



Executive Board of the United Nations Development Programme, the United Nations Population Fund and the United Nations Office for Project Services

Distr.: General
28 March 2024

Original: English

Annual session 2024

3 to 7 June 2024, New York

Item 10 of the provisional agenda

UNDP evaluation

Management response to the evaluation of UNDP support to private sector development and structural transformation

I. Introduction

1. In 2023, the Independent Evaluation Office undertook an evaluation of the United Nations Development Programme (UNDP) support to private sector development and structural transformation. This evaluation delved into UNDP assistance to private sector development across macro (policies, incentives and dialogues), meso (institutional development, value chain, market and trade), and downstream (productivity and business practices) levels. It analysed aspects such as relevance and coherence as well as effectiveness and sustainability of the organization's strategy and interventions spanning from 2016 to 2022.

2. Engaging with the private sector is a cross-cutting issue for UNDP programmatic activities, signature solutions and strategic enablers. Hence, it has been extensively covered by the Independent Evaluation Office. From 2018 to 2021, for instance, evaluations delved into UNDP support for private sector development in conflict-affected and least developed countries, including gender-related aspects. More recently, evaluations focused on UNDP initiatives to finance coronavirus disease (COVID-19) recovery and Sustainable Development Goals financing, energy access, climate change adaptation and youth economic empowerment. In total, since 2021 eight thematic evaluations have included initiatives related to private sector or Sustainable Development Goals finance,¹ leading to the implementation of over thirty management response actions in the area. As such, guided by the evaluation's terms of reference and considering previous assessments, the current evaluation focused its scope on UNDP support for the enhancement of the private sector's productive capacities for an inclusive and green economic development,

¹ These include evaluations on UNDP support to [conflict-affected countries](#) (2021), [climate change adaptation](#) (2021), [energy access and transition](#) (2022), [youth economic empowerment](#) (2022), as well as the formative evaluations on the [integration of the principles of leaving no one behind](#) (2022) and on [UNDP response to the COVID-19 pandemic and Sustainable Development Goals financing](#) (2022). More recent evaluations are those on [digitalization of public services](#) (2023) and on ecosystems management and biodiversity conservation (2024, to be published).



with a focus on micro, small and medium-sized enterprises (MSMEs) operating in agribusiness, manufacturing and retail.²

3. The evaluation involved extensive consultations with UNDP staff, companies and entrepreneurs engaged in the organization's global initiatives.³ This is significant as it ensures that the evaluation's findings and its management response were shaped by inputs from both the implementing team and private sector partners. It is noteworthy that this evaluation integrated a new practice by the Independent Evaluation Office designed to foster more constructive discussions around evaluation reports.

4. UNDP appreciates the evaluation's recognition of the organization's relevance and adaptability in fostering private sector development and structural transformation. The evaluation highlights successful outcomes and good practices in the UNDP private sector strategy and emphasizes the pivotal role UNDP has in fostering public-private dialogue, which was recognized by stakeholders. This is significant as private sector partnerships are integral to the UNDP Strategic Plan 2022-2025 and crucial for global collaboration to advance the 2030 Agenda for Sustainable Development. UNDP has long recognized the role of enhancing private sector capacities for economic growth and poverty reduction worldwide, especially when interventions are tailored to promote the adoption of the Sustainable Development Goals as the main framework for companies' strategies and operations. Therefore, over the past two decades, UNDP has focused on bolstering the capacity to align investments for the achievement of the Sustainable Development Goals and to collaborate effectively with government and the private sector for structural transformation. This commitment is evidenced by the launch of two private sector engagement strategies (2018-2022 and 2023-2025), the approval of the food and agricultural commodity systems (FACS) private sector engagement strategy and the establishment of both the Istanbul International Centre for Private Sector in Development (IICPSD) in 2011 and the Sustainable Finance Hub (SFH) in 2019.

5. The evaluation also identified challenges that UNDP must overcome to successfully implement its private sector strategy. Operational constraints, such as the reliance on sustained donor support and their preferences, which limits UNDP decision-making, as well as sub-optimal policies and outdated grant making regulations on engaging with the private sector, need to be addressed for the UNDP Private Sector Development and Partnerships Strategy (2023-2025) to thrive. These challenges have already been acknowledged internally and are slated to be addressed as part of the ongoing implementation of both the UNDP Strategic Plan and the private sector strategy. In this regard, UNDP also appreciates the evaluation's recognition of management's effort to revise policies, aligning UNDP with good practices observed in other United Nations organizations. Notably, the revision of the UNDP Policy on Due Diligence and Partnerships with the Private Sector is a testament to these ongoing initiatives.

6. UNDP is committed to improving agility, transparency and accountability when supporting innovative business approaches, aligned with its Private Sector Development

² The evaluation did not cover UNDP initiatives involving the private sector in supporting the Sustainable Development Goals, including energy and climate change adaptation, as these were recently evaluated.

