the Poor, Policy brief, G20 Insights, 24 July 2018.

123 Mullins, Gupta, and Liu, 2020. "Domestic Revenue Mobilization in Low Income Countries: Where to From Here?" CGD Policy Paper 195. Washington, DC: Center for Global Development. https://www.cgdev.org/publication/domestic-revenuemobilization-low-income-countries-where-here

124 Hélène Barroy and Sanjeev Gupta. 2020. "From Overall Fiscal Space to Budgetary Space for Health: Connecting Public Financial Management to Resource Mobilization in the Era of COVID-19." CGD Policy Paper 185. Washington, DC: Center for Global Development. https://www.cgdev.org/sites/default/files/overall-fiscal-space-budgetary-space-health-connecting-public-financial-management.pdf

125 Lustig, Nora, The Sustainable Development Goals (SDGs), Domestic Resource Mobilization and the Poor, Policy brief, G20 Insights, 24 July 2018.

126 OECD, 'COVID-19 spending helped to lift foreign aid to an all-time high in 2020 but more effort needed', Press release, OECD, 13 April 2021, Development Assistance Committee countries disbursed total ODA of $157 billion in 2020 and $152 billion in 2019.

127 Ibid.

Weaknesses in international cooperation have exacerbated the public health crisis in many developing countries. In April 2020, WHO and eight co-convening partners launched the Access to COVID-19 Tools Accelerator (ACT-A).[128] The initiative focused on vertical pillars – vaccines, diagnostics and therapeutics – and one horizontal pillar, health system strengthening. COVAX, the vaccine pillar, was charged with delivering vaccines to developing countries. Between its inception and October 2021, ACT-A mobilized $18.8 billion. However, support was unequally distributed. While the vaccine pillar was almost fully funded, less than one fifth of the financing requested for the other pillars had been covered, leaving a $16 billion financing gap. Failure to fully fund the health system response contributed to the SDG setbacks documented in section 3.

The multilateral financial system responded to the pandemic crisis, deploying a wide range of instruments. Net international flows to low-income and lower-middle-income countries increased respectively by around 1.5 percent and 2.5 percent in 2020, predominantly through the multilateral system. The IMF increased access limits for general resources and lending through the Poverty Reduction and Growth Trust, more than doubling net lending to $46 billion in 2020. The World Bank also more than doubled flows through the IDA facility to $35 billion, principally by front-loading resources (around $10 billion annually) earmarked for later years.[129] Lending by the IBRD increased by 40 percent, or $9 billion. With the exception of the African Development Bank, regional development banks also expanded lending. These figures have to be considered against the SDG financing gaps outlined earlier, including the $400 billion needed by low-income countries to resume their pre-pandemic trajectories.

The Debt Service Suspension Initiative was the G20 response to the intensifying debt problems of low-income countries.[130] The G20 called on all countries, and – importantly – all classes of creditors to participate in the initiative on equivalent terms. Participating countries were scheduled to repay over $40 billion in debt servicing in 2020 and 2021. Just $5 billion in debt servicing had been deferred as of October 2021.[131] That was too little to prevent cuts in education spending and non-COVID-19 health spending in almost three quarters of participating countries, according to the IMF. The failure of private creditors to participate has been one factor behind the limited flow of benefits. Another has been the hesitation of eligible countries to apply to the initiative because of concerns over credit ratings. The initiative (as the name suggests) offers only a temporary deferment of debt-service payments, not debt relief or restructuring.

Lending from the IMF and multilateral development banks cushioned the impact of the crisis triggered by the pandemic, providing liquidity and finance for priority SDG areas. IDA financing focused initially on the health emergency response through a dedicated fast-track facility, supplemented by social protection. Bearing in mind that fiscal response in advanced economies on a broad measure amounted to 24 percent of GDP and the scale of revenue losses sustained by developing countries, the multilateral response was not in line with the need. From an SDG financing perspective, the response turned the spotlight on wider problems. IMF loans are designed to provide short-term emergency balance-of-payments support, and are tied to a country's quota rather than SDG financing needs. There was no concerted effort to review the resource mobilization rules of the of the multilateral development banks

128 ACT-Accelerator Strategic Plan & Budget, October 2021 to September 2022, https://www.who.int/publications/m/item/act-accelerator-strategic-plan-budget-october-2021-to-september-2022, accessed 26 March 2022.

129 An immediate SDG financing priority given the front-loading of IDA resources is the replenishment of IDA 20, although the proposed base case of $90 billion would appear unduly cautious.

130 Eligibility is limited to 73 IDA countries

131 World Bank, November 2021, COVID-19: Debt Service Suspension Initiative, https://www.worldbank.org/en/topic/debt/brief/covid-19-debt-service-suspension-initiative

in the light of the SDG crisis – and the Debt Service Suspension Initiative was designed without reference to that crisis. These are all areas of concern that could feature in an SDG financing and advocacy strategy.

The decision to issue a new allocation of IMF special drawing rights (SDRs) could alleviate the liquidity constraints facing many developing countries, but not without reform. The decision of the G20 to endorse a $650 billion new SDR allocation (a reserve asset) could support SDG recovery by unlocking liquidity, improving credit ratings and supporting purchasing power. However, SDR allocations are tied to quotas, or borrowing rights. As a result, just 2-3 percent of the allocation went to low-income countries, while almost 60 percent went to advanced economies facing no shortage of currency reserves and no difficulty in borrowing.[132] Redistributing the SDR allocations and establishing a direct link to SDG financing would make a big difference to poor countries. The SDRs could be recycled as a reserve asset through the IBRD/IDA and regional development banks to unlock additional SDG funding, or a new vehicle could be created for that purpose. This is an area that UNDP has been addressing through policy dialogue.[133]

The pandemic has reinforced the need to leverage the balance sheets of the World Bank and other multilateral development banks more effectively. The banks raise most of their financing (except for concessional facilities) in bond markets, where their AAA credit rating secures favourable access to credit. That credit rating is a function of the capital paid in to the banks, reserves and callable capital, or a guarantee provided by shareholders. Commentators have long argued that the multilateral development banks are confronted with a 'trilemma' in their development financing operations: the need to expand lending while keeping the capital resources and AAA credit ratings unchanged. In a time of crisis, it can reasonably be argued that the SDG pledge might prompt developed countries to authorize the use of callable capital.[134] One assessment suggests that the multilateral development banks could expand lending by at least $750 billion by without compromising their AAA ratings – and by $1.6 trillion if they accepted the risk of a downgrade to AA+.[135]

Failure to develop a credible debt relief framework will act as a brake on SDG recovery. Delayed action on debt relief in the 1980s contributed to a 'lost decade' for development. The G20 has agreed on a Common Framework on Debt Treatments beyond the Debt Service Suspension Initiative, establishing principles for restructuring across all classes of creditors, but it extends only to participating countries. Successful restructuring of private creditor debt requires mechanisms for debt workouts, including the purchase of debt at discounted rates, backed by multilateral creditors and protected through collective action clauses. Debt restructuring could release significant resources for SDG financing, provided it is channelled through a systemic framework rather than project-based debt swap arrangements.[136]

132 https://www.project-syndicate.org/commentary/how-to-get-new-imf-sdrs-to-poor-countries-by-barry-eichengreen-2021-09

133 https://www.undp.org/publications/unprecedented-opportunity-boost-finance-development

134 Settimo, Riccardo, 2019, Higher Multilateral Development Bank Lending, Unchanged Capital Resources and Triple-A Rating. A Possible Trinity after All? (April 29, 2019). Bank of Italy Occasional Paper No. 488, April 2019, Available at SSRN: https://ssrn.com/abstract=3432994 or http://dx.doi.org/10.2139/ssrn.3432994

135 Humphrey, Chris, 'All hands on deck: How to scale up multilateral financing to face the COVID-19 crisis', Overseas Development Institute, April 2020.

136 In 2020, the Governments of both Argentina and Ecuador were able to release financing for their COVID-19 responses through bond restructuring (covering respectively $64 billion and $17 billion of bond debt) supported by an IMF loan.

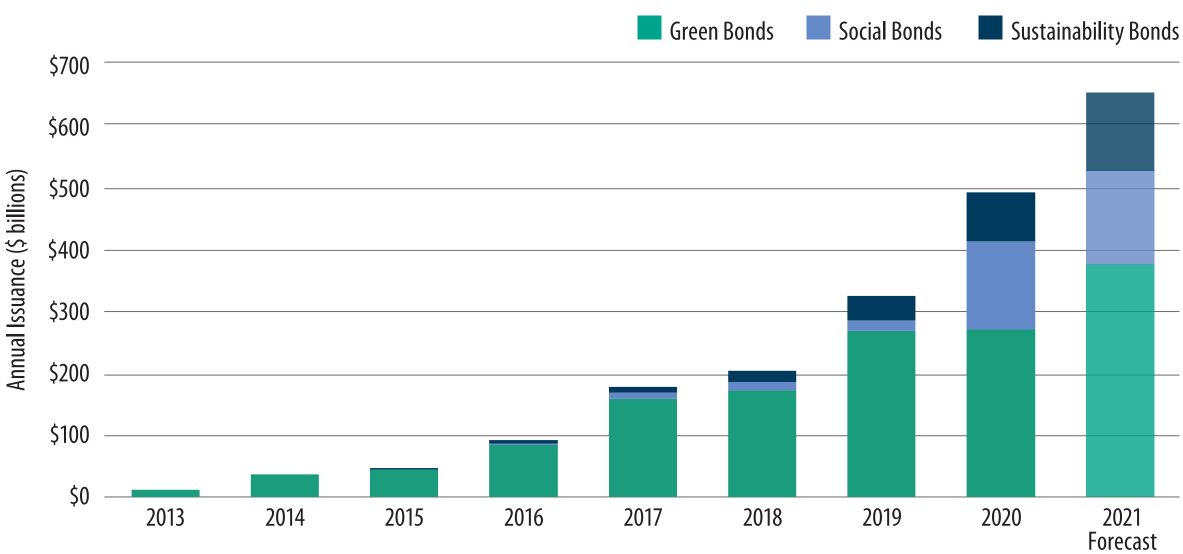
4.6 The rise of environmental, social and governmental investing: strengthening the link to sustainable development

With the UNDP Strategic Plan 'moon shot' targeting the alignment of $500 billion in private capital, ESG investment affords new opportunities. While still overwhelmingly dominated by advanced economies and 'green bonds', the pandemic period has seen the emergence of new financing instruments – such as SDG bonds – which UNDP is well placed to leverage.

Despite the havoc wrought on economies and the harm inflicted on human well-being, private capital markets have enjoyed a 'good pandemic'. The surging wealth of high-net-worth individuals and a shift to defined contribution pensions have put the growth of assets under management on a projected growth path to $145 trillion by 2025 – a 30 percent increase over 2020 levels. Bloomberg reports that ESG investment reached $37 trillion in 2020.[137] Continued growth at half of past levels would take that figure to $53 trillion by mid-decade, or a third of assets under management, and there is no sign of slowdown. UBS Asset Management reports that all net inflows for 2021 have been into funds labelled as sustainable. BlackRock expects investors to double their ESG allocations over the next five years.[138]

Global issue of green, social and sustainability bonds hit record volumes in 2020 and are set to grow by another 31 percent in 2021 to $650 billion, according to Moody's. The growth has been driven since 2019 by social and sustainability bonds (see figure 11) in response to the pandemic. That growth has been concentrated in OECD countries and a small number of emerging markets. Sustainable bonds still represent a small fraction of the overall market (estimated at $128 trillion in 2020), but there is signifi-cant potential for strengthening links to the SDGs.

FIGURE 11. Growth of sustainable bond markets, 2013–2021



Source: Moody's Investor Service

[137] Diab, Adeline and Gina Martin Adams, 'ESG Assets may hit $53 trillion by 2025, a third of global [assets under management] AUM', Bloomberg Intelligence, 23 February 2021, https://www.bloomberg.com/professional/blog/esg-assets-may-hit-53-trillion-by-2025-a-third-of-global-aum/, accessed 27 March 2022.

[138] https://www.pionline.com/esg/blackrock-clients-double-esg-assets-5-years

The growth of ESG and sustainable bond markets has gone hand in hand with mounting concerns over 'greenwashing'. The concerns are ubiquitous and largely justified. Much of the surge in ESG has been driven by relabelling existing funds, embellishing – or misrepresenting – investment products by reference to ESG characteristics. References to decarbonization and social responsibility are often little more than an asset management marketing ploy. The EDHEC Business School found that on average, climate scores represented just 12 percent of the weighting criteria in ESG portfolios, and that – perversely – high-emissions sectors could benefit by skewing performance criteria to reductions in emissions, rather than overall volume. Research by Util, a fintech company, using machine learning to derive the social and environmental impact of company portfolios, used the 17 SDGs to compare the impact of funds branded as sustainable against non-sustainable funds. It found no discernible difference.[139]

Questionable ESG standards and ratings result in uncertainties about how to measure the impact of ESG funding. Given the relatively light or non-existent penalties for non-compliance on the part of borrowers and investors, incentives to deliver results are often weak – and financial return considerations heavily outweigh ESG criteria. Moreover, because finance is fungible, some firms and countries may secure ESG financing while diverting other sources of financing to non-ESG activities. Weak and inconsistent monitoring is a limitation in 'E'-related areas such as carbon disclosure and environmental damage. In other areas relevant to SDG delivery – notably human rights and social impacts – monitoring is typically conspicuous by its absence or irrelevance.

'Greenwashing' and 'sustainability washing' pose a threat to the development of ESG markets that could support the recovery or progress towards the SDGs. The rapid growth of global ESG investing has taken place across jurisdictions and financial sectors with variable and inconsistent reporting, monitoring and regulatory standards. Regulators have expressed concerns over product misrepresentation. Portfolio managers often cite data quality issues, multiple disclosure standards and the lack of a globally agreed taxonomy as obstacles to properly measuring risks, opportunities and impact related to sustainability.[140] As the G20 has commented, the proliferation of standards could "contribute to higher transaction costs, lack of transparency, market segmentation and risks of green and SDG washing."[141] The problem to be addressed is not a deficit in high-level reporting standards, but rather a lack of consistency across jurisdictions, taxonomies and themes, allied to weak verification of sustainability benefits delivered.[142] The International Financial Reporting Standards Foundation is now developing under G20 auspices a baseline global sustainability reporting standard focused on climate to provide more robust governance and public oversight.

4.7 Sustainability bonds demonstrate the potential for SDG-related financing

Despite the downturn in bond financing for developing countries (excluding China) in 2020, several developing countries used the market to support pandemic response. Peru, one of the countries hit hardest by the crisis, was able to use its strong macroeconomic position to market a $4 billion Eurobond

139 Steyn, Elisabeth and Jose M Lopez Sanz, 'How SDG-aligned is ESG? Putting sustainable funds to the test', Util. September 2021.
140 Nearly half of investors in one market survey thought harmonizing global standards, taxonomies and metrics should be the top ESG priority for national regulatory frameworks. See Capital Group ESG Global Study 2021 (a marketing communication), https://www.capitalgroup.com/content/dam/cgc/tenants/eacg/esg/global-study/esg-global-study-full-report(en).pdf
141 G20 Sustainable Finance Roadmap, 7th October 2021
142 Ehlers, Torsten, Diwen (Nicole) Gao and Frank Packer, 'A taxonomy of sustainable finance taxonomies', BIS Papers No. 118, Bank for International Settlements, October 2021.

pandemic recovery issue in November 2020 (including a $1 billion "century" tranche with a 3.23 percent coupon repayable in 2121).[143] Sovereign issues from Colombia amounted to $14.8 billion in 2021[144] and doubled in the Dominican Republic to $8.4 billion. Ghana was able to return to the market in 2021 with a $3 billion bond issue priced at 7-8 percent (with a 'zero coupon' tranche of $400 million to refinance higher-interest domestic debt) to finance its pandemic response. Other countries eligible for the Debt Service Suspension Initiative that issued bonds during the pandemic included Honduras, Mongolia and Uzbekistan.

One of the features of the pandemic period has been the emergence of bond issues linked to frameworks for financing explicit SDG-related programmes. The limitations and risks associated with SDG bond financing must be acknowledged. Establishing a link to the SDGs may in some cases generate a small market premium, but it doesn't override credit risk ratings. Notwithstanding there are also SDG/green washing concerns around the actual allocation of bond funds to the areas outlined at launch. Countries entering the market with strong macroeconomic credentials and/or support from multilateral agencies are better placed to secure favourable terms, just as they are in ordinary bond markets. Even so, the experience of the past two years points to opportunities for SDG financing:

- In September 2020, **Mexico** became the first country to market an SDG bond with a 750 million euro, seven-year 1.350 percent Eurobond issue.[145] The bond framework provides budget lines for programmes and tracking across specified SDG areas.
- **Indonesia,** in 2021, issued a 500 million euro, 12-year Eurobond at a coupon rate of 1.3 percent,[146] building on its experience in mobilizing $2.5 billion in green sharia-compliant bonds (green sukuk) for climate change programmes. The bond was classified under the Indonesian 'SDGs Government Securities Framework', which identifies eligible expenditures and reporting systems (see box 6).
- In 2021, **Benin** became the first country in sub-Saharan Africa to issue an SDG bond – a 500 million euro, seven-year Eurobond at coupon rate of 4.9 percent. The bond framework identifies 15 SDG thematic areas as targets for investment (see box 4).
- **Uzbekistan** in 2021 issued the country's first SDG bond in two tranches for 10 and 3 years (respectively for $635 million and $235 million) at coupon rates of 3.9 percent and 14 percent). Revenues will be used to finance SDG investments across seven specified goals.

Bond issuance is central to the World Bank Group's business model, but marketing has increasingly emphasized sustainable development and the SDGs.[147] The first IDA bond issue was announced in 2020. In September 2021, the Bank issued a $5 billion Sustainable Development Bond geared towards 'sustainable and inclusive development', followed by a 2 billion euro-denominated issue linked specifically to climate change programmes. Other institutions have followed suit, including regional development

143 Aquino, Marco, 'Peru issues $4 bln in debt, including century bond, to battle virus fallout', update 1, Reuters, 23 November 2020.