³ As outlined in the evaluation report, over 500 interviews were conducted at headquarters and regional and country level. Consultations engaged diverse stakeholders, including UNDP personnel, private sector, and national governments, as well as United Nations partner members of civil society. Additionally, a survey targeting companies and entrepreneurs involved in UNDP global initiatives received 447 responses, accounting for 33.5 per cent of targeted individuals.

and Partnership Strategy.⁴ Accordingly, in February 2022 UNDP established a private sector task team to tackle obstacles hindering partnerships with the private sector. Results include robust collaboration across bureaus, disciplines and functions, spearheading in-depth research analysis and proposing policy solutions.

7. Within this framework, UNDP welcomes the evaluation of its support to private sector development and structural transformation. The evaluation's findings, conclusions and recommendations hold timely and significant value and guided this management response, which aimed at improving capacity for integrated and enhanced delivery of UNDP private sector development and partnership initiatives. Moreover, the evaluation will enrich the private sector task team's ongoing endeavours and inform refinement and advancement of both theory and practice of the UNDP Private Sector Development and Partnership Strategy. Consequently, this contributes to the overarching goal of fostering an inclusive and green economy that ultimately leads to the eradication of poverty.

II. The private sector and the Sustainable Development Goals

8. The world is currently grappling with a severe planetary emergency characterized by biodiversity loss, pollution and climate change. This triple planetary crisis disrupts the delicate global ecological equilibrium, threatening the health of the planet and its diverse life forms. Confronting the multifaceted challenges of our time requires comprehensive collaborative partnerships. In this context, the Sustainable Development Goals embody a global agenda of unparalleled ambition, addressing these challenges while fostering genuine sustainable development, which is marked by economic, social and environmental advancement with an unwavering commitment to leaving no one behind. However, the Sustainable Development Goals are currently off-track, with mere 15 per cent of the targets on course.⁵ Additionally, recent years have witnessed a compounding of crises that have reversed decades of development progress. According to United Nations Conference on Trade and Development (UNCTAD), the investment gap across all Sustainable Development Goals has increased from \$2.5 trillion in 2015 to more than \$4 trillion annually from 2023 to 2030, with the most significant shortfalls observed in energy, water and transport infrastructure.⁶

9. In the current landscape, the private sector acts as a source of both challenges and solutions for sustainable development. Unsustainable patterns of production and consumption are the root cause of the triple planetary crisis.⁷ The private sector significantly contributes to environmental problems through profit-maximizing practices that neglect social and environmental concerns.⁸ Nevertheless, the private sector also holds immense potential as a key player in addressing the global crisis given its abundant resources, capacity for innovation and agility to find and implement solutions. By investing in new technologies and innovation strategies, private enterprises can drive economic growth and pioneer developing solutions to society's pressing challenges.

⁴ UNDP, [Private Sector Development and Partnership Strategy \(2023-2025\)](#), p. 41.

⁵ United Nations, "Only 15 Per Cent of Global Development Goals on Track, as Multiple Factors Stall, Hamper, Reverse Inclusive and Sustained Development, Third Committee Stresses" (2023).

⁶ UNCTAD, [World Investment Report 2023](#), p. xv.

⁷ United Nations, [The Sustainable Development Goals Report 2022](#), p. 19.

⁸ For instance, the vast majority of annual investments in food systems is misaligned and driving negative outcomes, generating \$12 trillion in hidden social, economic, and environmental costs. See The World Bank, [Food Finance Architecture: Financing a Healthy, Equitable, and Sustainable Food System](#) (2023).

10. The pivotal role that the private sector has in sustainable development is evident in the significant increase in global sustainable investments from \$18.28 trillion to \$35.3 trillion from 2014 to 2020⁹ – an impressive 25 per cent rise. Investors are increasingly demanding sustainability outcomes, with farsighted business leaders recognizing the Sustainable Development Goals as a framework for navigating an uncertain future. Through its Private Sector Development and Partnerships Strategy, UNDP has successfully fostered private sector engagement, as demonstrated by the various examples in the evaluation report. This has resulted in impactful interventions and partnerships with enterprises of all sizes to mitigate the impacts of the planetary crisis and advance the Sustainable Development Goals.

11. Engaging the private sector in the 2030 Agenda is critical for addressing the root causes of the triple planetary crisis and achieving the Sustainable Development Goals. While there is a growing momentum for change, it remains insufficient to fully realize the ambitions of the 2030 Agenda. However, positive trends indicate a shift towards greater mainstream uptake in investments focused on sustainable development.¹⁰ To effectively leverage and multiply these trends, systemic changes are imperative. This entails embracing alternative and innovative sustainable business models, along with market incentives to finance and adopt such models at scale. In this context, the evaluation underscores the unique position of UNDP, given its broad mandate and extensive experience, to foster private sector development and structural transformation. This positions the organization to advance the objective of making markets work for the Sustainable Development Goals.

III. UNDP support to private sector development and structural transformation

12. UNDP engagement with the private sector dates to the late 1980s and early 1990s. In the beginning of the 2000 decade, when Secretary-General Kofi Annan launched the Commission on the Private Sector and Development,¹¹ UNDP significantly ramped up its efforts to collaborate with the private sector on development projects and initiatives. This shift was driven by a recognition of the importance of that sector in achieving goals for sustainable development.

13. The first comprehensive global UNDP Private Sector Development and Partnership Strategy¹² was developed after an analysis of the work of other international organizations identified several areas of comparative advantage. Building on this foundation, UNDP extended its private sector strategy for 2023-2025.¹³ Along with working to unlock \$1 trillion in public and private capital for the Sustainable Development Goals, the current UNDP private sector strategy also focuses on making markets work for two additional

⁹ UNDP, [Engaging the private sector to achieve the 2030 Agenda](#) (2023).

¹⁰ UNDP, [Private Sector Development and Partnership Strategy \(2023-2025\)](#), pp. 8-9.

¹¹ A UNDP initiative, the Commission was created to develop strategic recommendations on how to promote a strong indigenous private sector and initiate concrete programmes, with the highest potential impact in private sector development under the framework of the Millennium Development Goals. Results were published in the report “[Unleashing the entrepreneurship: making the business work for the poor](#)” (2004).

¹² The UNDP [Private Sector Development and Partnership Strategy \(2018-2022\): Making Markets Work for the SDGs](#) was launched to make markets work for the Sustainable Development Goals with an emphasis on inclusion of poor and marginalized communities, in partnership with governments, civil society and businesses.

¹³ The UNDP [Private Sector Development and Partnership Strategy \(2023-2025\)](#) draws on assessments, evaluations – including the midterm review and the evaluation of the previous UNDP Strategic Plan – and on the lessons of experience. It has gone through an extensive review and consultation process with more than 180 valuable comments, inputs and suggestions from 83 colleagues across 22 different expert teams.

“moonshots” established in the Strategic Plan: to help 100 million people escape multidimensional poverty and to support 500 million people to gain access to energy. As a result of the increased relevance of UNDP work in private sector development and structural transformation, by the 2016-2023 period, the UNDP portfolio comprised 801 projects which covered, in full or partly, activities aimed at promoting private sector development and structural transformation. The total budget was \$3.4 billion (annual average of \$420 million), which reflects a nominal increase when compared to UNDP estimates for earlier periods.

14. UNDP support to private sector development works to foster inclusive and sustainable economic growth, stimulate investments, reduce poverty and businesses’ environmental footprints, as well as apply human rights standards, all to promote sustainable development. Currently, as highlighted in the evaluation, UNDP private sector engagement initiatives capitalize on the flexibility provided by the organization’s mandate to tailor responses and systems to meet government and private sector needs effectively. Its integration with the UNDP Strategic Plan also helps maintain the focus of national institutions on individuals and communities most at risk of being left behind. In this regard, UNDP facilitated the employment and socio-economic inclusion of close to 1,000 Venezuelan migrants in Colombia, with 70 per cent remaining employed in the assigned businesses after the project closure. The initiative reported increases in salary of 1.46 times and enhanced social security. Another positive example that also provides good practices in engaging with private sector associations is the Connecting Business Initiative (CBI) with the United Nations Office for the Coordination of Humanitarian Affairs (OCHA). This initiative effectively engages private sector networks strategically before, during and after emergencies, enhancing response and recovery efforts. Since its inception in May 2016, CBI Member Networks have responded to 132 crises, mobilizing US \$91 million and assisting over 23 million people.

15. As listed in the evaluation, UNDP has been able to deliver relevant results in areas such as access to finance and trade facilitation, despite challenges regarding policies and financial rules and regulations. In Malawi, UNDP implemented the Innovation Challenge Fund that resulted in more than 117 enterprises receiving over \$40 million in grants to incubate start-ups, as well as test and grow innovative private sector business approaches. Based on the success and lessons learned from this multi-partner initiative, UNDP with the United Nations Capital Development Fund (UNCDF) worked with the Joint SDG Fund to establish a structured blended finance vehicle that mobilized \$35 million for investing into 50 businesses in Malawi in partnership with Bamboo Capital Partners (manager to BUILD Malawi Fund). In Uzbekistan, the UNDP trade platform facilitated over \$150 million in export contracts, with most participants willing to pay for its services. In the Arab States, UNDP contributed significantly to finalizing and ratifying the Arab Agreement on Liberalization of Trade in Services (2019). Additionally, UNDP supported the modernization of logistics services in Egypt and Jordan, enhancing the efficiency of border procedures in terms of time and cost.

16. Collaborations with the private sector have also tackled critical issues associated with the triple planetary crisis. UNDP is currently one of the largest service providers in the United Nations System working to help countries adapt to climate change and reduce greenhouse gas emissions. As highlighted in the evaluation, long-term UNDP support to the government of China was cited among the most significant changes by the organization in the area, leading to the development of the fuel cell industry, with \$ 2.2 billion invested.