144 International Monetary Fund, 'Expanded Flexible Credit Line Will Help Colombia Cope with COVID-19', IMF Country Focus, 25 September 2020, https://www.imf.org/en/News/Articles/2020/09/25/na092520-expanded-flexible-credit-line-will-help-colombia-cope-with-covid-19?utm_medium=email&utm_source=govdelivery, accessed 27 March 2022.

145 Reuters, 'Mexico issues 750 million euro sustainability bond - finance ministry', 14 September 2020.

146 Allen & Overy, 'Allen & Overy advises the Republic of Indonesia on Asia's first sovereign SDG eurobond', News note, 24 September 2021.

147 World Bank, '*The World Bank Impact Report' 2020, Sustainable Development Bonds & Green Bonds*', June 2021.

banks.[148] The Japanese Dai-Ichi life insurance company developed a large portfolio of SDG bond investments through multilateral development banks and acted as lead investor for a five-year bond issued by the IBRD, with half of the proceeds earmarked for UNICEF.

There is significant untapped potential in the SDG-related bond markets, but the potential benefits have to be weighed against the risks. There are mixed views on whether or not an SDG-labelled bond issue enables Governments to secure more favourable terms. To the extent that bond investors are willing to provide a discount that secures reputational benefits and/or SDG impacts, there is a premium on the development of credible bond frameworks that provide comprehensive reporting, including budget tagging against specified programmes. This is an area in which the evaluation team believes UNDP is well placed to make a difference (section 6). At the same time, SDG bond finance does not automatically constitute new and additional resources for the SDGs. Fungibility problems loom large: Governments can use bond finance to fully or partially replace domestic resources. What matters is the net financing effect and the sustainability of borrowing.

BOX 3. The Benin SDG bond

In July 2021, the Government of Benin issued Africa's first SDG bond – a 24 year, 500 million euro issue with a coupon rate of 4.9 percent.

The backdrop to the decision to enter the Eurobond market was the fiscal stress generated by COVID-19. Economic growth in 2020 fell from a projected 7 percent to 2 percent. Meanwhile, the Government allocated over 3 percent of GDP in 2020 to a COVID-19 response plan designed to reduce stress on the health system, provide a safety net for vulnerable households and support small enterprises. The spending pushed the fiscal deficit to over 5 percent. Even with emergency support from the IMF and other development partners, the Government's fiscal position threatened to undermine spending on critical SDG areas, prompting recourse to the Eurobond market. The Eurobond revenue amounts to over 2 percent of GDP.

The strategy is not without risks. Benin chose not to participate in the Debt Service Suspension Initiative in part because potential savings (0.1 percent of GDP) were limited, and the Government was concerned about the potential adverse impact on investor risk perceptions. However, external debt servicing is placing pressure on government finance. It will account for around one fifth of revenue to mid-decade.

While the entry of Benin into the bond market was a bold move, the relatively favourable terms secured reflected some underlying advantages. The issue followed a successful entry in the bond market with a 30-year, 1 billion euro issue. Strong support from the IMF, reclassification as a middle-income country and the position of Benin as part of the West African Economic and Monetary Union, which provides access to currency reserves and sets a ceiling on fiscal deficits, may also have contributed.

Source: IMF and background paper

148 The Asian Development Bank (ADB) has a Green and Blue Bond financing framework, with a portfolio of over $700 million in green financing. As part of its response to COVID-19, the ADB-managed Association of South East Nations (ASEAN) Catalytic Green Finance Facility is now actively seeking to increase the weight attached to SDG financing in its sustainable finance portfolio. In 2020, the African Development Bank invested in a South African SDG-linked bond issue, the first of its type, to provide loans for small enterprises.

Chapter 5.

THE UNDP FINANCING TOOLKIT

Summary Message #13. The UNDP Strategic Plan 'moon shot' of aligning $1 trillion in financing with the SDGs, split equally between private and public sources, represents an ambitious but achievable goal commensurate with the scale of the crisis triggered by the pandemic.

Summary Message #14. Strategy documents have not yet articulated clear and discernible pathways to achieve the Strategic Plan 'moon shot'. Even allowing for 'leverage' effects, this is true both for public finance and for private capital. The current framework lacks plans for action that might guide prioritization, resource allocation and accountable reporting.

Summary Message #15. The consolidation of the UNDP financing offer under the Sustainable Finance Hub has created an enabling platform for improved coordination but it is premature to evaluate the Hub, given that it has been in operation for just two years. Some positive feedback was provided on aspects of its work by regional bureaux and country offices. However, concerns were raised by some country offices and regional bureaux over the consistency, timeliness and quality of technical advice provided to guide their work on SDG financing. The Hub lacks a strategic road map setting out how it will contribute to the $1 trillion 'moon shot'. Developing such a strategic road map would provide a basis for the identification of current gaps in capabilities and resourcing and it would provide country offices and regional bureaux with a clearer understanding of the Hub's priorities and approaches. One of the constraints facing the Hub is the reliance on project-based initiatives.

Summary Message #16. The INFF represents a distinctive approach with the potential to fill an important gap in the SDG financing governance architecture. It is too early to assess the INFF fully, but UNDP has played a leadership role in facilitating dialogue across line ministries and donors. Adoption of the INFF approach could help bring greater transparency, cohesion and accountability to SDG-related planning, especially in the alignment of public and private funding to the SDGs. However, the INFF is first and foremost a governance tool rather than a resource mobilization platform. Some concerns were raised that the approach lacks clarity of purpose, reflects donor priorities and could overload already overstretched planning systems.

Summary Message #17. The wider UNDP offer on public finance is limited and project-based. The Tax Inspectors without Borders partnership with the OECD provides valuable support to revenue authorities but is limited by scale. Consideration could be given to a more focused approach to the prevention of tax evasion/avoidance, perhaps focused on the extractive sector.

(cont'd)

Summary Message #18. UNDP should build on its role in supporting green and SDG bonds while attaching less weight to ESG standards. UNDP has supported the development of SDG bond frameworks. As investors, regulators and Governments seek to address concerns related to 'greenwashing' and 'SDG washing', UNDP is well placed to support the development of frameworks offering enhanced verification and monitoring standards linked to SDG delivery. The added value of current SDG Impact work on standard-setting is unclear given that: (1) this is a very crowded playing field; and (2) current initiatives are geared towards the consolidation of standards.

Summary Message #19. UNDP has provided leadership in several areas of green finance but needs to provide greater clarity in approaches to financing for clean energy. The organization has set a target to work with others to leverage finance to link 500 million people to modern energy by 2025. This is an ambitious target. Much of the increase will have to be achieved through off-grid and mini-grid solutions in Africa. UNDP should specify how – and where – it will contribute to wider efforts to remove bottlenecks to blended finance in these areas, including reform of regulatory systems.

This section assesses the UNDP strategic approach to SDG financing through its flagships, services and tools. The Sustainable Finance Hub, which encompasses the SDG Impact team and the Istanbul International Center for Private Sector in Development, provides an umbrella for delivery. Recognizing that some of these structures are still being rolled out and gaining traction following a partial consolidation of UNDP finance-related activities in 2019, the evaluation should be read as a preliminary assessment of work in progress. At the same time, the urgency of achieving the SDGs demands an emphasis on early delivery and the Strategic Plan period is to 2025. Moreover, while the Sustainable Finance Hub is of relatively recent origin, many of its activities are of longer standing and therefore more amenable to evaluation.

In the spirit of a formative assessment, the current UNDP financing toolkit is considered against the concrete goals articulated in the Strategic Plan, 2022–2025. In addressing this task, it is recognized that UNDP operates as part of the wider United Nations system and through a complex web of networks, partnerships and delivery channels. The organization's modus operandi cautions against the application of simple attribution metrics. By the same token, it is important that the exacting 'moon shot' and targets set in the Strategic Plan are underpinned by credible performance criteria and backed by strategies for delivery. The UNDP financing toolkit is evaluated with reference to the three categories of finance outlined in section 5: domestic resource mobilization, international public finance and private capital.

5.1 The SDG financing strategy and implementation architecture

The UNDP strategic vision for SDG financing

Finding 6. The UNDP Strategic Plan, 2022–2025 set a bold 'moon shot' of promoting the investment of over $1 trillion of public expenditure and private capital in the Sustainable Development Goals, working with Governments, international agencies and the private sector to mobilize finance at scale.

Building on themes from the previous planning period, the Strategic Plan sets a course for UNDP to 2025. As one of five core objectives, the Plan includes a target for the organization to support the investment and alignment of $1 trillion of public resources and private capital to the SDGs. If achieved, the target would materially change prospects for recovery.

The $1 trillion financing 'moon shot' spans the public and private actors. Beyond the headline number provided in the Strategic Plan, internal documents provide a more granular picture of planned delivery channels. Draft commentary provided to the evaluation team identifies three such channels:

- At least $500 billion in public finance aligned to the SDGs through application of SDG budget classifications in 70 countries as part of the INFF programme
- $500 billion in private capital, with major private equity funds and enterprises adopting the SDG Impact Standards
- At least $42 billion leveraged directly by UNDP through partnerships, including debt instruments, risk capital and taxation. This envelope spans private capital, blended finance and public finance, and a range of initiatives, including a joint global finance flagship with UNICEF and blended finance through the Joint SDG Fund

It is worth highlighting that these objectives are to be achieved in the four-year window of the Strategic Plan, 2022–2025.

The financing goals lack metrics for tracking delivery and impact and appear to be weakly grounded in strategy. Much of the UNDP impact will be delivered through technical advice, leveraging and by working with Governments and the private sector to mobilize finance at scale. However, 'leveraging' is an activity that can give rise to exaggerated and unverifiable claims, often masking variable levels of attribution. On domestic public finance, data on the mobilization and alignment of new and additional resources need to be disaggregated and measured, with weight given to equitable and efficient public spending. Given the economic downturn facing many countries, the scope for raising additional revenue through tax reform may be limited. With respect to private capital, the three main units should develop shared metrics specifying indicators for impact. More broadly, the $500 billion goal needs to be backed by more detailed and concrete strategies for engaging with key capital market actors and Governments, detailing which markets and which actors UNDP will prioritize. The same question applies to the $42 billion in proposed leverage finance. While the ambition is credible, it marks a step-increase in current mobilization. For example, the Joint SDG Fund has mobilized $128 million.[149] In all of these areas, UNDP is operating in very crowded playing fields with limited resources, and this places a premium on clear prioritization backed by the allocation of resources.

The UNDP SDG financing architecture

Finding 7. The Sustainable Finance Hub is positioned as a critical platform for UNDP to deliver its commitments on development financing, but it has a projectized approach to support the demand from programme countries.

The establishment of the Sustainable Finance Hub brought together what were disparate and unconnected projects and programmes from across UNDP bureaux, creating an opportunity to pool experiences, share knowledge and strengthen coordination. Prior to the establishment of the Hub, UNDP had an established track record of supporting SDG financing through its work on public finance, private sector development and private capital for the SDGs. The private sector development and partnership

[149] Joint SDG Fund, https://www.jointsdgfund.org/sdg-financing, accessed 27 March 2022.,

strategy (2018–2022)[150] established the Hub as a consolidated structure for UNDP financing approaches. The Hub brought together under a single framework the Istanbul International Center for Private Sector in Development, the SDG Impact team and a range of ongoing approaches and projects, including the INFF programme, Tax Inspectors without Borders, the new Insurance and Risk Finance Facility and a partnership with the United Nations Capital Development Fund for strengthening digital financial solutions.

The Sustainable Finance Hub has been structured around seven action areas which were developed through an early mapping of UNDP financing offers in the Asia-Pacific region. The mapping also identified a number of tools that could be brought under the umbrella of the Hub. At the time of writing, the number of SDG financing tools on offer had expanded to 128 (table 5) across 25 service areas. The seven action areas are:

- Action Area 1. Integrated national financing frameworks for the SDGs
- Action Area 2. SDG budgeting
- Action Area 3. SDG-aligned fiscal and debt instruments
- Action Area 4. Leveraging international public finance for the SDGs
- Action Area 5. Unlocking private finance for the SDGs
- Action Area 6. Aligning business strategies and operations for the SDGs
- Action Area 7. Impact measurements and SDG finance reporting

There may be scope for further consolidation and efficiency gains in the work of the Sustainable Finance Hub. The Hub's flagships are built around major projects and partnerships, reflecting pre-existing partner commitments and donor priorities within an envelope of SDG financing. A review of the organigram of the Hub shows 11 global initiatives including the Istanbul International Center for Private Sector in Development, Connecting Business Initiative, Business Call to Action, the SDG Philanthropy Platform, Tax Inspectors without Borders, INFFs, SDG Impact, Closing the Investment Gap in Sustainable Infrastructure, the Dialogue on Global Digital Finance, the Insurance and Risk Financing Facility and the Hub itself, delivered across all five UNDP regions – Latin America and the Caribbean, Africa, Asia-Pacific, Arab States and Europe and the Commonwealth of Independent States. It is not clear that the various teams have a shared understanding of how their work contributes to an organization-wide strategy for SDG financing. To some degree, this may reflect the project-based nature of much of the Hub's work and the reporting/delivery requirements for individual projects. The approach is reliant on countries developing a portfolio of SDG financing tools which together combine to leverage an impact bigger than the sum of their parts. Country case studies saw mixed evidence of this. In Rwanda and Colombia, for example, there was some evidence of different projects coming together to form the basis for a cohesive portfolio approach to SDG financing, but elsewhere this was less clear. However, this could be due to the infancy of some activities.

Matrix management across projects and regions makes it difficult to establish clarity of the Hub's organizational structure and the number of staff. An organigram dated June 2021 suggests current staffing at 52 positions,[151] with just under half of these (24 by our estimate) project-focused for the Istanbul Center, Tax Inspectors without Borders, the Insurance and Risk Financing Facility, the INFF programme,

150 UNDP, 'Private Sector Development and Partnership Strategy: Making Markets Work for the SDGs', https://www.undp.org/publications/undp-private-sector-strategy-2018-2022, accessed 27 March 2022.

151 It is difficult to calculate the fixed number of staff given that many staff are matrix-managed across projects and regions.

Connecting Business, SDG Impact and other projects. Staffing has grown steadily since the Hub was established, increasing from 11 in 2019 to 31 as of December 2021.

The broader delivery of the action areas, tools and coordination of support is provided through a small number of core staff and regional technical focal points. An imbalance of support across regions is apparent. The Bangkok Regional Service Centre has four advisers, covering general SDG finance advice, nature performance debt instruments, INFF and insurance and risk financing projects. The Latin American and Caribbean hub in Panama has two advisers covering finance and innovative finance and a tax specialist working on Tax Inspectors without Borders. In the Arab States region, SDG financing support is provided by the Regional Economic Adviser in coordination with the Sustainable Finance Hub. Teams in the Arab States and Latin America and the Caribbean are complemented by the regional inclusive growth teams. The Africa Sustainable Finance Hub in Pretoria has seven staff covering private sector support, insurance and risk financing, Tax Inspectors without Borders, investment and general SDG finance support. The support structure could better support the strategy by ensuring that resources are allocated against need and delivery criteria for the Strategic Plan. It is not clear that current allocations reflect this objective.

While UNDP stresses the importance of demand-driven service provision, in practice supply-driven approaches weigh heavily. The Sustainable Finance Hub oversees 25 service areas and 128 tools for delivering technical advice and support. Only a handful of these tools are in use across a significant number of countries, and the majority have been used in just one or two countries (table 5). The key tools being taken up remain strongly linked to flagships and projects offering financing to support uptake, such as the INFF, insurance and risk financing, Tax Inspectors without Borders and investor mapping. There is a recognized capacity constraint at the country-office level where support is often provided through regional focal points who are themselves limited in their ability to respond readily to all demands. Several country offices reported that they were not receiving the necessary support to take SDG financing forward. This is often despite strong demand from country offices, which reported that the limited regional technical support available did not allow for effective implementation of specific tools.

Delivery of support is further complicated given that advice and guidance for many of the 128 tools is delivered through the central Sustainable Finance Hub or regional advisers and supported through communities of practice. At the time of the evaluation, there was no clear mapping of either the delivery of services or demand from country offices. Though a comprehensive mapping had been undertaken in the Asia-Pacific region in 2019, the exercise was still under way in many other regions. The absence of a clearer articulation of demand makes it more difficult to plan, target support and evaluate delivery against the goals of the Strategic Plan. The Hub is currently developing a knowledge management system to help track activities. It is not clear if this will be linked to metrics and a monitoring framework to track achievement against the Strategic Plan objectives.