In Egypt, UNDP contributed to the structural transformation of the clean energy market, with more than 200 million LED lights sold and a payback period of five months for investors. Moreover, projects under the UNDP Nature, Climate and Energy portfolios have spurred private sector development and structural transformation through policy and regulatory changes and by directly supporting entrepreneurs. These efforts exemplify UNDP commitment to driving sustainable development through strategic partnerships and innovative approaches.

17. UNDP actively supports countries to craft national sustainable development financing strategies, emphasizing catalytic interventions, crowding-in finance from the private sector, partnerships building, scaling-up innovative financing mechanisms, and improving financial resources effectiveness.¹⁴ Through initiatives like the SDG value chain programme, which focuses on integrated solutions for the private sector, governments and development partners collaboration, UNDP has mobilized \$1 billion to strengthen resilience to crisis and has supported 35 million people with better services to tackle poverty. In Indonesia and Malaysia, SDG investor maps are being used along with Development Finance Assessments (DFAs) to influence public policy in areas such as investment promotion and facilitation.¹⁵

18. As underscored in the evaluation report, during the COVID-19 pandemic, UNDP support for MSME digitalization and the creation of e-commerce platforms provided important support to struggling businesses. Positive examples of these efforts were found in Colombia, where half of the supported micro-enterprises reported a 20 per cent sales increase; Ecuador, where 31 per cent of the supported companies reported lower risks of business closure; and Uganda, where over 4,000 vendors registered their products online, selling more than 300,000 items per month and increasing their daily earnings during the pandemic.

19. The evaluation also emphasized the consistent UNDP inclusion of women in private sector development efforts. Relevant examples are the dedicated women's resource centres in Azerbaijan and the Gender Equality and Social Inclusion information management system in Nepal, as well as awarding the Gender Seal to the MSME Development Agency in Egypt, which is the first public institution in the country. Additionally, the Gender Seal process strengthened companies' internal policies, mitigating gender-based discrimination risks.

20. The UNDP endeavours in fostering integrated approaches have yielded successful collaborations for initiatives led by the Sustainable Finance Hub and in partnership with UNCDF, particularly in digital finance and fintech. The first of its kind was the Multi-Partner Trust Fund Office (MPTFO) call for joint programming proposals on SDG Financing; UNDP was the largest recipient, securing more than \$15.5 million (with UNCDF in second, receiving \$15 million). UNDP participated in seven out of nine top-ranking joint programmes, acting as the leading agency in five (with participation of UNCDF as a key partner in three) of the nine programmes (out of 155 projects submitted).

21. The evaluation also underscores how UNDP investment in supporting countries and the private sector on sustainable finance has evolved into a key area of expertise,

¹⁴ UNDP, [Private Sector Development and Partnership Strategy \(2023-2025\)](#), p. 19.

¹⁵ UNDP, [Sustainable Finance Hub Integrated Services: Unlocking Private Capital & Aligning Business Operations For The SDGs](#), p. 3.

responding to private sector needs. Guided by the Private Sector Development and Partnership Strategy and informed by evaluation recommendations, UNDP is committed to strengthening partnerships with businesses, national governments, and the United Nations System to enhance the effectiveness and depth of support to private sector development and structural transformation. This entails refining its theory of change, enhancing organizational capacity and fostering a more conducive organizational culture, as detailed in the next section.

IV. Findings and conclusions of the evaluation

22. UNDP welcomes the evaluation of its support for private sector development and structural transformation, recognizing its significance in informing adjustments crucial for the successful implementation of the UNDP Strategic Plan. Considering its focus on policy, relevance, coherence, effectiveness and sustainability, this evaluation serves as a valuable tool for enhancing UNDP efforts in private sector development and partnership, ensuring continuous improvement in its approach. Particularly, UNDP is pleased to note that the evaluation highlights the importance of private sector development and structural change within its mandate, emphasizing the organization’s adaptability and commitment to addressing global challenges through partnerships. The evaluation also recognizes the unique value proposition of UNDP and its successes in areas like sustainable finance, business and human rights, digitalisation and promotion of greener practices. As also registered by the evaluation, challenges such as reliance on donor support and preferences, organizational culture and outdated grant-making regulations are still key constraints affecting decision-making.

23. It should be noted that UNDP engagement with the private sector is a cross-cutting issue for UNDP programmatic activities, signature solutions and strategic plan enablers. Therefore, this area has been the subject of increased attention by the Independent Evaluation Office, especially after the launch of the first global UNDP private sector development and partnership strategy in 2018. In this regard, in just the last four years, UNDP engagement with the private sector was assessed as part of eight global thematic evaluations,¹⁶ leading to the implementation of over thirty management response actions focused on this strategic area. Among these eight evaluations, four significantly emphasized private sector engagement: “Evaluation of UNDP Support to Climate Change Adaptation” (2021), “UNDP Support to Energy Access and Transition” (2022), “Evaluation of UNDP Support for Youth Economic Empowerment” (2022), and “Financing the Recovery: A Formative Evaluation of UNDP’S Response to the COVID-19 Pandemic and SDG Financing” (2022).

24. Therefore, the management responses to those eight thematic assessments also actively advance the recommendations in the present evaluation. For instance, the design of a development finance strategic roadmap promoted more integrated and coherent support to UNDP sustainable finance services, in line with Recommendation 1 of the current

¹⁶ These include evaluations on UNDP support to [conflict-affected countries](#) (2021), [climate change adaptation](#) (2021), [energy access and transition](#) (2022), [youth economic empowerment](#) (2022), as well as the formative evaluations on [the integration of the principles of leaving no one behind](#) (2022) and on the [UNDP response to the COVID-19 pandemic and Sustainable Development Goals financing](#) (2022). More recent evaluations are those on [digitalization of public services](#) (2023), and on [ecosystems management and biodiversity conservation](#) (2024, to be published).

evaluation.¹⁷ UNDP capacity to deploy these offers was also strengthened because the implementation of the roadmap was initiated through the SDG Finance Academy, which has trained more than 100 country offices on the four UNDP consolidated and interlinked sustainable finance offers. Consistent with Recommendation 5, UNDP has invested in de-risk and the use of smaller-scale, off-grid solutions to scale up energy access in remote and rural communities.¹⁸ For example, the Africa Minigrids Program, supporting 21 countries in Africa to attract private investment and lowering costs in solar battery minigrids, initiated implementation at the end of 2022. Lastly, UNDP has scaled up support for MSMEs and community-scale organizations on climate change adaptation,¹⁹ in line with Recommendations 2 and 3. In 2021 UNDP launched the Adaptation Innovation Marketplace, a multi-stakeholder strategic initiative that promotes scaled-up adaptation at the local level in order to utilize resources, know-how and support to facilitate local access to climate change finance.

25. UNDP fully accepts the recommendations in the evaluation of its support to private sector development and structural transformation. Building upon all the above-mentioned previous evaluations that assessed UNDP engagement with the private sector, this management response prioritizes actions aimed at achieving policy coherence. This entails updating the theory of change for the Private Sector Development and Partnership Strategy, strengthening offers directly related to the recommendations, bolstering institutional capacity via training and refined guidelines, as well as fostering a conducive organizational culture.

26. Furthermore, in acknowledgement of the need for sustained engagement with donors, the actions in this management response entail enhanced advocacy and a call to action aimed at raising donor awareness and improving macro- and meso-level interventions. In order to deliver effective results, the response will partner with development finance institutions and other United Nations agencies. It will also leverage ongoing initiatives, such as the private sector task team, which is working on updating private sector engagement regulations, and the SDG Finance Academy, which provides training, knowledge and access to experts that build capacity across UNDP and its partners.

27. UNDP fully accepts Recommendation 1 and will therefore improve the theory of change in its Private Sector Development and Partnership Strategy through a global consultation that will leverage ongoing discussions on Global Policy Network (GPN) service offers at country and regional level. In line with the recommendation, UNDP will engage private sector stakeholders throughout, fostering participation of relevant interested parties in devising the workplan and attending the consultations. The theory of change will be framed to clearly articulate how the integrated application of UNDP service offers can support private sector development and transformation. The review process will consider the challenges faced by MSMEs as well as engage with larger companies and network of private sector enterprises.

28. UNDP also fully accepts Recommendation 2, which is in line with a key objective of its current portfolio: economic transformation to low-carbon energy systems and identifying and delivering market-driven climate- and nature-based solutions. UNDP will

¹⁷ Independent Evaluation Office, [Financing the Recovery: A Formative Evaluation of UNDP'S Response to the COVID-19 Pandemic and SDG Financing](#) (2022).

¹⁸ Independent Evaluation Office, [UNDP Support to Energy Access and Transition](#) (2022).

¹⁹ Independent Evaluation Office, [Evaluation of UNDP Support to Climate Change Adaptation](#) (2021).

focus on reviewing and strengthening its Trade and Value Chains service offer, which brings an integrated and inclusive approach to private sector and trade programmes, also addressing bottlenecks and capacity development at the macro, meso and micro levels to promote systemic change in the way markets work. Planning and executing these actions will involve advocacy efforts to raise awareness among donors and host countries about the benefits of investing in market analysis for informed policymaking. UNDP will also enhance inter-agency collaboration by integrating its services with specialized agencies' tools on market intelligence and technical assistance for value-chain development. Synergies with the other actions in the management response will also be explored, particularly regarding Recommendation 4, on enhancing UNDP engagement with large companies and networks of companies. Lastly, UNDP will ensure comprehensive guidance is provided to regional bureaux and country offices on effectively utilizing the Istanbul International Centre for Private Sector in Development and the Sustainable Finance Hub. These resources aim to enhance outcomes at the country level.