TABLE 4. The UNDP Sustainable Finance Hub: Action areas, services and tools

Action Area	#	Services	Tools	Response to COVID-19
Action Area 1: Integrated national financing frameworks for the SDGs	1	Developing SDG financing strategies to mobilize and align public and private finance	6	1
	2	Mobilizing coalitions for SDG financing	7	
	3	Aligning faith-based finance with national development plans and the SDGs	4	
Action Area 2: SDG budgeting	1	Integrating SDGs into medium-term and annual budgets	7	1
	2	Strengthening systems for monitoring and reporting SDG-related expenditures	4	
	3	Improving accountability and impact measurement for SDG-aligned budgets	6	
Action Area 3: SDG-aligned fiscal and debt instruments	1	Developing and monitoring SDG-related bond frameworks and project pipelines	6	1
	2	Support for tax administrations to identify tax policies that promote sustainable development and build capacities to reduce tax avoidance	3	1
	3	Assessing fiscal transfers to subnational governments	1	
	4	SDG-aligned biodiversity financing solutions	11	
	5	SDG-aligned financial instruments	1	
Action Area 4: Leveraging international public finance for the SDGs	1	Enhancing South-South cooperation for the SDGs	3	1
	2	Leveraging and improving development cooperation	8	1
	3	Accessing and implementing financing from the international financial institutions	2	
Action Area 5: Unlocking private finance for the SDGs	1	Engaging and enabling investors	2	
	2	Supporting impact through investment	6	
	3	Innovating with new technologies and digital finance tools (under development)	0	
	4	Scaling up climate investment	11	
	5	Managing investment risk	8	
Action Area 6: Aligning business strategies and operations for the SDGs	1	Managing risks to human rights	6	
	2	Encouraging business strategies and operations for the SDGs	4	1
	3	Growing value chains through technical advice and catalytic funding	7	
	4	Supporting businesses to become more resilient in disaster risk reduction, including in the context of COVID-19	7	7
	5	Inclusive business ecosystem development	1	
Action Area 7: Impact measurements and SDG finance reporting	1	Tracking public and private contributions to the SDGs	3	1
	2	Incentivizing private sector reporting for the SDGs	4	
Totals			**128**	**15**

In 2020 and 2021, the Sustainable Finance Hub had a cumulative budget of $32 million, with $6.3 million (20 percent) from UNDP regular resources (core) funding and $25.9 million (80 percent) from other resources (non-core) funding. This does not include the considerable support from the Joint SDG Fund for the INFF, financed by the European Union, which is directly funded through country offices across a number of United Nations agencies. For the period 2020 and 2021, this amounted to $92 million for the first call for support, across two components. The funding of the Hub is spread across its flagship projects.

TABLE 5. Funding for the UNDP Sustainable Finance Hub, 2020–2021, by project*

(In United States dollars)

Project Title	2020	2021	Total	%
SDG Impact	2,832,552	3,848,000	**6,680,552**	21%
Sustainable Finance Hub	2,046,000	3,531,500	**5,577,500**	17%
Tax Inspectors without Borders	1,685,904	2,610,425	**4,296,329**	13%
Insurance and Risk Financing	1,375,000	2,841,947	**4,216,947**	13%
Connecting Business initiative	1,182,809	1,754,208	**2,937,017**	9%
Istanbul Private Sector Center	1,319,513	1,309,585	**2,629,098**	8%
Business Call to Action (III)	1,359,277	797,410	**2,156,687**	7%
Closing Investment Gap	1,005,426	780,246	**1,785,672**	6%
Global Digital Finance	609,401	1,059,121	**1,668,522**	5%
Integrated National Financing Framework Initiative		375,845	**375,845**	1%
SDG Philanthropy Platform	10,000		**10,000**	0%
Total	**13,425,882**	**18,908,287**	**32,334,169**	

* Sustainable Finance Hub data, 2021 and 2020.

In terms of financial resources, a formal resource mobilization strategy is not yet in place. The Hub reported that a resource mobilization strategy is being developed in collaboration with the regional bureaux, which would ensure that SDG financing is embedded in the regional programme strategy documents for the period 2022–2025, in alignment with the Strategic Plan. In general, on a practical level, the regional advisers/focal points support country offices to prepare proposals to tap into different sources of funding, such as the Joint SDG Fund or the UNDP Rapid Financing Facility. Several innovative ways of mobilizing resources are being piloted in different regions. In Asia and the Pacific for example, the use of 'fee for services' through development services agreements with the private sector is being pioneered in Malaysia, but this remains a one-off, stand-alone initiative.

5.2 UNDP SDG financing tools

The UNDP financial toolkit covers a wide range of public and private capital resources. The INFFs seek to provide a mechanism for aligning financial planning and budget allocations with development plans and SDG commitments. There are a range of tools and projects linked to domestic resource mobilization, including the Tax Inspectors without Borders partnership with the OECD. The SDG Impact team and others oversee projects seeking to leverage private capital for the SDGs. The SDG financing tools fall into the three key areas of domestic resource mobilization, international public finance and private capital markets.

5.3 Domestic resource mobilization

Integrated national financial frameworks

Finding 8. UNDP support to Sustainable Development Goal financing has included a key role in the support and roll-out of integrated national financing frameworks, which could potentially fill an important gap in planning and budget allocations for the Goals.

The INFF provides a distinctive approach by offering a single integrated framework through which Governments and development partners can link SDG commitments to specified budget lines, and it could play a pivotal role in supporting national needs to align and mobilize financial resources for country-level development plans and the SDGs.

The INFF approach emerged from concerns over the weak alignment between SDG commitments and budget allocations. The conceptual origins of the INFF can be traced back to the Addis Ababa Action Agenda. Subsequently, the Inter-Agency Task Force on Financing for Development and others identified the weak (and in many cases non-existent) link between the SDG commitments undertaken by Governments and included in national development strategies or planning statements on the one side, and financing provisions linked to budget planning on the other. The INFF approach is supported by the G20; under the Italian Presidency of the G20 (2021), with UNDP support, , one of the outcome documents, on financing for sustainable development, set out a G20 Framework for voluntary support to INFFs.[152]

Begun in 2019, the INFF project is supported by funding of $92 million from the European Union through the Joint SDG Fund[153] and $36.3 million in co-funding for two components. Under component 1,62 countries are: (1) implementing gender-responsive INFFs; (2) developing dialogues, alliances and networks on SDG financing at the national level; (3) strengthening the capacities of public authorities and the private sector to develop SDG impact investment; and (4) conducting feasibility studies for the design of financing solutions to unlock public and private financing. Under component 2, a smaller group of countries is exploring an expanded range of projects to align financing to the SDGs, focusing on five priorities: resilient infrastructure; people and health; agriculture and food security; nature and climate action; and the blue economy.

The INFFs aim to ground SDG commitments in financial planning. That objective has become more important in the light of the widening financing gaps outlined in section 5. Fundamentally, the INFF is a planning tool that aims to better align the SDGs with financial resource allocations. It challenges a planning model that has seen line ministries and ministries of planning adopt ambitious Goals which may not have been reflected in budget processes. Beyond improved coordination and alignment, another INFF objective is the mobilization of new additional resources. As part of the INFF process, Governments and partners will assess the development finance resources available to countries, seeking to identify

152 Financing for Sustainable Development: G20 Framework for voluntary support to INFFs, G20 High-Level principles on sustainability-related financial instruments and G20 common vision on SDG alignment, http://www.g20.utoronto.ca/2021/Financing-for-Sustainable-Development.pdf

153 https://www.jointsdgfund.org/

potential sources of finance. The aim of the INFF is to provide Governments with improved information on such potential sources of finance and enable them to articulate their needs in dialogues with the international community.

The methodological guidance for INFFs has its origins in the Inter-Agency Task Force on Financing for Development. UNDP and UNDESA have developed an extensive toolkit that covers five INFF building blocks: (1) the inception phase; (2) assessment and diagnostics; (3) financing strategy; (4) monitoring and review; and (5) governance and coordination. There is an emphasis on national ownership and the facilitation of demand-driven, flexible approaches designed to reflect the needs and conditions of individual countries. The inception phase entails an initial development finance assessment which determines the baselines for the financing available, budgets and spending and identifies gaps and possible financing channels to address them, although this is not a requirement. Working with countries, the assessments also evaluate their financing structures and possible weaknesses, risks and constraints that are hindering the broadening of the financing and policy options to align finances with plans. UNDP has published a guidebook[154] to help technical teams shape and guide their analyses. Climate and environmental issues are one of six themes highlighted in the guidebook. The other priorities are equality, gender equality, health, social protection and job protection and creation. The guidebook was revised in 2020 in light of the likely impacts of the COVID-19 pandemic on public and private finance.

There is evidence of national demand in the development of INFFs. During 2021, a further 50 countries initiated the INFF process, bringing the total number to 71. Analysis by the UNDP INFF team found that more than half of these countries had formalized the governance oversight structures to ensure that the next steps of the majority of INFF processes are led by ministries of finance. As of the first quarter of 2021, two countries – Ghana and Nepal – had launched an INFF financing strategy, with most scheduled to reach this stage later in 2021 or 2022, typically embedding them in medium- and long-term national plans. UNDP and UNDESA are playing a leadership role, with 21 other United Nations organizations and many donors involved in the process. The engagement of the IMF, World Bank and regional development banks in the dialogue is also encouraging. The level of engagement points both to a recognition of the potential planning gap identified by the INFF and the UNDP leadership role in shaping methodologies, engaging with planning and finance ministries and driving delivery of SDG financing.

Evidence from the evaluation's country case studies supports wider evidence indicating that some Governments see INFFs as a potentially useful planning instrument. This emerged from our findings in Uganda and Rwanda, where the Governments have made a concerted effort to adopt INFF principles. There is also some (admittedly tentative and preliminary) evidence from our country assessments that INFFs may help identify new resources for SDG financing based on the development finance assessments.

There is a compelling case to be made for the INFF workstream, but it is difficult to see how it will align, leverage or unlock financial flows for the SDGs, as envisaged in the current Strategic Plan period. The INFF is primarily an administrative planning tool for aligning budgets with SDG commitments, rather than a financial mobilization platform (notwithstanding the role of the development finance assessments). Given the breadth and scope of the SDGs, the INFFs will have to address difficult technical issues, and no planning tool will circumvent political differences over what is and what is not an SDG-related expenditure item. However, there is clearly merit in seeking to build more robust 'SDG bridges' between ministries covering finance, planning and specific sectors such as health and education. Successful

---

154 UNDP, 'Development Finance Assessment Guidebook: Supporting governments to build forward better through integrated national financing frameworks' (undated) https://sdgfinance.undp.org/sdg-tools/development-finance-assessment-dfa-guidebook

INFFs may enable Governments to better articulate SDG priorities in their dialogue with donors, and to assess trade-offs. The INFFs could also play a broader role in strengthening the transparency of budget reporting related to the SDGs, providing civil society with a mechanism to hold Governments to account. That being said, a recent Uzbekistan SDG Eurobond issuance worth $870 million was reported by UNDP to have been developed under the umbrella of the INFF approach.[155]

Concerns were raised that merit consideration over the delivery, scope and design of INFFs. During our interviews with expert observers, several concerns were raised. Some observers saw the INFF process as an additional administrative burden on already overstretched government capacities and questioned the buy-in of some partners. There was a view that existing planning instruments could be adapted and adjusted to achieve the goals of the INFF. Others pointed to the long and largely unsuccessful history of efforts to improve donor coordination behind national efforts, arguing that the incentive structures facing bilateral donors and financial institutions were poorly aligned with country ownership. The added value of development finance assessments, many of which appear to summarize information already available to finance ministries, remains unclear. It was noted that the IMF had developed detailed methodologies for assessing national SDG financing gaps in low-income countries, and that the World Bank was working closely with line ministries on SDG financing, taxation and private capital mobilization. Additionally, there are concerns that the INFF is seeking a technocratic solution to SDG financing challenges rooted in political power, vested interest and the failure of national elites to tackle inequality.

A greater focus should be attached to ensuring that equity and the principle of leaving no one behind are integrated and considered in the INFF design. Whatever the validity of concerns about the wider INFF process, it appears that leaving no one behind is absent from the heart of the exercise. This is especially relevant in the context of public finance, with respect both to taxation and public spending. In the fiscally constrained post-pandemic environment, progressive taxation and public spending that combine efficiency with enhanced equity is a condition for aligning finance with SDG commitments. Both the IMF and the World Bank have developed tools and methodologies for assessing equity in public spending. With inequalities in income and wider capabilities acting as a powerful brake on progress towards the SDGs, there is a compelling case for including an additional implementation module on leaving no one behind in the INFF.[156]

SDG budgeting

Finding 9. The current climate-related budgeting and tagging work of UNDP builds on a strong track record, with UNDP playing a valuable role in supporting public expenditure delivery against other Sustainable Development Goals.

This action area brings together a range of public expenditure tools designed to track the uptake of climate policies in national budgets. This was initiated 10 years ago by the Regional Bureau for Asia-Pacific at the Bangkok Regional Hub and first operationalized in a number of UNDP partner countries in that region. The development of SDG budgeting and budget mapping is clearly in line with the need outlined in section 5 to identify SDG financing gaps and assess options for closing them. The development of these tools has generated considerable technical knowledge of national budgeting processes and their alignment with SDG-related planning and reporting in a small number of countries. UNDP is recognized by other international agencies, including the World Bank and the IMF, as an 'early

155 'Uzbekistan to issue US$ 870 million worth of dual-tranche eurobond', *The Tashkent Times*, 9 July 2021; and UNDP Uzbekistan, 'Government of Uzbekistan issues historic bond on London Stock Exchange', Press release, 2 August 2021.

156 https://commitmentoequity.org/publications-hub

mover' in this area. Several countries (e.g., Bangladesh) that have worked with UNDP on these tools have subsequently taken up leadership positions within the international climate finance community, in part based on the knowledge generated through the collaboration with UNDP.

The first of these tools was the Climate Public Expenditure and Institutional Review, which was developed in 2011. At its core is a public expenditure review of climate-related public spending and involves the tagging of climate-relevant budget estimates. This information can be used to inform future public spending plans and to evaluate previous spending. As an early effort to broaden the scope of analysis beyond climate budget tagging, UNDP prepared a guidance note[157] in 2017 to help strengthen the alignment between climate change policy and the national budget process. The guidance note describes a strategic, whole-of-government planning process that aims to improve the mobilization, management and targeting of climate finance.

This body of analytical work has provided the foundation for the current UNDP offer in support of broader financial and planning processes. New work is being developed using tools from the previous action area, through the development of INFFs that focus on strengthening the links between the budget and national development planning. SDG budgeting has also provided UNDP with a skill set to engage with Governments on how to monitor the impact of COVID-19 on public spending, as the example from Armenia demonstrates (box 4).

BOX 4. The example of the Armenian Government's Budget Circular for 2020

During the early stages of the COVID-19 pandemic in mid-2020, the Sustainable Finance Hub produced a quick guide on how public finance management could be adapted to respond to COVID-19 issues using budget tagging. This generic guidance was used in Armenia to support discussions between UNDP and the Ministry of Finance. This led to the Ministry's issuance of a budget circular requiring all line ministries to tag projects related to COVID-19 recovery efforts, so that an aggregate picture of relevant spending could be compiled. The information has yet to be published and its impact discerned, but the guidance was taken up very quickly and adopted in the national budget reporting process as a first step to understand the level of public expenditure being directed at the pandemic recovery. Armenia is one of 30 countries for which UNDP is supporting budget tagging.

Leveraging sovereign bond markets

Finding 10. UNDP has supported sovereign bond issues for the Sustainable Development Goals in a number of countries, an important area for the provision of new and additional financing for the Goals. However, the organization currently lacks a strategic focus for delivering at scale to meet the financing goals articulated in the Strategic Plan.

As Governments seek to expand fiscal space, affordable access to bond markets could play an important role in SDG financing, as indicated in section 5. Given the size of the market, this is an area where UNDP could potentially leverage at least part of the $500 billion in private capital debt financing for the SDGs.

157 UNDP Bangkok Regional Hub, 'Hard Choices, Integrated Approaches: A Guidance Note on Climate Change Financing Frameworks', undated.

The rise of ESG investment has created new opportunities. Not all countries are well placed to exploit these opportunities. The affordability of bond financing is a function of macroeconomic conditions, creditor risk assessment and growth prospects. Debt sustainability is a concern. With all these caveats, however, bond financing could form part of a wider strategy for SDG recovery in many countries.

UNDP has developed distinctive competencies with the potential to leverage resources in bond markets, highlighted by its work in Indonesia. In 2020–2021, Indonesia entered the nascent 'green sukuk' market with issues of $2.75 billion at a coupon on 3-4 percent. The bond framework included detailed budget tagging and reporting provisions. UNDP was involved at the pre-issuance stage through support for developing the green sukuk framework and project identification, and the post-issuance stage through support for impact reporting, working with diverse institutional expertise from IFIs, the banking and accounting sectors to assist the Government to manage the green sukuk issuance. The bond was classified under the Government's SDGs Government Securities Framework, which identifies eligible expenditures across green, blue and social-focus categories. This is a striking example of UNDP technical advice contributing to the development of an instrument which has secured access to SDG-targeted finance on terms which may include an 'SDG premium'.

More recently, UNDP has played a contributory role in supporting some of the SDG bond issues documented in section 5. The world's first SDG bond was issued by **Mexico**, with total issues in 2020–2021 amounting to 2.1 billion euro. The bond framework includes budget tagging and targets 1,345 municipalities with the greatest social lag, through SDG-related programmes in areas such as nutrition, education and housing. The UNDP Regional Bureau provided a 'letter of verification' to support the bond which played an important role in marketing to investors. In **Benin**, although the UNDP country office was not directly involved in developing the bond offer, the issuance framework draws on SDG reporting and budget tagging systems developed with support from UNDP. The framework, which spans 12 categories of eligible expenditure, was verified as consistent with the International Capital Market Association's Green Bond Principles 2021 and Social Bond Principles 2021, and includes provisions covering use of proceeds, evaluation, selection of projects and/or programmes, management of proceeds and reporting. In **Uzbekistan**, UNDP agreed to support the new issuance of the SDG bonds and setting up a framework for monitoring projects funded by proceeds from the previous issuance of Eurobonds (November 2020 Eurobonds transaction), to assess development impact. The Rwanda country office has supported the Development Bank of Rwanda as it prepares to issue its first green bond, receiving some (limited) support from the Sustainable Finance Hub and the Africa Regional Hub in Pretoria.

While far from exhaustive, this brief list is indicative of the wide range of activities in the current portfolio. Engagement ranges from substantive design of bond frameworks and technical advice on budget tagging (Indonesia), to informal verification notices (Mexico), prior development in SDG reporting frameworks (Benin) and advice on preparation of issues (Rwanda). Uzbekistan (which was not part of this evaluation) appears to present a hybrid model. The Ministry of Finance is responsible for project selection and approval of projects. Final approval will be reported through an SDG Coordination Council overseen by the Deputy Prime Minister, and the Ministry will report on projects through an SDG bond register.

UNDP needs to strengthen the approach of its current offer. Different countries face very different prospects and problems as they enter, or consider entering, bond markets. The current UNDP offer appears fragmented and uneven. Some country offices report limited support from the Sustainable Finance Hub and few have the capacity and/or capabilities to deliver credible advice to Governments. If UNDP is to leverage its full potential in this area, it should consider investing in the development of strong, well-coordinated virtual teams able to marshal and delivery sound technical advice at pace. Such teams could be structured on a tiered basis to cater for countries embarking on initial issues, low-income and middle-income countries or more mature issuers. UNDP has recognized some of these challenges and is bolstering its approach, training and staffing.

UNDP should seek to link advice on sovereign bonds with an integrated approach to SDG financing, as envisaged by the INFF. Many of the challenges in this area are well known. Bond revenue is fungible. It makes a net contribution to SDG financing, *provided* that Governments do not use it to displace existing funding. If Governments use bond financing to replace equivalent cuts in SDG-related spending, the net effect is zero. This is not a theoretical problem. In the case of Mexico, a well-structured SDG bond offer was prepared and secured a favourable market response. But according to detailed research published by the Commitment to Equity (CEQ) Institute,[158] the Government did not strengthen and extend its safety net programmes during the pandemic, in marked contrast to Argentina, Brazil and Colombia. Such examples underscore the case for integrated approaches to SDG financing linked to a robust analysis of overall impacts on equity. As debt sustainability pressures mount, it is important that UNDP is positioned to provide advice on the associated risks with debt sustainability connected with bond issues.

In March 2021, the New Development Bank in China launched a three-year fixed-rate bond based on the UNDP SDG Impact Standards and the SDG Finance Taxonomy (China) and developed in dialogue between UNDP and Chinese authorities. The bond financing –7 billion yuan – is jointly administered by the Export-Import Bank of China and the Agricultural Bank of China and earmarked for use in an emergency programme loan for China geared to recovery from COVID-19, prioritizing SDG 8 (sustained, inclusive and sustainable economic growth). What is not clear from the documentation is: (1) how this issue differs from wider revenue mobilization measures aimed at financing infrastructure; (2) the specific SDG-related content beyond generic support for recovery; and (3) how the terms of the issue, including yield structure, differ from wider financing by the New Development Bank for projects in China. However, it could offer an opportunity for a broader SDG investment discussion within the country.

The current architecture for SDG compliance verification is weak. As shown in section 5, sovereign bond financing for the SDGs is set to grow. Drivers will include a search for returns on the part of investors, the growth of capital markets and shrinking fiscal space in developing countries. The pace of growth and the human development gains associated with that growth will depend partly on market considerations (including credit ratings), partly on whether SDG issues attract a premium, and partly on the design of SDG frameworks and monitoring of delivery. The current verification architecture is dominated by the major credit rating agencies – such as Moody's and Standard and Poors – and 'second opinion' entities, some of which are tied to the former. What is missing in the current architecture is an actor positioned to frame compelling SDG bond offers backed by credible reporting systems, budget tagging and impact assessment.

Tax Inspectors without Borders

Finding 11. The UNDP tax offer, through the Tax Inspectors without Borders programme, is delivering results, but the impact is limited by scale, project-based design and wider systemic challenges.

158 Lustig, N., V. Martinez-Pabon, F. Sanz and S. D. Younger (2020). "The Impact of COVID-19 Lockdowns and Expanded Social Assistance on Inequality, Poverty and Mobility in Argentina, Brazil, Colombia and Mexico." CEQ Working Paper 92, CEQ Institute, Tulane University.

Tax revenue is the foundation for the public finance needed to drive achievement of the SDGs and deliver the basic services that expand opportunity, build resilience and manage shocks for the poorest. As highlighted in section 5, many Governments are now faced with a shrinking fiscal space as revenues fall below previously projected levels. Fiscal tightening through reduced public spending will fulfil the 2030 Agenda.[159] The alternative is to expand the revenue base – an alternative that is at once more challenging and more difficult with lower growth.

While UNDP is engaged through the INFF and wider dialogue on a range of tax policy issues, the Tax Inspectors without Borders programme is a core part of its distinctive offer. This joint OECD/UNDP initiative deploys qualified experts in developing countries to help build capacities in a range of tax-related areas including audit, criminal tax investigations, transfer pricing and the effective use of automatically exchanged information. Governments can request support on these and other themes. The programme maintains a roster of experts who can be deployed to countries upon government request. The initiative is designed to fill a gap between the high-level policy dialogue on tax between Governments and actors such as the World Bank, IMF and the regional development banks, and practical support on detailed matters of tax administration.

The initiative's programmes are demand-driven, with experts providing assistance with ongoing audit cases and building capacities. As of 30 June 2021, the initiative spanned 47 jurisdictions with 47 completed and 43 current programmes, including 17 South-South programmes.[160] Programmes typically run for a period of 18-24 months and comprise between six and eight missions. Despite travel restrictions, during the period July 2020 to June 2021, 12 programmes were launched remotely. Africa continues to account for more than half of all Tax Inspectors without Borders programmes initiated in 2020-2021. The experience in Uganda captures the wide range of issues covered by the initiative (see box 5). In April 2021, the initiative was able to expand with the help of an additional allocation of $19.9 million, supported by the Governments of Finland and Norway. The three outputs for the additional funding are: (1) National tax administrations/ relevant agencies have increased capacity to tackle tax avoidance, tax evasion and illicit financial flows; (2) Governments increasingly align tax and fiscal policy with the SDGs; and (3) Evidence and perspectives from African and other developing countries incorporated into regional and international discussion on taxation.

UNDP is seen by the OECD as a valuable partner, projecting the distinctive offer of Tax Inspectors without Borders into national policy environments and the wider United Nations system. Support to country offices is delivered over five areas: tax-related technical support; digital technology solutions; programme facilitation; cooperation and partnerships; and long-term changes. UNDP country offices often liaise with tax administrations and aid in the initiation of the Tax Inspectors without Borders programmes. In certain jurisdictions, UNDP assisted in connecting experts sponsored by the initiative with a range of stakeholders, helping create a constituency of support for tax reform. For example, UNDP Uganda organized a stakeholder engagement session highlighting the benefits of robust transfer pricing legislation.

The programme's annual report 2021 reported that the initiative has supported the collection of an additional $1.4 billion in tax revenue and an additional $3.9 billion in tax assessments since 2012. The

159 Clements, Benedict et al, Center for Global Development, 2021, 'Low-Income Developing Countries Will Surely Need More Debt Relief Down the Line', Center for Global Development, 23 June 2021, https://www.cgdev.org/blog/low-income-developing-countries-will-surely-need-more-debt-relief-down-line, accessed 25 March 2022.

160 OECD/UNDP (2021), Tax Inspectors Without Borders - Annual Report 2021, OECD, Paris, http://tiwb.org/resources/reports-case-studies/tax-inspectors-without-borders-annual-report-2021.htm

programme estimated that for every one United States dollar spent on its activities, an average of $125 in supplementary tax revenues is generated by host administrations. In the absence of robust evaluation documents, it is difficult to fully assess these claims.

The scale of reported revenue losses associated with tax evasion and avoidance merits urgent consideration in the post-pandemic period. According to the Tax Justice Network, $40 billion in tax revenue is currently lost through tax evasion and avoidance. Recent IMF staff research[161] shows that Governments in sub-Saharan Africa are losing between $450 million and $730 million per year in corporate income tax revenues alone as the result of profit-shifting by multinational companies in the mining sector. Capital mobility, digital service delivery, use of jurisdictions with opaque reporting requirement, reporting gaps, transfer pricing and the weak capacity of many revenue administrations, are set to increase these losses as multinational investors exploit grey areas and reduce tax liability by shifting profits. While these are long-standing concerns, the widening SDG financing gap has given an added urgency to the development of policy measures that might help close the financial floodgates opened by current tax practices.

Recent efforts to address global tax concerns have focused on base erosion and profit-shifting.[162] These practices are estimated by the OECD to cost between 4 and 10 percent of corporate tax revenues, with developing countries the worst affected. Less than 2 percent of the gains are estimated to accrue to revenue authorities in developing countries, according to the South Centre.[163] Many of the most egregious tax practices – including transfer pricing and underpricing of assets – continue unabated, with the proceeds channelled through offshore centres.

BOX 5. Tax Inspectors without Borders in Uganda

In Uganda, Tax Inspectors without Borders has worked to support the Government through a broad partnership including the World Bank, the African Tax Administration Forum and bilateral donors. Support included:

- Audits related to transfer pricing and other international taxation issues.
- In nine audit cases, guiding the officials through all audit stages from risk assessment and case selection to tax assessment and collection.
- Uganda participated in a pilot programme which aims to build capacity in the functional area of tax crime investigation, including the transfer of investigative skills through a bilateral capacity-building programme in collaboration with the Indian Tax Administration.

The evaluation has not sought to assess whether or not there is evidence of enhanced tax capability and capacity-building in the broader sense, but the Uganda Revenue Authority has commended the initiative's learning-by-doing approach, which facilitated the transfer of knowledge and experience and increased the overall confidence levels of tax officials. UNDP Uganda reported that it integrated support to Uganda Revenue Authority in its 2018 annual workplan, with a budget to support advocacy, influence policy and strengthen reporting and capacity-building for the staff of the Uganda Revenue Authority to complement the work of Tax Inspectors without Borders.

161 Albertin, Giorgia et al, IMF, 2021, 'Tax Avoidance in Sub-Saharan Africa's Mining Sector', IMF Departmental Paper, 28 September 2021.
162 OECD, 'International collaboration to end tax avoidance', https://www.oecd.org/tax/beps/, accessed November 2021.
163 Chowdhary, Abdul Muheet, 'Developing Country Demands for an Equitable Digital Tax Solution', Tax Cooperation Policy Brief no. 19, South Centre, October 2021.

5.4 Private capital attraction tools

SDG Impact Standards

Finding 12. The current UNDP focus on setting Impact Standards for the Sustainable Development Goals to guide management practices in private capital markets largely duplicates the work of other agencies, with little value added for leveraging finance for the Goals.

The SDG Impact Standards are aimed at integrating the SDGs into decision-making standards, rather than reporting or operating standards. To cite the language used to explain the initiative: the standards "are decision-making standards, not performance or reporting standards. They are designed to help organizations integrate operating responsibly and sustainably and contributing positively to sustainable development and the SDGs into organizational systems, investment frameworks and decision-making practices" and are "for all Enterprises, Bond Issuers and Private Equity Funds committed to operating sustainably." [164] The project is also presented as 'useful guide' for an extensive range of other actors, including Governments, policymakers, analysts, investors and others. While principally presented as a management approach, the Impact Standards approach is also framed as a best-practice guide to investment practices (for example, in the OECD-UNDP Impact Standards for Financing Sustainable Development).[165]

The UNDP SDG Impact group has three main pillars of work: (1) impact management, which involves the development of SDG impact standards, impact assurance and an SDG Impact Seal available to bond issuers, equity fund managers and enterprises, as well as impact training, aiming to guide better decisions, driving investment capital to where it is needed; (2) impact intelligence, which involves the preparation of SDG investor maps and an SDG investor platform, aiming to produce data and insights needed for increasing financial flows for the SDGs; and (3) impact facilitation, including the convening of SDG impact investors, and SDG impact policy dialogues, aiming at fostering matchmaking and collaboration to realize investments.

UNDP has developed a range of SDG-related standards including for private equity funds (version 1.0 released in October 2020),[166] bond issuers (March 2021)[167] and enterprises (June 2021).[168] UNDP reiterates that these are decision-making standards, not performance or reporting standards, that focus on embedding SDG-related considerations in "organizational strategy, management approaches, transparency and governance structures".[169] The SDG Impact team worked with the OECD to produce joint OECD/UNDP Impact Standards,[170] a set of standards designed to provide donors, development finance institutions and private investors with a joint best-practice guide and self-assessment tool for integrating impact management into investment practices and decision-making. UNDP is also developing an accreditation system for independent practice assurers, an SDG Impact Seal available to bond issuers, equity fund managers and enterprises.

164 UNDP SDG Impact, 'About the SDG Impact standards', https://sdgimpact.undp.org/assets/About-the-SDG-Impact-Standards.pdf, accessed 28 March 2022.

165 OECD/UNDP (2021), OECD-UNDP Impact Standards for Financing Sustainable Development, OECD Publishing, Paris, https://doi.org/10.1787/744f982e-en.

166 https://sdgimpact.undp.org/private-equity.html

167 https://sdgimpact.undp.org/sdg-bonds.html

168 https://sdgimpact.undp.org/enterprise.html

169 https://sdgimpact.undp.org/assets/About-the-SDG-Impact-Standards.pdf

170 https://sdgimpact.undp.org/oecd-undp-impact-standards.html

The current suite of standards is pitched at a very high level of generality. The evaluation team reviewed in detail the Impact Standards for bond issuers. The relevant document sets out several dozen principles across four thematic areas: strategy, management approach, transparency, governance. Many of these principles relate to organizational culture in general, or to measurement and data questions that are well known. None of this is contentious in an SDG context. But given the well documented difficulties associated with setting, verifying and monitoring consistency with (for example) human rights standards, it is difficult to see an added value.

BOX 6. An illustration of the management approach for bond issuers*

Taken from the UNDP SDG Impact Standards for bond Issuers

2.1.1 The Issuer embeds respect for human rights in line with the UNGPs, planetary boundaries, and other responsible business practices in its organization-wide policies and practices, including:

- 2.1.1.1 Integrating accountability into organizational culture, business operations, day-to-day roles, cross-functional teams and decision-making processes
- 2.1.1.2 Demonstrating sufficient diversity across gender, race and other dimensions at the appropriate level of seniority and authority to influence decision-making
- 2.1.1.3 Implementing effective grievance and reparation mechanisms with whistle-blowing safeguards for affected stakeholders
- 2.1.1.4 Ensuring visibility of senior leadership's commitment throughout the organization, including monitoring performance and conformance and driving a culture of continuous improvement
- 2.1.1.5 Avoiding or reducing negative impacts and promoting respect for human rights in line with the , planetary boundaries and other responsible business practices in supply and value chains

* https://sdgimpact.undp.org/assets/Bond-Issuers-Standards_1.0.pdf

Moreover, the standards appear to duplicate approaches to decision-making and management that are widely promoted through other channels. These include United Nations agencies and partnerships (the Principles for Responsible Investment, the UNEP Finance Initiative, the Global Compact, the Global Reporting Initiative, the World Business Council for Sustainable Development), the International Standards Organization (ISO) and a range of private sector actors. Many of the tools deployed by these and other actors working actively with companies, investors and organizations appear to address the same purpose as the Impact Standards. The standards are considered to "build on and complement existing work undertaken by other industry-led initiatives on impact management and measurement".[171] However, respondents to our evaluation operating in creditor agencies and bond markets questioned the value of introducing more standards and principles into a crowded playing field of apex standard-setting agencies (see box 6) at a time when international efforts are focused on the consolidation of standards and reporting systems (see section 5).

171 UNDP, About the SDG Impact Standards, https://sdgimpact.undp.org/assets/About-the-SDG-Impact-Standards.pdf

While there is no obvious gap in standard-setting or reporting principles, there is a potential gap in SDG-related offers and reporting systems. Notwithstanding the extent of greenwashing, there is currently a mismatch in ESG-related reporting systems between the relatively robust monitoring tools available to track national, municipal and corporate reporting on greenhouse gas emissions and environmental goals, and the far weaker standards applied to SDG reporting. That gap represents a threat to the mobilization of financial resources through private capital markets because of investor concerns over exposure to SDG washing. But it also represents an opportunity for UNDP. Currently, debt-financing markets – including ESG fund managers, banks and credit agencies – use 'second opinion' agencies to verify the credibility of corporate and sovereign bond frameworks. As noted above, these agencies have a limited understanding of SDG processes, weak levels of engagement with Governments and a restricted capacity to provide advice on reporting systems. These are all areas in which UNDP may be well placed to support Governments in developing SDG frameworks which could incentivize investment and reduce capital costs by providing investors with robust evidence of impact.

SDG Impact needs to develop a 'theory of change' setting out the pathways through which it will unlock private capital investment by drawing effectively on the organization-wide assets of UNDP. The organization should drive this endeavour through strategic analysis, rather than donor or partner funding. Setting new standards in an already overcrowded playing field on which investors, regulators and Governments are pressing for consolidation and more consolidated reporting through existing apex institutions (such as the International Capital Market Association in the case of bond markets) would appear to close to a zero-sum game. One strand of the UNDP comparative advantage in engaging with Governments and bond market actors is its presence at the country level and standing as an authoritative source on matters relating to the SDGs. This is the bedrock for a compelling offer building on the experience documented in this section, and it is where resources should be concentrated.

BOX 7. ESG standard-setting agencies

Apex standard-setting institutions provide an array of principles and reporting standards used as a reference point for ESG investment and bond issuance. Key actors include:

- The International Capital Markets Association, which reports that 97 percent of 2020 bond issuance was aligned with its principles, has informed the Climate Bonds Standard and Certification Scheme, European Union Green Bond Standards and other global, regional, national and subnational initiatives.
- In 2020, five standard-setting agencies adopted a shared vision for comprehensive corporate reporting, with the Sustainability Accounting Standards Board (**SASB**) providing a framework for investor reporting across 77 industries and financial service sectors.
- The Financial Stability Board's Task Force on Climate-related Disclosures has established a reporting framework on climate risk and reporting which, according to its 2021 report, spans 89 countries or jurisdictions and over 1,000 financial institutions (with assets of over $194 trillion and actors with a market capitalization of over $25 trillion).
- The Climate Disclosure Standards Board, a consortium of business and non-governmental organizations, offers companies a framework for reporting environmental information.
- Over 4,000 companies managing reported assets of $130 trillion have endorsed the Principles for Responsible Investment (PRI). The institution provides advice on impact and reporting systems linked to the SDGs.