29. UNDP fully accepts Recommendation 3 and commits to strengthening its support to structural transformation and private sector development, especially in sectors pivotal for poverty reduction and fostering a greener economy. UNDP already directs its efforts towards influencing government policy and regulation at the macro level to target sectors with the most potential to contribute to poverty reduction and green economy, such as the energy sector, nature-based economies, climate adaptation and mitigation, agriculture value chains, and women-owned businesses, which are prioritized in the UNDP Strategic Plan. Therefore, in response to this recommendation UNDP will continue collaborating with governments and other stakeholders to uphold current analytical and foresight tools, such as the SDG Push scenario, policy frameworks and knowledge management systems. UNDP will roll out a package of analytical tools in 40 countries, aimed at empowering governments to navigate complex economic landscapes and foster sustainable development. UNDP will also focus on leveraging the use of key existing tools for evidence-based decision-making like the SDG investor maps, whose market insights have been used by country offices to shape their private sector engagement strategy and inform host governments' enterprise support programs. Exploring the synergies with Recommendation 2, a section on SDG investor maps will be included in the guidelines to promote integration of market-based approaches in private sector development initiatives.

30. UNDP fully accepts Recommendation 4, highlighting its evolving partnership landscape with leading corporations at the global, regional and country levels. The partnership with Samsung Electronics, for instance, is accelerating progress towards the Sustainable Development Goals through initiatives such as the Samsung Global Goals mobile app, pre-installed on all Galaxy mobile devices, which educates users about the Global Goals and drives donations through Samsung's corporate donations, as well as from individuals. UNDP also works with private sector associations and alliances, including relevant entities such as the World Business Council on Sustainable Development, the International Chamber of Commerce, and the World Economic Forum. As UNDP is currently engaged in developing innovative approaches to expand UNDP partnerships with the private sector, the response to this recommendation will focus on improving capacity to strengthen UNDP engagement with large companies and private sector enterprises. This involves performing an analysis and providing guidance on how to enhance dialogue with these stakeholders.

31. UNDP fully accepts Recommendation 5 and acknowledges the evaluation's conclusion that the UNDP role in enabling market confidence and de-risking investments through governance and rule of law interventions warrants further exploration. In response to this recommendation and to complement existing efforts to attract national and foreign investment, UNDP will update its service offer on Unlocking Private Finance and Aligning Business Operations for the SDGs. UNDP will do so in collaboration with development finance institutions and investors, in line with the evaluation's suggestion that UNDP should continue facilitating the engagement of national and international financial institutions to promote a stronger alignment of finance flows for the development of private sector opportunities for the Goals.

32. UNDP fully accepts Recommendation 6 and notes with appreciation that the evaluation acknowledges ongoing efforts to identify bottlenecks and enhance the internal policy framework, such as the UNDP proactive approach to advance partnerships with the private sector and the recent revision of the due diligence policy. Therefore, in line with the evaluation's recommendations, UNDP will focus on continuing efforts coordinated by the private sector task team. The task team was established in February 2022 to accelerate the commitment in the UNDP Strategic Plan to partner with governments and the private sector in order to align public and private capital flows with the Sustainable Development Goals and mobilize finance at scale. As part of ongoing efforts to improve policies and regulations for private sector engagement, UNDP has already updated its Policy on Due Diligence and Partnerships with the Private Sector, simplifying the due diligence process; aligning risk significance levels with the Enterprise Risk Management (ERM) policy; empowering business units, notably regional bureaus, for risk assessments; clarifying decision-making processes; and introducing regular monitoring and spot checks. In line with this recommendation, UNDP will develop solutions to monitor the implementation of the due diligence policy and to provide clearer guidance to promote a risk-responsive organizational culture.

33. In conclusion, UNDP believes that the evaluation has shaped a management response that will further capacity and guide decision-making to promote integrated and coherent support to private sector development that resonates with the UNDP vision for this and contributes to an inclusive and green economy, leading to the eradication of poverty.

V. The future of UNDP support to structural changes through partnerships with the private sector

34. UNDP was a pioneer in acknowledging and in harnessing the increasing significance of private sector partnerships for driving structural changes and achieving developmental goals. In this context, the UNDP Private Sector Development and Partnership Strategy was designed to make markets work for the Sustainable Development Goals, in partnership with governments, civil society and businesses. Prioritizing gender equality, inclusivity, and green economy principles, the strategy integrates the Goals into private sector operations to alleviate poverty and foster sustainable development. It emphasizes the private sector's crucial role in advancing the 2030 Agenda and encourages the adoption of the Goals as the primary framework for private sector strategies. Aligned with the UNDP Strategic Plan, new programs will integrate private sector involvement into country-level initiatives, expanding efforts across 170 countries.

35. Over the next three years, the private sector strategy is committed to making markets work for three of the four UNDP Strategic Plan moonshots. UNDP is engaging with

corporations, entrepreneurs and industry leaders to leverage their expertise and resources to help 100 million people escape multidimensional poverty, to support 500 million people to gain access to clean energy, and to promote over \$1 trillion in public expenditure and private capital investment in the Sustainable Development Goals.