- The Global Reporting Initiative provides what it describes as 'best-practice' reporting standards across a broad range of climate, sustainability and human rights standards, covering a wide range of sectors and topics.
- The IRIS+ system from the Global Impact Investing Network, offers a free system for investors to integrate social and environmental factors into investment decision-making and is being used by 10,000 organizations.

The World Bank's International Finance Corporation also offers a comprehensive set of environmental and social standards for investors as well as ESG resources covering risk management, labour, resource efficiency, community land resettlement, biodiversity, indigenous people and cultural heritage.

Fully leveraging the potential of UNDP in bond markets will require wider engagement. Current ESG reporting systems bear many of the hallmarks of a box-ticking exercise overseen by standard-setting entities, credit risk agencies and investors. The SDGs do not currently figure prominently in the market – and there is a danger that SDG washing will become a new normal. UNDP could play a critical role in making the case for an 'ESG+' approach that seeks to expand SDG-related bond financing by offering strengthened tracking and impact reporting. The key targets in this area would be the credit rating agencies (principally Moody's and Standard & Poors), large end-investors with sufficient weight to shift markets and strategically selected corporate and retail investors.

SDG investor mapping

Finding 13. Investor mapping by UNDP is still at an early stage, though it remains unclear to what extent it will bring private finance to investment in the Sustainable Development Goals. Current approaches are complicated and require both simplification and more direct support to country teams and Governments.

Investor mapping aims at addressing one of the core SDG financing challenges outlined in section 5. Many developing countries offer SDG-related investment opportunities that could generate social benefits and private returns, yet private capital financing is lacking. Investor mapping seeks to identify opportunities for investors consistent with SDG financing. An underlying premise is that investors may lack the market information, knowledge and contacts needed to seize business opportunities.

SDG Investor mapping is a central component of the work supported by the UNDP SDG Impact team along with its SDG Impact Standards and training. Investor mapping provides a country-level market intelligence tool that seeks to translate SDG financing priorities into actionable investment opportunities by providing localized insight into market conditions and opportunities to guide investor decision-making. The SDG investor map methodology[172] has a standardized eight-step process from collecting information and synthesizing needs and policies to identifying subsectors, subregions and potential business models. SDG investor maps are produced locally by UNDP country offices based on primary and secondary research and supported by engagement with public and private partners. The maps are made available through the global SDG Investor Platform, with impact facilitation events organized for the convening of possible SDG investors and policy dialogues. The mapping approach is reported to have strong interlinkages with the INFF process.

172 UNDP SDG Impact, SDG Investor Platform: Methodology, https://sdginvestorplatform.undp.org/methodology, accessed 29 March 2022.

At the time of the evaluation, UNDP had finalized 17 SDG investor maps identifying a total of 295 investment opportunity areas. Another 24 investor maps are under development. In some countries, the investor maps have been used to enable private sector activities and contribute to the SDG agenda. For example, UNDP Colombia has used the Colombia SDG Investor Map to build a portfolio of impact venture companies. In other cases, the mapping indicates areas of opportunity. The investor map for Namibia, to take one example, identifies 15 investment opportunities across six areas (education, food and beverage, health care, infrastructure, services and transportation). Two specific opportunities include investment in the irrigation scheme operation and expansion for commercial farmers which offered a rate of return of 10 to 15 percent over the long term (10+ years), and a market opportunity of $50 million to $100 million, linked directly to SDG 2 (food security) and SDG 9 (industry, innovation and infrastructure). The investor mapping further highlighted opportunities in health care with an investment in the manufacturing of essential medicine and drugs in Namibia, offering a market of $100 million to $1 billion and an internal rate of return of 20 to 25 percent over the long term (10+ years). The mapping process highlights potential business investment opportunities, their expected impact, indicative return on investment and time frame along with the estimated market.

A number of country offices covered in this evaluation saw the benefit of the SDG investor mapping, providing an approach and framework for UNDP offices to engage with the private sector, investors and the government around investment opportunities to meet SDG needs, but also found that the approaches and guidance provided were overly complicated. This was especially true for offices with limited resources and technical capacity. Some, such as Rwanda, chose to hire external companies to undertake the process, limiting its integration within the investment strategies and agencies of the Governments. Others saw the benefits of mapping as a tool for engagement but were uncertain as to the potential for delivering investment.

The underlying premises of the investor mapping approach appears questionable. While there are unquestionably market information barriers limiting investment, these barriers do not operate in isolation. Investors in general, and long-term investors in particular, cite commercial risks (including currency risks), especially in early-stage investment and uncertain regulatory environments as major concerns. Addressing these concerns often requires blended finance arrangements, which are complex and difficult to negotiate. The gap between hypothetical investment opportunities of the type identified in investor maps and bankable projects has been widely documented.[173] Another constraint is that in contrast to the World Bank and regional development banks, UNDP is unable to draw on financing resources to underpin potential investments. For all of these reasons, it is difficult to see how the current approach will contribute to the mobilization of development finance at the scale envisaged in the Strategic Plan.

---

173 Hand, Dean et al, Annual Impact Investor Survey 2020, Global Impact Investing Network, June 2020. https://thegiin.org/research/publication/impinv-survey-2020

BOX 8. The SDG investor mapping process in Rwanda

The SDG investor mapping was rolled out in Rwanda from February 2020 to July 2021. It identified 13 Investment opportunity areas including in the food and beverage, health-care, education or renewable resources sectors.

UNDP Rwanda led a large data-collection effort. UNDP, with support from PwC, studied the country's policies, contacted policymakers, including from the Rwanda Development Board, the Ministry of Finance and Economic Planning, the trade ministry and the Private Sector Federation; carried out a COVID-19 analysis; and followed the eight steps of the SDG investor map methodology. The next identified steps were to advertise and inform potential national and international investors. The official launch meeting is planned before the end of the year and could involve Japanese investors that were already involved in the Ghana SDG investors map.

It was mentioned that the process could have better involved national institutions such as the Rwanda Development Board – the government institution with a mandate to accelerate Rwanda's economic development by enabling private sector growth – in order to strengthen their capacities.

Islamic finance

Finding 14. Islamic finance has potential to align investment with financing for the Sustainable Development Goals. One of the most promising areas for Islamic finance to synchronize with the Goals is on climate action. Despite the potential, results achieved in this area are still limited.

Islamic finance has become a growing source of funding for development. According to the Islamic Financial Services Board, the Islamic finance industry's assets grew to $2.7 trillion in 2020 from $2.44 trillion in 2019.[174] Sukuk is one of the fastest growing segments of the Islamic finance industry.[175] From the first sovereign sukuk issued by Bahrain in 2001, a number of countries (Malaysia, Pakistan, Qatar and the United Arab Emirates (Dubai)) followed suit, which drew international attention to sukuk and set the stage for the global growth of the sector. By 2020, the value of outstanding sukuk had risen to $690 billion compared to about $7 billion in 2004.[176] As outlined above, this is an area where UNDP has offered valuable support through the green sukuk support in Indonesia.

UNDP engages with Islamic finance through a range of interventions, from project identification, implementation and impact reporting to capacity-building through workshops, research and policy recommendations. Islamic finance is one of the two pillars in the impact investing workstream of the UNDP Istanbul International Center for Private Sector in Development. In 2016, UNDP and the Islamic Development Bank created the Global Islamic Finance and Impact Investing Platform, which aims at creating synergies between Islamic finance and impact investing to finance the SDGs. Within Islamic finance, green sukuk is the area where UNDP has worked the most. In addition to the Indonesia green sukuk experience, UNDP through the green sukuk Initiative implemented by the platform also provided support to Turkey, Pakistan and Uzbekistan.

174 Islamic Financial Services Board. 2021. Islamic Financial Services Industry Stability Report. Kuala Lumpur, Malaysia, June. © 2021 Islamic Financial Services Board.

175 Sukuk are similar to bonds in the conventional market, but while bonds represent a debt that the issuer owes to the bondholders, sukuk certificates represent the investors' ownership interest in the underlying sukuk asset, business, enterprise or project which entitles them to receive a share of the income generated thereby.

176 Islamic Financial Services Board. 2021. Islamic Financial Services Industry Stability Report. Kuala Lumpur, Malaysia, June. © 2021 Islamic Financial Services Board.

The UNDP effort in Indonesia to channel Zakat funds to local SDG projects is a good example that could be extended to other countries. Zakat is a 2.5 percent mandatory welfare tax, payable by all eligible Muslims who have earnings above a certain threshold. It is a cash contribution to the poor, which could represent an important source of SDG finance. UNDP partnered with Indonesia's National Board of Zakat ('BAZNAS'), the official body that disburses the Islamic contribution in Indonesia, to channel Zakat funds to renewable energy, disaster recovery and local economic development projects in underserved communities. Indonesia is the first country that has tapped into this potential of Zakat. In Bangladesh in January 2012, UNDP signed a memorandum of understanding with the Center for Zakat Management to explore different financing tools with a focus on Zakat, but so far, no specific results have been reported.

5.5 International public finance and private capital tools

Climate and green finance

Finding 15. UNDP support to climate financing is delivered through a number of tracks and tools, including budget tagging, green bonds and global climate fund projects. However, clear alignment with the goals and targets of the Strategic Plan is weak, including financing for access to energy.

UNDP has considerable experience in delivering projects that de-risk and crowd-in financing for investments on climate action. Working in partnership with global climate funds such as the Global Environment Facility (GEF) and the Green Climate Fund (GCF), UNDP has assisted Governments in the design and implementation of projects that aim to reduce commercial risks through blended finance, public finance and regulatory policies. UNDP was among the first of the entities accredited by the GCF. It secured approval from the GCF Board for what was the second GCF-funded project in 2015, the first year of its operation. Since then, UNDP has acted as the GCF implementing partner for 35 projects (with a total value of S$2.4 billion).[177] This reflects the comparative advantage arising from the strong country presence and operating systems of UNDP, as well as the organization's ability to provide technical support for project development and implementation.[178] The GCF is mandated to allocate half of its financing commitments (currently $10 billion) to mitigation and half to adaptation, with a strong focus on the most vulnerable countries. UNDP is well placed to build on its current portfolio of managed projects.

There may be wider opportunities to build on the portfolio through adaptation projects. As noted in section 5, international adaptation funding is set to double over the UNDP Strategic Plan period to 2025, with donors allocating an additional $20 billion.[179] It is likely that a significant share of the new finance will flow through vertical funds such as the Adaptation Fund and the Least Developed Countries Fund (managed by the GEF). According to data compiled by the OECD, UNDP delivered around 2 percent of the $170 billion in ODA commitments between 2010 and 2018 flagged as having climate change adaptation as a significant or principal objective.[180] In Benin, it is reported that UNDP is supporting the national GCF-accredited entity (the National Fund for Environment and Climate) with the aim of building a pipeline of bankable projects, a model that has much wider potential.

---

177 As of 30 September 2021, the GCF Board had approved 191 projects, 23 of which have been processed under the simplified approval process aimed at supporting small-scale projects.

178 UNDP Independent Evaluation Office, Evaluation of UNDP support for climate change adaptation, IEO, New York, December 2020.

179 Anyaogu, Isaac, 'Rich countries publicly commit to raise adaptation finance, privately they dither', Earth Journalism Network, 8 November 2021, https://earthjournalism.net/stories/cop-26-rich-countries-publicly-commit-to-raise-adaptation-finance-privately-they-dither, accessed 29 March 2022.

180 OECD.Stat, 'Creditor reporting system', https://stats.oecd.org/Index.aspx?DataSetCode=crs1, accessed November 2021.

UNDP work on climate budget tagging has played a role in unlocking green finance, including through bond issues. Climate budget tagging remains critical for leveraging green finance. It provides investors and regulatory authorities with a degree of assurance that funds allocated to climate goals will be used for that purpose. More broadly, budget tagging is a vehicle for enhanced budget transparency and alignment between finance and the SDGs. Building on the expertise developed in supporting the development of Indonesia's green sukuk bonds, UNDP is an acknowledged leader in the field. There may be scope for further developing the budget tagging methodologies to identify government spending in areas running counter to nationally determined contribution (NDC) commitments and net-zero targets, including direct and indirect fossil fuel subsidies. While there is extensive analysis of fossil fuel subsidies in the G20 and OECD, analysis is less developed in many low- and middle-income countries where national oil companies and carbon-intensive energy providers secure a wide range of direct and indirect subsidies that could be transferred to investments in renewables.[181]

UNDP seeks to encourage the development of markets for renewable energy by supporting the de-risking of investments. This is a critical area for development financing because private investment is critical to the achievement of net-zero targets. Investments in developing countries are held back by the price of capital, which in turn reflects the real and perceived risks facing investors. An earlier evaluation of UNDP support to energy access found that while the projects typically set the right targets and planned the right activities, project duration was often too short to credibly develop markets.

The UNDP de-risking renewable energy investment (DREI) framework should be reviewed. The DREI is an analytical tool that aims to inform policymakers about strategies for promoting private sector investments in renewable energy. The theory of change underlying the DREI framework is that better information harnessed to the right policies can lower the costs of renewable energy relative to fossil fuels. The DREI analysis ideally would show how clean energy technology can be made financially competitive, reducing the economic uncertainties surrounding policy adoption and investment. However, the DREI is not widely deployed by Governments or other agencies. The recent IEO evaluation concludes, "the lack of follow-on tools to the DREI framework has so far limited the ability of UNDP to leverage investment and claim an organizational strength in mobilizing energy finance. UNDP does not yet have a suite of standardized instruments for the post-analysis de-risking activities, which require development banks or the government to transfer risk and for UNDP to formalize the engagement of the local financial sector or private investors."[182]

Achieving the energy access goals set out in the Strategic Plan will require significant development financing. The Strategic Plan includes the objective of working with a variety of actors to speed up investment in distributed renewable energy solutions to increase access to clean and affordable energy for 500 million people. That objective was also adopted as a target by the High-level Dialogue on Energy held in September 2021. One of the outcomes was a road map calling for tripling of investment in renewable energy. The UNDP Administrator and the Special Representative of the Secretary-General for Sustainable Energy for All are co-Chairs of UN-Energy, a coordinating body bringing together 25 United Nations agencies and other organizations, which will spearhead the various initiatives resulting from the High-level Dialogue.

---

181 Briefing by the National Resource Governance Institute and International Institute for Sustainable Development, 'National Oil Companies and Climate Change: Insights for Advocates', 9 November 2021.

182 UNDP Independent Evaluation Office, Evaluation of UNDP support to energy access and transition, IEO, New York, December 2021, page 15.

The context for implementation of the road map, and for the UNDP Strategic Plan, is the worsening picture on access to electricity and the large financing gaps identified in Section 5. To reach the Strategic Plan aim of increasing energy access to 500 million people, UNDP will work directly to increase access through its own project portfolio and indirectly through partners to contribute to connectivity for the majority of the target. To put these figures into context, the ambition is to connect around two thirds of people currently lacking access to electricity. Most of these people live in sub-Saharan Africa, where off-grid and mini-grid solutions offer the most cost-effective route to connectivity, but these are areas in which progress has been constrained by underinvestment, poverty and regulatory environments. UNDP is currently planning an Africa Mini-Grid Market Acceleration Programme with GEF funding, which if successful will align $32 million in GEF funding with $487 million in co-financing for 18 countries in a mini-grid project that will be a major contributor to increased access to energy in the continent.

The UNDP Climate Promise initiative has provided strong support to the development of NDCs, which are the foundation of the Paris Agreement. Through the NDC, Governments describe their country-specific contributions to achieving global climate goals. The Paris Agreement works on a 'ratchet mechanism', a cycle of increasing ambition through NDCs which are revised every five years to reflect more ambitious – and more urgent – targets. Despite challenges arising from the COVID-19 pandemic, the number of new or updated NDCs submitted to the United Nations Framework Convention on Climate Change grew from two in September 2019 to 143 as of 12 October 2021, according to the NDC Global Outlook Report 2021. UNDP supported 120 countries in the NDC revision process, making the Climate Promise initiative the world's largest source of support.[183]

The NDC Global Outlook Report 2021 recognized that finance remains a fundamental barrier to the ambitions of NDCs and acceleration of climate action. It noted that the small number of NDCs with financial needs assessments estimated that annual investments of between $3.5 trillion and $4.4 trillion would be required to meet their emission reduction targets. Between 2017 and 2018, public climate finance averaged just $253 billion annually, highlighting the scale of the financing investment gap. An analysis of key NDC systems and architecture showed that over one third of countries neither had in place a financing strategy nor were in the process of developing such a strategy.[184]

There is an opportunity for UNDP to support countries in linking NDC financing with the INFF process. According to data from the INFF dashboard, climate change or energy are priorities in two thirds of the financing strategies supported through the INFF process.[185] Although UNDP supports both NDC and INFF processes in several countries, the linkage is not always clear and financial needs for NDC implementation are not always an explicit part of the INFF. For example, in Ghana, UNDP provided technical and financial support to the revision of the NDC and also enabled the country to leverage various climate financing mechanisms and access low-carbon technologies through partnerships in line with the Paris Agreement. UNDP also supported the Government to pilot a bottom-up INFF approach in six districts, laying out a financing strategy to raise resources, manage risks and achieve sustainable development priorities. However, UNDP reported that it has moved to strengthen the alignment between the INFF and NDC approaches.

183 UNDP, The State of Climate Ambition: Nationally Determined Contributions (NDC) Global Outlook Report 2021, New York, October 2021.
184 Ibid.
185 UNDP, INFF country progress – April 2021 update from the INFF dashboard.

The Insurance and Risk Finance Facility

Insurance powerfully illustrates the mismatch between human development needs, as captured in the SDGs, and the operation of global markets. Insurers currently have a reported $33 trillion in assets under management. Yet uninsured risk is a major cause of poverty and vulnerability. When climate disasters strike and assets are destroyed, uninsured risk means that poor households lose vital productive assets. There is also evidence that uninsured risk often forces households to adopt suboptimal livelihood strategies, reducing their income. For countries as well as individuals, limited access to insurance comes at a high price in the event of major disasters. As climate risks mount, restricted access to insurance is likely to emerge as a source of increasing vulnerability and inequality.

The Insurance and Risk Finance Facility is a major new flagship which addresses the insurance and risk-transfer challenges in developing countries. Financed through a contribution of 35 million euro from the Government of Germany, the initiative is part of the InsuResilience Global Partnership, which aims at providing 500 million poor and vulnerable people with access to insurance by 2025.[186] With this financing, the facility will work in 27 countries over the next three years, with significant development work in other countries beyond these 27. Workstreams will include inclusive insurance; the integration of insurance into development; and sovereign risk financing, with a remit to strengthen the protection of vulnerable communities from socioeconomic, climate and health-related disasters by increasing the role of insurance and risk financing, and insurance and investment. It will operate as part of the tripartite agreement signed between the Insurance Development Forum (a public-private partnership between industry and the multilateral sector to address development challenges), the German Federal Ministry for Economic Cooperation and Development ('BMZ') (providing financial support) and several private sector insurance providers.

The Insurance and Risk Finance Facility addresses a vital need – and it is important that UNDP establishes clear metrics for delivery. The flagship presents UNDP with an opportunity to make a distinctive contribution in a critical area. There have been a number of initiatives, pilot projects and programmes in the areas covered by the facility. They include the African Risk Capacity (a sovereign pooled risk fund); the Pacific Catastrophe Risk Insurance Company (a public-private initiative); microinsurance programmes under which payouts are triggered by rainfall or other parameters; and anticipatory finance schemes. Getting affordable insurance to vulnerable populations at scale has proved an elusive goal.

186 InsuResilience Global Partnership, Communiqué to the UN Climate Action Summit, 23 September 2019 https://www.insuresilience.org/wp-content/uploads/2019/09/InsuResilience-Global-Partnership_Communique_Vision-2025-1.pdf

Chapter 6.

BUILDING AN ENABLING ENVIRONMENT: THE UNDP ROLE IN INFORMING AND INFLUENCING GLOBAL DEVELOPMENT FINANCE POLICIES

Summary Message #20: There is no credible pathway to achieving the SDGs without fundamental changes in current approaches to development finance, nationally and internationally. While rich countries were able to deploy a wide array of fiscal and monetary policy measures to limit the social impact of the pandemic and support recovery, the widening SDG financing gap points to the constraints facing developing countries. The multilateral financing system cushioned the impact of the pandemic but has not expanded the fiscal space available to Governments. Increased lending on affordable terms, debt relief and – for the poorest countries – aid will be critical to recovering progress towards the SDGs.

Summary Message #21: UNDP is well placed to inform and influence the wider policy changes needed to unlock and align SDG financing. Apart from its standing as the United Nations lead agency on development, UNDP is a recognized interlocutor with the IMF, the World Bank and development finance institutions, and it provides the secretariat for the G20 working group on sustainable finance. The organization is able to draw on experience and evidence from country programmes and engage at the highest levels of global economic governance.

Summary Message #22: The organization requires a clearly articulated strategy for leveraging and aligning new and additional SDG financing through policy change. The Strategic Policy Engagement Unit consistently produces high-quality analytical work, reflected in a range of publications, inputs into wider United Nations processes and support to the Administrator. However, UNDP has not established clear priorities for influencing and advocacy, backed by resourcing. If the organization is to deliver on its $1 trillion 'moon shot' target for alignment of financing to the SDGs, it will need to strengthen and expand the Strategic Policy Engagement Unit, invest in capacity on public financing and develop a more integrated organizational strategy for unlocking new and additional resources through the multilateral system.

Finding 16. Implicit in the UNDP Strategic Plan is a presumption of policy change across the key areas of domestic resource mobilization, international public finance and private capital markets. A credible move towards the $1 trillion 'moon shot' of promoting the investment of public and private capital in the Sustainable Development Goals over the next four years will require increased domestic resource mobilization and more equitable public spending, new approaches to international public finance and strengthened alignment between private capital markets and financing of the Goals.

This is a high-stakes moment for the 2030 Agenda. Decisions taken over the next few years will determine whether the SDG ambition remains achievable. In 2018, the Secretary-General's Strategy for Financing the 2030 Agenda[187] observed that "the financing needs for SDG investments are vast and urgent." They are now vaster and more urgent. The Roadmap[188] adopted to advance the Strategy and act on the Addis Ababa Action Agenda called for a "surge in SDG investments" through domestic resource mobilization and private finance. In language that retains a powerful and compelling resonance, the Roadmap urged Governments to catalyse action by "aligning global economic policies and financial systems with the 2030 Agenda." Like the SDG financing gap itself, the gap between that objective and policy action is even greater today than it was three years ago.

In earlier periods, United Nations agencies played a central role in challenging old development paradigms and framing what became transformative approaches. In the 1980s and 1990s, UNICEF questioned the then predominant structural adjustment frameworks of the IMF and the World Bank. The human development approach pioneered by UNDP challenged the narrow focus on economic growth as a measure of development, and provided leadership in making the case for investment in global public goods. In both cases, the critiques provided practical policy alternatives. The SDG crisis triggered by the pandemic merits a similar critical response.

Multilateral organizations have developed a broadly shared diagnosis of the challenges to be addressed. That diagnosis is reflected in the dialogue mentioned above and post-pandemic reports of the Inter-Agency Task Force on Financing for Development.[189] Ministers gathered at the April 2021 Economic and Social Council forum captured the consensus: "We recognize that recovery strategies out of the crisis need to be designed to accelerate the implementation of the 2030 Agenda in the decade of action, building a sustainable and inclusive economy, as well as helping to reduce the risk of future shocks."[190] Meetings of the G20, G7, World Bank, IMF and regional development banks have reached similar conclusions. But shared diagnosis and consensus have not served as a prelude to decisive action on international cooperation.

The gap between action and SDG pledges is also apparent at the national level. Many developing countries used the limited fiscal space available to them to expand safety nets, support health systems and protect citizens. As these programmes unwind, there is a danger that the costs will be borne by the poor, women and youth – the very groups that bore the brunt of the downturn. Without enhanced international cooperation, developing country Governments will face acute trade-offs. Increased domestic resource mobilization, more efficient and more equitable public spending and a clear focus on investments in areas such as universal health care, safety nets and education that benefit the poor will be

187 The Secretary-General's strategy for financing the 2030 Agenda for Sustainable Development (2018-2021), September 2018.

188 United Nations, 2019, Roadmap for Financing the 2030 Agenda for Sustainable Development, 2019-2020.

189 United Nations, Inter-agency Task Force on Financing for Development, Financing for Sustainable Development Report 2021. (New York: United Nations, 2021), available from: https://developmentfinance.un.org/fsdr2021.

190 United Nations, Report of the Economic and Social Council forum on financing for development follow-up, E/FFDF/2021/3, United Nations, New York, 28 April 2021. https://documents-dds-ny.un.org/doc/UNDOC/GEN/N21/107/00/PDF/N2110700.pdf?OpenElement

critical. Yet there is limited evidence to suggest that Governments are acting more resolutely on their commitment to leaving no one behind.

UNDP efforts and priorities to support SDG financing should be informed by an analysis of underlying problems and opportunities for influence. Section 5 sets out what the evaluation team sees as some of the critical areas which, with the adoption of new policy approaches, could bring the alignment of $1 trillion in new development financing for the SDGs within reach. To briefly recap, these include:

- Progressive tax reform, including international cooperation to prevent tax evasion; and more efficient and equitable public spending to support domestic resource mobilization
- Tripling the lending capabilities of the multilateral development banks through more effective leverage of their balance sheets and callable capital, reallocating the IMF SDR Issues and debt relief to mobilize international public finance
- Increasing private capital financing for the SDGs, including through sovereign bond issues, blended finance and private investment in climate finance

Finding 17. UNDP is well placed to inform and influence the direction of policy change for financing for development and the Sustainable Development Goals, especially given its position as the primary development agency of the United Nations.

UNDP has a presence in over 170 countries, providing Governments with technical advice and support on a wide range of financing issues. UNDP has a seat at the table of high-level development financing forums, including meetings of the IMF, World Bank and regional development banks, the G20 and OECD. In addition, UNDP provides intellectual leadership on human development through its Human Development Report, the speeches of its Administrator and other platforms. This constitutes a unique and distinctive set of assets through which UNDP is able to marshal evidence, provide advice and inform decisions.

As part of the United Nations system, UNDP operates in an ecosystem which offers extensive opportunities and some constraints. The evaluation team sought to explore perceptions of the UNDP influencing role in some of the key areas mentioned in the preceding paragraph, while recognizing that the individual perceptions may not be representative (or accurate). The team is also aware that influence is often exercised through the United Nations system behind closed doors, or through preparatory processes for dialogue that may not be easily accessible. The following paragraphs should be read with these caveats in mind.

UNDP already invests in influencing SDG-related development financing. Current influencing activities operate through a diverse array of channels. These channels are not summarized here, but for indicative purposes they span national engagement with Governments and their development partners, for example, through the development of post-pandemic social and economic impact assessments, the INFF process and development of sovereign bond frameworks through formal United Nations processes. In the latter category, UNDP has access to formal and informal influencing opportunities. Illustrating the former, in April 2021, UNDP was invited by the G20 to provide the secretariat for the Sustainable Finance Working Group. More broadly, the organization engages in dialogue across a broad front of development financing issues, ranging from climate finance to the operation of multilateral development banks and of private capital markets. The standing of the UNDP Administrator as a respected and credible figure, including as the United Nations representative to meetings of the G20 finance ministers, is a considerable asset in these areas.

The G20 provides a distinct opportunity. In April 2021, under the Italian presidency, the G20 Sustainable Finance Study Group was upgraded by finance ministers and central bank governors to a Sustainable Finance Working Group, for which UNDP was invited to serve as secretariat, with support from the Sustainable Finance Hub. In that role it will provide not just administrative support and collaborate with all members, operating as an honest broker and convener for the working group. Similarly, UNDP acts as secretariat for the Asia-Pacific Economic Cooperation Sustainable Finance Development Network. This provides UNDP (and other United Nations agencies) with an opportunity to project concerns related to the SDGs into a forum that brings together the Governments and financial institutions that will shape the activities of IFIs, respond to the debt crisis and align (or fail to align) private capital markets with climate and wider sustainability goals.

Finding 18. UNDP does not have an advocacy strategy aligned to the development finance goals articulated in the Strategic Plan. UNDP is seen as a critical partner by many actors in programme delivery, project implementation and approaches to financing the Sustainable Development Goals, but it is not currently structured or resourced to drive change at the pace and scale merited by the urgency of the 2030 deadline for achieving the Goals.

The Strategic Policy Engagement Unit plays an important role with limited resources. The unit, with a staff of nine, has a wide-ranging remit. It supports the Administrator in his role as a global advocate for the SDGs. It contributes to the work of the Inter-Agency Task Force on Financing for Development and provides substantive input into United Nations dialogue and publications. It would be wrong to describe the unit as a 'think tank', but along with the Human Development Report it addresses big global development financing issues with an analytical rigour that unquestionably enhances the reputation of UNDP, producing high-quality policy documents and analytical work.

Its remit requires that UNDP respond in real time to development financing issues as part of the wider United Nations system. That is a demanding and resource-intensive responsibility to discharge. But UNDP should also be playing a role in setting agendas, using its influence and network to drive policy change. This is an area in which strategic focus, prioritization, coalition-building and coordination matter for a very obvious reason: policy changes of the order of magnitude required are difficult to achieve. Yet it is sometimes difficult to discern distinctive strategic themes guiding a whole-of-organization approach. The Development Futures series, which started in 2021, illustrates the problem in that it provides strong analytical material which appears to be weakly backed by a wider influencing strategy. Scanning UNDP publications more generally, it is difficult to establish a well-defined strategic focus for policy change.

There are a number of public financing areas in which UNDP could make a difference, helping drive the wider United Nations agenda. To take one example, the INFFs offer a policy-focused entry point for engagement on efficient and equitable public finance. At a time when fiscal retrenchment threatens to force Governments to make damaging SDG trade-offs, a strengthened focus on equity is vital if Governments are to act on their commitment to leave no one behind. Measures of equity in this context might include per capita budget allocations and/or the overall share of finance directed towards social groups facing the specific disadvantages associated with wealth, gender and other factors. There are established tools and approaches that could be brought into the INFF toolkit. Similarly, measures of efficiency in public spending might consider the quality of services provided and outcomes generated by public spending. Efficiency gains can play an important role in releasing resources for SDG investment. International cooperation can help expand the fiscal space available to Governments through multilateral finance, debt relief and the reallocation of SDRs.

Participatory budgeting and fiscal equity could be natural focal points for this approach. The SDGs represent a universal commitment to citizens everywhere, but citizens often have a limited voice in the processes through which Governments set SDG priorities. As Governments around the world seek to 'build back better', participatory budgeting could change this picture. Initially developed in Latin America, this approach is widely deployed in all developing regions. Evidence shows that it can improve decision-making, change the attitudes of political leaders and civil servants, improve social outcomes through improved governance and more empowered, better-informed citizens and strengthen accountability. Building on current initiatives supported by civil society, multilateral development banks and the World Bank, UNDP could be resourced to lead a global effort linking SDG recovery to participatory budgeting exercises, perhaps as part of the INFF approach. Furthermore, there is evidence from Ghana that the INFF is being successfully rolled out at the subnational level, supporting local governments in linking plans with budgets. This is an area where the INFF could strengthen budget allocation efficiency and budgeting systems.

As indicated in section 7, ESG investment presents UNDP with major opportunities to leverage sovereign bond market finance for the SDGs. That will not happen without concerted action at the national level backed by global engagement to change the practices of credit rating agencies and increase demand among asset managers and investors. In the case of energy and climate finance, UNDP might be well placed to support the development of systems that mitigate the risks facing private investors through the development of bankable projects.

Depending on the thematic areas selected, UNDP may need to reconfigure the organization's competency profile. Public finance would appear to be an obvious area for consideration, for example. Because the organization will be entering what are crowded playing fields and covering complex matters, it will also need to build coalitions, invest in communications and strengthen its expertise in other areas of policy influencing. What is clear to the evaluation team is that current resourcing levels are unlikely to drive results at the pace envisaged in the Strategic Plan.

Chapter 7.

CONCLUSIONS, RECOMMENDATIONS AND MANAGEMENT RESPONSE

The pandemic has triggered an unprecedented reversal in human development, stalling or reversing progress towards the SDGs, exacerbating inequalities, threatening sustainability and devastating lives. Addressing this reversal will require more than a return to the pre-pandemic era. The world was off track for the SDGs before the pandemic and the decade of action provided a timely reminder of the scale of the challenge ahead. Returning to the status quo ante on development finance is not an option. National policies and international cooperation efforts which were falling short are now a barrier to recovery. Bold new approaches that deliver results by mid-decade are needed if the world is to prevent the 2020s becoming a 'lost decade' for development.

7.1 Conclusions

Conclusion 1. UNDP was quick to respond to the COVID-19 crisis. Drawing on its entire infrastructure, the organization demonstrated a sense of urgency and acted flexibly to support Governments and partner with other agencies. The development and delivery of socioeconomic impact assessments under difficult conditions helped inform government policy choices in responding to the pandemic. In its goals for recovery, UNDP is emphasizing the bold 'moon shot' of promoting the investment of $1 trillion in public and private financing in the Sustainable Development Goals. That objective is commensurate with the scale of the crisis to be addressed, although a clearly articulated strategic road map is not yet in place.[191]

UNDP leadership in the development of the socioeconomic impacts assessments was invaluable. It helped shape the wider United Nations response, informed the policies of Governments and supported dialogue with key actors, including the IMF and World Bank. The bridge between the humanitarian response and the development response was clearly articulated in UNDP COVID-19 strategy documents (*Beyond Recovery*). However, the humanitarian response has dominated, especially financially.

The UNDP financing goal spans the need for both public and private financial alignment of financing with the SDGs. At present, the $1 trillion 'moon shot' lacks a clear strategic road map. The gap between the 'moon shot' target and identified pathways for delivery is reflected through broad-brush references to the leveraging of resources through networks, partnerships and wider influencing. While successful leveraging is critical, this does not diminish the importance of UNDP articulating its own distinctive contribution and approaches. Nor does it pre-empt the need for UNDP to prioritize and specify where, when and how it will deliver. The Strategic Plan also requires detailed and well-defined metrics for tracking and reporting on movement towards the $1 trillion 'moon shot' target, both for public and private finance.

191 Connected to findings 1, 2, 3, 4, 5, 6 and 16.

The Sustainable Finance Hub occupies a pivotal position in the UNDP development finance offer. It is too early to fully evaluate the Hub, which was established to consolidate a range of projects, tools and flagships. The Hub clearly produces some good work. However, concerns were raised to the evaluation team. Many country offices, the primary recipient of support and conduit of support to government, expressed concerns over what they see as a lack of effective support, follow-up activities and response to their needs from the Hub. The evaluation team was left with a sense that the role of the Hub is not widely understood by many staff working in country and regional offices. The multiplicity of action areas (7), services (25) and tools (120+) is widely seen as a source of fragmentation that reflects a supply-driven orientation driven by projects, rather than a response to demand-driven country needs and organizational strategy. Some country and regional staff noted difficulties in coordination across teams responsible for specific tools.

There is no clearly identifiable pathway from the $1 trillion 'moon shot' target to delivery, and a clear strategic road map on development finance articulating a pathway to meet the objectives set in the Strategic Plan is not yet in place.