36. In order to achieve these ambitious goals, UNDP will leverage insights from the evaluation to strengthen its global service offers on private sector and sustainable finance. In line with the UNDP Strategic Plan and the evaluation findings, partnerships with the private sector will seek to prioritize areas where UNDP can add significant value, such as green transition, women-led enterprises, and digitalization. Emphasis is on promoting tools and solutions for green transformation and inclusive practices, particularly for small and medium enterprises, which constitute a majority of global businesses and employment.²⁰ The strategy supports the UNDP goal of inclusive economies, targeting women-led businesses that represent a third of all small, medium, and large enterprises around the world.²¹ Digitalization, a key enabler in the UNDP Strategic Plan, offers new business and finance opportunities, and therefore will guide partnerships towards digital service areas for forward-looking collaborations.

37. In this context, as part of the \$1 trillion dollars moonshot, UNDP is demonstrating the potential of global capital to achieve the Goals through impact measurement and management by aligning over \$137 billion in private capital. Collaborating with the International Organization for Standardization (ISO) and training providers, UNDP is enhancing the capacity of financial actors, including stock exchanges and investment funds with assets exceeding \$1.4 trillion, to align investments with the Sustainable Development Goals. Initiatives include partnerships with Thailand's Stock Exchange, with its market capitalization of \$513 billion, and the U.S. Securities Exchange Commission, resulting in the development of training and an SDG Guidebook for listed companies, worth \$82 billion, to report on their alignment to the Sustainable Development Goals.

38. UNDP also supports countries to define national sustainable development financing strategies focusing on identifying catalytic interventions, crowding-in finance from the private sector, building partnerships, scaling-up innovative financing mechanisms, and improving the effectiveness of financial resources. UNDP work at the country level is about lowering policy and institutional risks for long-term private investments that help secure Sustainable Development Goals outcomes. In the energy sector, the comparative advantage for UNDP lies in assisting developing nations in reducing risk for private sector investment, as exemplified by the Africa Minigrids Program (AMP). This program, funded by the Global Environment Facility (GEF) and implemented with partners like to African Development Bank and Rocky Mountain Institute, aims to leverage \$650 million in cofinancing to support minigrid projects across 18 African countries, fostering collaboration with diverse stakeholders.

39. In food and agricultural systems, with FACS Vision 2030 UNDP aims to scale up its current portfolio, which covers more than 100 countries and supports close to 500 landscapes. This portfolio encompasses initiatives on increasing agricultural systems resilience and food security for over 3.7 million people in more than 1,000 small-holder farming communities across over 40 countries, mainly least developed nations. The

²⁰ World Bank, [Small and Medium Enterprises \(SMEs\) Finance](#) (2019).

²¹ UN Women, [Multi-Country Study on Women-Led MSMEs, with a Focus on Microenterprises](#) (2023), p. 1.

UNDP food and agricultural commodity systems private sector engagement strategy seeks to broker public-private partnerships through country offices, facilitating support for multi-stakeholder engagement through initiatives such as Value Beyond Value Chains (VBV) and From Commitment to Action (FC2A) as well as developing business cases and brokering relationships with other partners.

40. UNDP collaborates with insurers at all levels to develop innovative insurance products and distribute solutions designed to meet the needs of underserved populations. UNDP contributes to the InsuResilience Global Partnership Vision 2025 target of covering 150 million vulnerable beneficiaries by 2025. The ambition is to co-create insurance and risk finance solutions in over 50 developing countries by 2025, embed them in public decision-making, and contribute to the InsuResilience Vision 2025 target of protecting 500 million poor and vulnerable people by 2025.

41. As recognized in the UNDP Private Sector Development and Partnership Strategy, an important momentum for change is building and needs to be strategically leveraged into broader impact, otherwise the progress to date may remain in a niche of the world economy.²² By capitalizing on the collective expertise, resources and innovative capacity of the private sector, UNDP can effectively drive sustainable development on a global scale. Unlocking this potential requires updating policies, enhancing capacity for integrated delivery and fostering greater inter-agency cooperation. UNDP is actively addressing impediments and identifying opportunities to further advance collaborations with the private sector, and this management response will contribute significantly to this endeavour. Moreover, the success of the UNDP private sector strategy relies heavily on sustained donor support for macro- and meso-level interventions. This support is crucial for enabling UNDP to act as a more effective facilitator of partnerships aimed at fostering sustainable structural changes.

42. Moving forward, the 2030 Agenda for Sustainable Development and the Goals will certainly remain the global compass for bold and transformative action for people, planet and prosperity. Given its mandate, expertise and capillarity, the role of UNDP to facilitate partnerships for sustainable structural changes will be ever more critical to promote sustainable development for all. Thus, UNDP is committed to adapt and innovate to meet the evolving challenges and opportunities of the Anthropocene.

²² For instance, impact investment constituted only 0.25 per cent of total financial institution assets in 2021. UNDP, [Private Sector Development and Partnership Strategy \(2023-2025\)](#), p. 8.