Conclusion 2. UNDP has established several key tools and approaches aimed at aligning finance with the Sustainable Development Goals, including the integrated national financing frameworks and the work of Tax Inspectors without Borders. The former model has room for strengthening national financial planning for the Goals and for clarifying some existing confusion over its role. An offer is lacking on domestic resource mobilization, beyond the current focus on Tax Inspectors without Borders.[192]

There are marked differences in perspectives on the INFF on the part of external observers and UNDP staff. One view sees the INFF as a bold new vehicle for integrating the SDGs into budgets and financial planning, providing an integrated framework for delivery while mobilizing new development finance resources through new approaches to taxation, more efficient public expenditure and identifying and supporting pro-growth policies and enabling environments for private sector expansion and investment. The other sees the INFF as a donor priority which is adding to already overloaded processes with limited benefit, and without breaking down deeply entrenched divides between finance ministries on the one side and line ministries covering planning, social welfare, health and education on the other. Between these polar views are a wide range of perspectives reflecting country experience, institutional background and approaches to change.

Much clearly depends on levels of country ownership, national capacity and degrees of political buy-in to the SDGs. Our country studies revealed marked differences. There is clearly room for planning approaches that ground SDG commitments into real financing decisions, and the lack of such approaches contributed to the pre-pandemic SDG shortfall. It is also the case that the INFF has attracted interest from some Governments and development partners, and it has enabled UNDP to participate in dialogue on financial planning. By the same token, there are existing planning tools that could be deployed to this purpose, and it could be argued that a failure to develop more integrated approaches reflects not the absence of planning tools but political choices on the part of governments.

There are areas in which the INFF process and objectives could be clarified. The INFF is first and foremost an administrative planning approach. It is not a source of new and additional development finance in the current Strategic Plan period. It may be the case that INFF processes will reveal large expenditure items that are inconsistent with SDG investment (such as fossil fuel subsidies or tax breaks for wealthy groups). But in most cases these items could be identified with current tools. In reviewing the INFF

[192] Connected to findings 8, 9, 11 and 15.

toolkit, it was also found that relatively little weight is attached, beyond passing references to leaving no one behind, to reporting on equity and efficiency in public spending. These are critical area, not least given the fiscal pressures and SDG trade-offs now facing many Governments. In a number of countries, the INFF process currently lacks an engagement with civil society in developing approaches to SDG budgeting and financial planning, linking the INFF work to wider UNDP programmes on governance.

Its successful work in climate budget tagging has provided UNDP with strong foundations on wider financing issues, including the development of SDG-related sovereign bond frameworks. UNDP is rightly seen as an innovator and pioneer in this area. Building on the development of climate budget tagging in Indonesia and the green sukuk bond frameworks, UNDP is well placed to extend the approach. It could be applied to the measurement of equity and efficiency in public spending and has been applied in a limited number of SDG bond issues.

Tax Inspectors without Borders provides real and tangible support to Governments in critical areas of tax reform, but it is limited by scale – and the UNDP tax offer could be widened and enhanced by strategic focus. The initiative has played an important role in strengthening tax revenue systems and building capacity, with a welcome emphasis on South-South cooperation. There are immediate challenges related to the pool of available tax experts which need to be addressed as the project progresses into its next phase. But the model is also constrained by its project-based approach and limited finance. There may be a case for UNDP to develop broader partnerships which address practices that weigh particularly heavily on the poorest countries, such as tax evasion and avoidance on the part of extractive industries in low-income countries. UNDP could also work more actively to promote bolder approaches to international cooperation on tax.

Conclusion 3. The rise of environmental, social and governance investing creates new opportunities for UNDP to leverage private capital for the Sustainable Development Goals, including through sovereign bond markets. However, the work remains limited and ad hoc in nature and lacks a clear and strategic organizational approach that builds on national engagement.[193]

UNDP has played an innovative role in the development of SDG-related bonds. UNDP helped pioneer the developing world's first climate-related green sukuk bond in Indonesia. The Latin American and Caribbean Regional Office provided a letter of verification for the first-ever SDG bond in Mexico. Since then, UNDP country offices have engaged with varying degrees of intensity in SDG-related bond issues in Benin, China and Uzbekistan. Many country offices report an interest in SDG bonds on the part of Governments – and that interest is likely to intensify as fiscal pressures mount, investors seek out market opportunities offering higher returns and demand for ESG opportunities grows. From a Strategic Plan perspective, bond markets offer the potential for raising and aligning significant new and additional finance for the SDGs, though the affordability of that finance is highly variable and often inversely related to SDG financing needs. Initiatives in this area have been driven by country offices responding to government interest. This country-led approach should continue, but country offices would benefit from a more integrated approach through which UNDP is able to offer more consistent and detailed advice – and UNDP could position itself to exert more influence on the development of ESG approaches.

[193] Connected to findings 10 and 12.

Conclusion 4. While UNDP has positioned itself to play a role in the development of Sustainable Development Goal-related bonds, the current focus on the development of standards is misplaced and is likely to add limited value, given the large number of standards in the market. However, UNDP has a potentially distinctive and unique offer in linking national action to international advocacy which has not yet been sufficiently leveraged.[194]

SDG Impact has developed a set of standards for private equity funds, bond issuers and enterprises. Together with the OECD, it has also released an OECD/UNDP Impact Standards for Financing Sustainable Development. Our evaluation found that market actors and organizations working to develop the ESG markets, including standard-setting agencies, had very limited (and usually no) awareness of these efforts. At a time when international efforts are aimed at consolidating standards and reporting systems, the current approach adds little value – and it is not clear that the standards themselves offer anything new. This is not to say that current standards are sufficient. Methodologies used to assess ESG-compliance are currently weak and inconsistent, and they attach little weight to credible SDG impact and tracking criteria.

Concerns on the part of investors and regulators over 'greenwashing' and the growing appetite for purpose-related investment presents UNDP with an opportunity to address gaps in market. Three specific gaps should figure prominently in UNDP strategic considerations. First, many Governments need support in developing SDG bond frameworks that: (1) identify ambitious but achievable SDG targets; (2) have budget lines and reporting systems that link spending to intended outcomes; and (3) provide robust reporting systems on finance and outcomes. These are areas in which UNDP has a distinctive competence and authority. The organization could coordinate the engagement of other United Nations agencies in shaping bond frameworks. It could also engage with civil society organizations working nationally and internationally to promote the SDGs through ESG investments. If UNDP were able to support the development of strong national reporting systems, it would be well placed to engage with credit rating agencies, investors and regulators to press for changes that could increase demand for ESG investment, incentivize more credible reporting and strengthen the impact of sovereign bond finance on the SDGs.

Conclusion 5. UNDP has developed a distinctive offer on financing for green growth, positioning the organization to play an important role on climate change mitigation and adaptation. UNDP also occupies a leadership position on access to energy.[195]

UNDP has emerged as a key implementing partner for climate-related multilateral development finance delivered through the Green Climate Fund and Global Environment Facility. As donors and institutions scale-up finance for adaptation, the organization is well positioned to direct finance towards programmes addressing the specific risks facing poor and vulnerable communities.

Accelerating progress towards the SDG energy access goals is critical to any strategy for a just transition. This is recognized in the UNDP Strategic Plan. The target of 500 million new connections would bring electricity to two thirds of all households currently lacking access. Financing is a key part of the equation for achieving this target. The development of mini-grid and off-grid solutions at scale will require risk reduction through blended finance, allied to increased public finance and regulatory measures that create incentives for private investment. The African mini-grid programme offers an opportunity to provide the level of scale required.

[194] Connected to findings 10 and 12.
[195] Connected to findings 8, 9 and 15.

UNDP has played an important role in supporting the development of NDCs. This work will become more important as Governments seek to ratchet-up the ambition for decarbonizing energy systems and achieving the wider goals agreed at the twenty-sixth Conference of the Parties to the United Nations Framework Convention on Climate Change. Coordination and alignment of UNDP support to NDC development under the Climate Promise initiative and wider finance-related projects, including the INFF, needs strengthening going forward.

Conclusion 6. To promote the 'moon shot' of $1 trillion in investment aligned to the Sustainable Development Goals, UNDP is already engaged in advocacy and influencing efforts aimed at driving change. Far-reaching action and changes in global and country-level approaches to domestic resource mobilization, international public finance and private capital markets are needed, but a clear strategic road map, building on these promotional efforts, is not yet in place.[196]

The UNDP advocacy and influencing role is played out through different channels. The organization's staff work closely with colleagues in the United Nations system on development financing issues, including UNDESA. The decision to establish UNDP as the secretariat for the G20 Sustainable Finance Working Group is an opportunity to influence some of the important issues identified in section 5 of this report. As co-chair of UN-Energy, UNDP has an opportunity to shape and drive change on a range of energy financing issues. Much of the most effective UNDP advocacy work happens at a national level through engagement with Governments. But UNDP also generates analysis and evidence with the potential to shift global agendas, including through the *Human Development Report.*

Notwithstanding the high quality of the organization's current work in many areas, UNDP needs to articulate more clearly how it will work to drive policy change on development finance. Ultimately, policy change is the most powerful lever for mobilizing new and additional development finance. That is true at the national level, where progressive taxation allied to efficient and equitable public spending hold the key to an SDG recovery. It is also true at the international level. Increasing access to *affordable* finance at scale can increase the fiscal space available to Governments, unlocking investment in key SDG areas. Better aligning private capital markets with the SDGs is critical for inclusive, dynamic and sustainable growth. In all of these areas, policy change can transform financing prospects for the SDGs. Success demands a clearly defined set of objectives backed by resourcing, prioritization and strategies for engagement, which, despite the excellence of individual contributions and recognizing that much influencing occurs behind closed doors, UNDP has yet to clearly outline.

Staff across country and regional offices often struggle to understand the organization's global advocacy priorities as they relate to the $1 trillion 'moon shot'. Indeed, there is a lack of clarity and understanding around the $1 trillion 'moon shot' itself, with some believing this to be an organizational target while others recognize this is an aspirational goal on which UNDP will work with others to align financing to the SDGs. Many staff and offices are engaged in discussions on issues relating to public financing, debt, lending from multilateral development banks and SDRs, and there was a demand for advice and support in these areas.

---

196 Connected to findings 16, 17 and 18.

7.2 Recommendations and management response

RECOMMENDATION 1.

The UNDP Strategic Plan 'moon shot' to align over $1 trillion of public expenditure and private capital with the Sustainable Development Goals requires a clearly articulated strategic road map.[197]

Spanning programme delivery and engagement, influencing and advocacy, the strategic road map should identify the distinctive approaches and added value of UNDP and set clear priorities backed by resource allocations. The objectives set in the strategic road map should be underpinned by practical and achievable approaches with the prospect of delivering results, and by metrics for accountable reporting on delivery. In framing the new strategic approach, UNDP should start from an assessment of how the organization can contribute to SDG financing in the three streams: domestic resource mobilization and efficient/equitable public spending; international public finance; and private capital markets, and not from a framework of delivery of the current toolkit, flagships and approaches.

Development of a successful development financing strategic road map to underpin the Strategic Plan would address many of the problems identified in this report, filling the large gap observed by the evaluation team between the headline goals that have been set and the wider organizational understanding of how the goals will be achieved. It would provide staff across the organization with a clearer picture of how UNDP plans to address the crisis in SDG financing. It would provide individual teams working to deliver projects with a clearer understanding of how they are contributing to a collective UNDP effort. It would provide a basis for explaining which countries, regions, tools and approaches are being prioritized. Above all, though, a development financing strategic road map would provide a vehicle for making the tough choices that will be necessary to deliver on the $1 trillion alignment commitment.

The development financing strategic road map would be entirely geared towards the Strategic Plan and the identification of pathways through which UNDP will drive delivery, detailing where UNDP will act, which competencies it will develop, how the Sustainable Finance Hub will work with countries and regions and which metrics will be used to measure the alignment of new and additional finance to the SDGs. It could usefully cover the three development finance streams considered in this report: domestic, international public finance and private capital.

The development finance strategic road map should reflect the urgency of the crisis. Developments over the next two to three years will determine whether the SDG ambition remains achievable. There is a shared ambition across the organization to leverage the impact and influence of UNDP and to achieve the $1 trillion 'moon shot'. Leadership at headquarters, in regional bureaux and in country offices should agree on a small set of goals which, if achieved, would have transformative impacts, contributing to wider United Nations and international efforts. The Sustainable Finance Hub and the Strategic Policy Engagement Unit could then frame a delivery strategy for the Strategic Plan period.

[197] Connected to conclusion 1.

The Strategic Plan's integrated results and resource framework should accurately represent and track UNDP development financing goals. Greater clarity is needed on how new and additional financing will be scored for reporting purposes. Current approaches run the risk of allowing vague references to 'leveraging' to obscure real achievements and emerging challenges. Some of the issues to be addressed are technical. For example, what share of SDG bond issue financing will be scored as additional? In other areas there are questions of attribution. These might include the weighting attached to evidence of UNDP approaches being taken up more widely, or the UNDP role in contributing to changes in multilateral lending practices. In all of these areas, clear objectives can help to steer appropriate metrics.

Management response: Accepted

UNDP **accepts** this recommendation and acknowledges the need for a clearly articulated road map for the achievement of the $1 trillion 'moon shot'. UNDP will take this forward in the context of operationalizing development finance as an 'enabler' in the implementation of the Strategic Plan, 2022–2025. The moon shot is articulated as a common goal to be achieved in partnership with Governments, the private sector, the IFIs and other United Nations partners. UNDP has already begun to develop a road map for this endeavour with a twin-track approach, working with partners to: (a) leverage additional finance for the Goals; and (b) realign existing resources with the Goals. While financial leverage will be achieved through work on domestic resource mobilization, debt instruments and blended finance approaches, financial alignment will be taken forward through policy and institutional reforms including uptake by the private sector of the Goals' standards and taxonomies and by Governments of budgetary classifications aligned to the Goals. The road map will be framed by further consolidation of existing UNDP finance offers and tools (which is in line with recommendation 2); a focus on strengthening capacities with a particular focus on UNDP country offices (also in line with recommendation 2); the development of clearer messaging to communicate the approach to the 'moon shot' for internal and external audiences; and a system for monitoring progress in the contribution of UNDP and other actors to the 'moon shot'. The Sustainable Finance Hub will enable the development of the road map working across all UNDP bureaux with a focus on country offices.

Key action(s)	Time frame	Responsible unit(s)	Tracking	
			Comments	Status
1.1. Develop and initiate implementation of a development finance strategic road map including: (a) a capacity development programme for UNDP country offices in line with a consolidated set of UNDP finance services related to the Goals; (b) communications and advocacy for external and internal audiences; and (c) a system for tracking the contributions of UNDP and other actors to the 'moon shot'.	Developed and initiated by July 2022	Bureau for Policy and Programme Support; Bureau of External Relations and Advocacy; regional bureaux; Bureau for Management Services/Office of Human Resources		

RECOMMENDATION 2.

As UNDP develops a more strategic approach to its Sustainable Development Goal financing work, it should also consolidate its many offers and tools to offer greater clarity and bolster staffing in strategic technical areas, breaking from project-aligned human resources and constraints, to resources aligned with demand and need.[198]

UNDP has developed a broad and detailed offer in SDG financing, structured around seven strategic areas and 25 services delivering 128 tools. The provision of so many offers is distracting from the key tools that can support change. Moving forward under a new Strategic Plan and supporting an SDG financing strategic road map, UNDP will need to consolidate these offers to a smaller, clearer more strategic set of tools which will enable the organization to meet its strategic objectives. Suggestions on a strategic set of tools are outlined below, and include a suggested focus on clarifying further and adjusting the INFF approach, strengthening the organization's offer on domestic resource mobilization, developing a distinctive sovereign bond offer and clarifying a financing offer around energy and NDC goals and support. The successful UNDP roll-out of the socioeconomic impact assessments has also illustrated its technical abilities and may be an area it can further expand on. In doing so, UNDP will also need to break from its project structure and reliance, and the alignment of technical support to areas funded by specific projects. In order to do this, more predictable and flexible resources from donors will be required. This is difficult, but at the least UNDP needs to make more regular resources available to enable the Sustainable Finance Hub to broaden its technical support to country offices either through the either the Hub structure or through the regional bureaux themselves. If this freedom is not available, then SDG financing support will continue to be supply-driven and linked to projects and project financing limiting the ability of the organization to meet the SDG financing goals across the three levers of International public finance, domestic resource mobilization and national finance, and private capital.

Management response: Accepted

UNDP **fully accepts** this recommendation. UNDP notes that the work is already under way to extract services and tools from diverse projects and programmes and to consolidate them into a set of corporate-wide offers. This work will frame the road map as articulated in relation to recommendation 1 and should result in a clearer, even more effective and integrated portfolio. It should be noted that UNDP understands that periodically reviewing its Sustainable Development Goal financing portfolio is key to keep its offer relevant in a complex and rapidly changing international context and that UNDP already intends to increase and improve its capacity to respond to arising opportunities and challenges. It should be noted that the emphasis in recommendation 2 on breaking away from project-aligned resource frameworks can only be taken forward as part of the larger corporate challenge of appropriate balance of regular (core) resources and other (non-core) resources funding that UNDP is already raising in dialogues with Member States.

Key action(s)	Time frame	Responsible unit(s)	Tracking	
			Comments	Status
2.1. See action 1.1.	See action 1.1	See action 1.1		

[198] Connected to conclusion 1.

RECOMMENDATION 3.

The integrated national financing framework approach should be further clarified to ensure that it can be embedded within government systems as an investment platform and not be seen solely as a budgeting exercise. The process should integrate and prioritize budget tagging and support for sovereign bond issuance, and strengthen equity in public finance.[199]

It is difficult to establish the full extent of buy-in to the INFF process. As noted above, there are varied perspectives within UNDP and across partner organizations. Clarifying the purpose of the INFF might help strengthen engagement, adoption and integration of the approach within government systems. In the current Strategic Plan period, the INFF is unlikely to emerge as a significant new source of development finance, but it could play an important role in putting the SDGs front and centre of financial planning. The INFF structure and short-term financing (two years) of what is a medium-term to long-term approach will need to be addressed if the perception of the INFF being an external donor-led approach is to be overcome and its future assured as an important development financing approach that strengthens alignment of public and private financing with the SDGs.

The INFF approach should be broadened. Far more weight should be attached to equity and efficiency in public spending, consistent with the SDG commitment to leave no one behind. More effort should be made to link the INFF to wider exercises aimed at facilitating public engagement. Participatory budgeting should be established as a more prominent part of the INFF toolkit. The IMF has documented a range of public finance management practices for tracking, overseeing, reporting, and auditing COVID-19 budget lines, including the role of civil society, the media and independent parliamentary watchdogs. Many of these practices could inform SDG-related sustainable finance approaches.

The INFF needs to ensure it is strongly linked to other United Nations, UNDP and donor development finance approaches to ensure synergies are captured, beginning with concrete integration of the Climate Promise support for NDCs and their budgeting and financing needs into all INFFs.

Management response: Accepted

UNDP **accepts** this recommendation and notes with appreciation the evaluation's acknowledgement of the key role of UNDP in the support and roll-out of the integrated national financing framework (finding 8). Because of its quality work on the frameworks, over the course of the pandemic, UNDP has faced a significant increase in demand for support from Governments wishing to establish these frameworks to mobilize and align all sources of finance – public and private; international and domestic – with their sustainable development strategies and recovery plans. On the basis now of more than 70 Governments developing the integrated frameworks, UNDP will work with DESA and the Inter-Agency Task Force on Financing for Development (including several United Nations agencies and IFIs) to strengthen existing guidance for developing the frameworks. As for the second part of the recommendation, UNDP will continue to work with partners to provide Governments with different options to consider for the prioritization of specific finance instruments, whether public or private. These will be government-determined and

199 Connected to conclusion 1 and 2.

context-specific and include sovereign bond issuance and budget tagging, but not exclusively. UNDP will also work with partners to provide Governments with policy options for financing, for example in respect to the equity and leave no one behind agendas. However, national development priorities are ultimately for Governments to articulate in their national development plans.

To ensure that methodological guidance is strengthened and options for different finance instruments and policy approaches are available, UNDP will launch a facility, together with DESA, the European Union, the OECD and the Governments of Italy and Sweden, to put in place technical and financial resources that countries can request. Lastly, on the suggestions (recommendation 3) that the framework should be strongly linked to other development finance approaches to ensure that synergies are captured, UNDP is already supporting countries that have prioritized financing of nationally determined contributions within their frameworks (climate change or energy is a priority in two thirds of the financing strategies supported through the process), and will draw from this experience through the new facility to work with DESA and other partners to develop guidance on mainstreaming climate within integrated national financing frameworks.

Key action(s)	Time frame	Responsible unit(s)	Tracking	
			Comments	Status
3.1. Launch an integrated national financing framework facility (with DESA, the European Union, the OECD and the Governments of Italy and Sweden) to put in place technical and financial resources that countries can request to take forward country-led frameworks including options for financing policy priorities (such as climate, equity and leave no one behind) and options for financing instrument such as bonds and budget tagging.	April 2022	Bureau for Policy and Programme Support		

RECOMMENDATION 4.

UNDP should broaden its ambition on domestic resource mobilization. This should include a strengthened offer on taxation, considering advocacy and support for progressive taxation and targeted taxation support focusing on specific sectors where high-impact gains can be achieved.[200]

Tax Inspectors without Borders is providing important support to Governments in specific policy areas and building capacity, but UNDP could be doing more to address systemic tax challenges. Evidence emerging from the programme could be marshalled to identify recurrent themes, common problems and good-practice solutions. This could help to inform advocacy and engagement through the United Nations Secretariat, UNDESA and other agencies.

UNDP and Tax Inspectors without Borders should consider a strengthened focus on tax evasion/avoidance in the extractives sector. As noted in section 5, the IMF has identified transfer pricing and other tax evasion practices as a significant source of revenue loss in a large group of low-income countries. The same is true for many middle-income countries. Operating through a revamped Tax Inspectors without Borders platform, UNDP could work with the IMF bring their joint forces to bear on this long-standing problem. The initiative has a demonstrated capacity to deliver results. A strengthened focus on the extractives sector would require some reprofiling of competencies, but it would appear to offer a route to greater impact.

UNDP should consider framing a distinctive workstream on efficient and equitable public spending, building a small hub of central expertise on public finance and scaling up support for a small number of country programmes where the organization is positioned to drive results. The broad aim would be to release through efficiency gains additional finance for the SDGs, and to challenge public spending practices that fail to address deeply ingrained inequalities. A guiding principle in this context would be to encourage progressive universalism – the goal of extending greater levels of support and public finance to those who are being left behind. UNDP could partner with the CEQ Institute in Tulane University, UNICEF and – potentially – the IMF-World Bank in this endeavour.

As outlined in section 5, many countries have seen an increase in public expenditure demands in response to the pandemic, while seeing domestic resource mobilization decline. Demand for support from the Tax Inspectors without Borders will help to stem part of this fiscal gap.

Management response: Accepted

UNDP **fully accepts** this recommendation. Its work with the OECD on Tax Inspectors without Borders has already contributed to the mobilization of additional tax revenues in excess of $1.5 billion. The results achieved so far show that the impact of this work could go to further scale, as the evaluation registers with finding 11. UNDP is already implementing actions to broaden its ambition on domestic resource mobilization, including through a strengthened offer on taxation, as well as looking at issues of equity and environmental sustainability by means of a new 'Tax for the Goals' initiative. UNDP will launch an expanded 'Tax for the Goals' initiative in 2022 as part of

200 Connected to conclusion 2.

a consolidated portfolio, taking on board the recommendations of the evaluation, and with financial support from the Governments of Finland and Norway, among other potential donors. The programme will include support for Governments in using taxation as both a tool for revenue collection as well as a policy tool to direct behaviour towards desired outcomes related to e.g., climate, culture and society, as well as to encourage new and more sustainable growth strategies.

Key action(s)	Time frame	Responsible unit(s)	Tracking	
			Comments	Status
4.1. Officially launch the new 'Tax for the Goals' initiative, building a strengthened UNDP offer on taxation.	By June 2022	Bureau for Policy and Programme Support		

RECOMMENDATION 5.

UNDP should build on its initial experience in support to sovereign bond issuance and develop a distinctive offer on sovereign bond financing related to the Sustainable Development Goals, linking national reporting systems to strengthened reporting systems for environmental, social and governance investments.[201]

Consideration should be given to the creation of a small sovereign bond financing team with a remit to broaden and deepen sustainable sovereign debt financing for the SDGs. The team would work with Governments, country offices and United Nations agencies to identify compelling SDG financing propositions underpinned by credible budget tagging and reporting systems. Building on the lessons from best practice, UNDP could establish a standard for certification, reporting and delivering impact that is beyond the scope of current SDG bond certification entities. This would form a basis for dialogue with the key gatekeepers for SDG-related bond finance, starting with the credit rating agencies and investors and extending to regulators. Initiating that dialogue at a high level should be a priority for UNDP leadership and inform the UNDP strategy for engagement with the G20.

UNDP should shift its focus from standard-setting to the development of SDG bond frameworks backed by robust reporting systems. The bond frameworks provide an opportunity to engage with Governments and civil society on financing for the most urgent SDG priorities. Frameworks pitched at a high level of generality with weak reporting systems risk limiting impact, encouraging greenwashing and deterring investment. Conversely, a compelling SDG-related offer backed by a credible reporting system could increase demand for SDG-related bonds among investors. This is a crowded playing field, but it is an area in which the experience and distinctive assets of UNDP could play a transformative role. That said, UNDP should also position its support to provide advice on the risks associated with debt sustainability related to bond issues and increasing indebtedness.

201 Connected to conclusion 3 and 4.

Management response: Accepted

UNDP **fully accepts** recommendation 5. As suggested by the evaluation, UNDP will continue to develop its distinctive offer on sovereign debt instruments aligned to the Sustainable Development Goals. The links with UNDP broader work on public finance, including Goal-aligned budget coding and tracking, will be further strengthened as part of this offer. On linking national reporting systems to strengthened ESG reporting systems, UNDP understands the need to go beyond ESG reporting, which is already being challenged for its lack of robustness in connecting investment to impact. A stronger and integrated tool that focuses on practice and management is necessary to fully take advantage of the opportunities that ESG investment brings, while addressing concerns over 'greenwashing' and 'Goal washing" by paving the way towards SDG-aligned investment. UNDP understands that the SDG Impact Standards can yield the recommended results, given the success of previous experiences with Governments and finance institutions that used the standards in their issuance of Goal-aligned bonds. Therefore, UNDP will continue to bring SDG Impact Management Standards to bonds issuers to strengthen the integrity of the Goal- aligned bond markets and avoid 'washing', with special attention to advocating with clarity the unique role, characteristics and application of the standards as distinct to ESG reporting initiatives.

In this regard, management registers that the evaluation misunderstands the SDG Impact Standards and their relationship with ESG reporting. The standards go beyond ESG reporting in assuring that internal management and decision-making processes over investments are in line with the Goals. Those approaches that the standards appear to duplicate (finding 12) are not management-focused tools nor were they developed within the framework of the Goals. As the SDG Impact Standards are the only standards in the market that deal with 'practice' or 'decision-making' and consider the interconnectedness among the SDGs, they are the best alternative on which to build the robust reporting systems that could increase demand for Goal-related bonds among investors (recommendation 5). By focusing on process and how decisions are made, the SDG Impact Standards help to offset some of the shortcomings in siloed tracking systems that report on the Goals and can obscure and understate the long-run impacts (chapter 2). Lastly, with the Goals integrated through decision-making and not only considered as reporting requirements, UNDP is advocating for and demonstrating the achievability of SDG Impact Management across markets, supporting a graduation from ESG reporting and the risks it presents regarding 'greenwashing' and 'Goal washing'. Therefore, UNDP will continue to work with all actors in the market towards the adoption of the standards.

Key action(s)	Time frame	Responsible unit(s)	Tracking	
			Comments	Status
5.1. Review and strengthen the UNDP offer on Sustainable Development Goal-related sovereign bond financing including linkages to the broader public finance support of UNDP including budget tagging and the SDG Impact Standards	September 2022	Bureau for Policy and Programme Support		

RECOMMENDATION 6.

UNDP needs to build a climate finance offer around its considerable experience in delivering projects that de-risk and crowd-in climate investment. The aim to support access to clean energy for 500 million people will require a specific finance mobilization strategy to ensure that UNDP can deliver and leverage finance from other actors. Climate budget tagging work should be developed further and support for nationally determined contributions should be more integrated into the UNDP Sustainable Development Goal finance offer.[202]

Progress towards the energy access goal has been particularly slow in sub-Saharan Africa, and the pandemic has pushed the region even further off track. Getting on track will require a surge in the provision of mini-grid and off-grid solutions, but this is an area marked by a weak pipeline of bankable projects, which in turn contributes to financing gaps. The right blend of private investment and concessional finance could close that gap by reducing risks, but developing that blend complex, time-consuming and marked by high transaction costs. Bottlenecks include fragmented planning systems and poorly framed regulatory systems. Platforms such as the African Development Bank Facility for Energy Inclusion are providing blended finance in the form of junior equity that anchors more commercially oriented investors, but even with intensive engagement disbursement rates remain low.

UNDP should set out how it will address these financing challenges. There are many areas in which the organization could make a difference, including technical advice on regulatory reform and the development of bankable projects. But the organization may need to strengthen the competencies that will be required in these areas. Given that most of the 500 million to be targeted live in sub-Saharan Africa, the organization needs to set out how it will resource efforts in specific countries, both through its own efforts and by leveraging resources through UN-Energy.

An important consideration in the planning process is timescale. In effect, UNDP has taken on the challenge of linking two thirds of the world disconnected people to energy in a four-year period. This will not be achieved without a dramatic acceleration of progress and a concerted drive to reach some of the world's most marginalized people and communities. Project-based approaches may take the world some of the way towards the goal, but energy-related projects are notoriously marked by time lags and slow delivery – and the record on scaling-up success stories is mixed. UNDP should therefore set out how and where it will seek to leverage its project experience to drive wider results.

Domestic resource allocation will be key for climate finance and the INFF process along with the continuation and integration of climate budget tagging stands out as an area of work that will need to be embedded and continued going forward to ensure national financial allocation decisions are relevant to climate change. The integration and linkage of country-level NDCs with the INFFs will also be needed to ensure climate commitments are adequately financed. Climate budget tagging is also strongly linked to the support to sovereign bonds with a climate focus, funding climate and green projects, and the monitoring and reporting of climate impact.

[202] Connected to conclusion 5.

Management response: Accepted

UNDP **fully accepts** recommendation 6 and highlights that it is already developing a road map to bring together finance from the public and private sectors and to de-risk investment at the scale required to connecting 500 million people to energy systems, as set out in the UNDP Strategic Plan, 2022-2025 and the UN-Energy Pledge. The road map will be developed jointly with UN-Energy and other partners and build on the significant UNDP climate finance portfolio ($1.9 billion in 150 countries) and in particularly the Africa mini-grid programme. The road map will be defined and a proof of concept developed for the design of a new blended finance facility for energy access and green productive use of electricity. This facility will seek to provide the adequate de-risking of financial mechanisms to drive investment at scale and contribute to closing the energy access gap.

Key action(s)	Time frame	Responsible unit(s)	Tracking	
			Comments	Status
6.1. Develop a road map, under the newly established Sustainable Energy Hub, to bring together finance across public and private sectors and de-risk investment at the scale required to connect 500 million people to energy systems.	October 2022	Bureau for Policy and Programme Support		

RECOMMENDATION 7.

UNDP should seek to play a stronger and more strategic advocacy role in influencing development finance policies through its engagement at global level with multilateral agencies and intergovernmental forums, and at national level through engagement with Governments.[203]

UNDP should outline a small number of bold policy change priorities which are widely understood across the organization. This does not imply that UNDP should retreat from its wider agenda, but within this agenda, the organization should identify a small number of 'big wins' that it will seek to achieve in areas where it holds specific competencies. This evaluation suggests several areas for consideration and strengthening of ongoing work, including more equitable public spending and progressive taxation (domestic resource mobilization); changing the lending practices of multilateral development banks and SDR allocation arrangements; and the alignment of sovereign bond markets with the SDGs. These are all areas in which UNDP is well placed to leverage through policy change the financial resources needed to achieve the Strategic Plan goals.

203 Connected to conclusion 6.

While a focused strategy would narrow some aspects of the current approach there are also risks associated with a broad spectrum of activities. One of those risks is that the limited UNDP human and financial resource base will respond to waves of demand from other agencies that may not be strategic. This is evident in current operations.

Once a strategic agenda has been set, UNDP should align its resourcing with the objectives. This should include the identification of specific countries and approaches that will be prioritized, and the alignment of the organization's influencing and agenda setting capabilities – including publications, the Administrator's interventions, engagement with key actors – behind the objectives. For illustrative purposes, the *Human Development Report* team might be asked to consider taking up the reform of multilateral development finance, or the development of SDG-aligned private capital markets as future issues.

The organization could strengthen its substantive policy influencing work in an expanded Strategic Policy Engagement Unit with strengthened links to regional bureaux and country offices. UNDP should seek to ensure that its policy influencing in development financing addresses global challenges, but with a strong grounding in country experience and evidence. An expanded Strategic Policy Engagement Unit, linked to the Sustainable Finance Hub, should develop strategies to steer UNDP engagement on domestic resource mobilization, international public finance and private capital market alignment with the SDGs.

Management response: Accepted

UNDP **welcomes** this recommendation. UNDP is seeking to play a stronger and more strategic advocacy role in influencing development finance policies through its engagement at a global level with multilateral agencies and intergovernmental forums. As UNDP develops a road map for promoting $1 trillion investment in the Sustainable Development Goals as part of operationalizing the new Strategic Plan, UNDP will consult with and develop communications for different audiences, including those articulated in recommendation 7. This will include a continuation of investment in the G20 finance track through the Sustainable Finance Working Group, as well as engagement with IFIs on strategic development finance policy areas (particularly the international finance institutions team and strategic policy engagement team). UNDP will continue to work across different regional bureaux and units to advocate on Goal-related finance policy globally, regionally and at country level. Lastly, it must be registered that any 'big wins' to be set by UNDP must be clearly linked to the areas of the Strategic Plan and be country demand-driven. Notwithstanding the key advocacy role UNDP is playing, issues related to domestic resource mobilization, allocation of special drawing rights and lending practices of multilateral development banks, these are deeper political issues that require collective action by Member States, the IFIs, their governing boards, shareholders and other interest groups.

Key action(s)	Time frame	Responsible unit(s)	Tracking	
			Comments	Status
7.1. See action 1.1	See action 1.1	See action 1.1		

ANNEXES

Annexes to the report (listed below) are available on the website of the IEO at:
https://erc.undp.org/evaluation/evaluations/detail/13380

Annex 1. Terms of reference

Annex 2. Documents consulted

Annex 3. Data sources consulted

Annex 4. People consulted

Annex 5. Global SDGs 2021

Annex 6. General government revenue and expenditure

Annex 7. Interest expense and government debt, 2007–2021

Annex 8. The effect of the COVID-19 pandemic on the forecast of general government gross debt and fiscal balances (% of GDP), 2019–2026

Annex 9. The effect of the COVID-19 pandemic on the forecast of GDP, 2019–2026

Annex 10. Country case study evaluation matrix

Independent Evaluation Office
United Nations Development Programme

Independent Evaluation Office
United Nations Development Programme
One UN Plaza, DC1-20th Floor
New York, NY 10017, USA
Tel. +1(646) 781 4200

/www.undp.org/evaluation
/UNDP_Evaluation
/ieoundp
/evaluationoffice

Evaluations for a #strongerUNDP