Annex. Key recommendations and the management response

Recommendation 1. UNDP should define how its multiple service offers could be better leveraged to promote more integrated and coherent support for private sector development and structural transformation.				
Management response: UNDP fully accepts this recommendation and will enhance its Private Sector Development and Partnership Strategy by refining its theory of change through a global consultation. This process will involve engaging private sector stakeholders and leveraging ongoing discussions on GPN service offers at country and regional level. Emphasis will be placed on addressing challenges faced by micro, small and medium-sized enterprises, as well as engaging with larger companies and network of private sector enterprises. Additionally, UNDP will ensure consistency in language across related documents and knowledge products to avoid perceptions of inconsistency.				
Key action(s)	Completion date	Responsible unit(s)	Tracking*	
			Status	Comments
1.1. Organize one global consultation with key stakeholders, calling for the participation of private sector stakeholders involved in initiatives highlighted in the evaluation and leveraging ongoing discussions on GPN service offers at country and regional level.	December 2024	SFH/IICPSD, with support of SFH and regional bureaux		
1.2. Update and publish the revised private sector development theory of change.	March 2025	SFH/IICPSD		
Recommendation 2. Across its projects, and including those focused on livelihoods support, UNDP should enhance the integration of market-based approaches and the promotion of supply and value chains, particularly in middle-income countries.				
Management response: UNDP fully accepts this recommendation, which aligns with its current portfolio's focus on economic transformation towards low-carbon energy systems and market-driven climate- and nature-based solutions. UNDP will focus on strengthening its Trade and Value Chains offer, fostering systemic change in market dynamics across macro, meso, and micro levels. Advocacy efforts will emphasize the importance of market analysis for informed policymaking to donors and host countries. Collaboration with specialized agencies will be enhanced, and synergies with other recommendations explored, particularly Recommendation 4 regarding engagement with large companies. Additionally, comprehensive guidance will be provided to country offices to optimize the use of resources for enhanced outcomes at the country level.				
2.1. Review and strengthen the global offer on Trade and Value Chains by providing guidelines on how to integrate market-based approaches and the promotion of supply and value chains in private sector development initiatives, including market analysis tools and sources of market intelligence in SFH offers and other agencies in the United Nations system.	October 2024	SFH/IICPSD and Inclusive Growth		
2.2. Provide support to countries across at least two regional bureaux with the strengthened offer on Trade and Value Chains.	April 2025	SFH/IICPSD and Inclusive Growth		

Recommendation 3. UNDP country offices should strengthen its support to private sector development and structural transformation by focusing on sectors that can significantly contribute to poverty reduction and a greener economy.				
Management response:				
UNDP fully accepts Recommendation 3, pledging to enhance its support for structural transformation and private sector development, particularly in key sectors for poverty reduction and greener economy. UNDP currently directs efforts towards influence macro-level policies targeting sectors crucial for poverty reduction and green economy, such as energy, nature-based economies and women-owned businesses. Therefore, in response to this recommendation, UNDP will collaborate with governments in 40 countries to roll-out a package of analytical tools like SDG Push scenario and SDG investor maps, enhancing their dissemination and training across country offices. Synergies with Recommendation 2 will be explored, integrating SDG investor maps into guidance notes to promote market-based approaches in private sector initiatives.				
3.1. Roll out a package of analytical tools in 40 countries, aimed at empowering governments to navigate complex economic landscapes and foster sustainable development (e.g., SDG Push scenarios, growth diagnostics and carbon emissions).	July 2025	Inclusive Growth with SDG Integration Team and SFH and Energy, Climate and Nature Teams		
3.2. See action 2.1. Action will also address how to employ the SDG investor maps to strengthen private sector engagement strategies and establish integrated partnerships.	See action 2.1	See action 2.1		
Recommendation 4. UNDP should strengthen its engagement with larger companies and network of private sector enterprises, both at global and regional/country level, to promote the integration of MSMEs in global value chain on fair terms and private sector’s structural transformation at broader scale.				
Management response:				
UNDP fully accepts this recommendation, highlighting its evolving partnership landscape with leading corporations at global, regional and country level. Partnerships like the one with Samsung Electronics drive Sustainable Development Goals progress through initiatives like the Samsung Global Goals mobile app, pre-installed on all Galaxy devices. UNDP also collaborates with private sector associations and alliances like the International Chamber of Commerce (ICC). In response to this recommendation and to strengthen engagement with large companies, UNDP will enhance capacity by analysing and providing guidance on improving dialogue with stakeholders, aligning with ongoing efforts to expand partnerships with the private sector through innovative approaches.				
4.1. Based on consultations with key stakeholders, develop a guidance note on improving engagement with large companies and network of private sector enterprises (including chambers of commerce and business associations), both at global and regional/country level. Best practices and lessons learned from previous similar experiences, such as FACS and Business Call to Action, will inform the work.	December 2024	SFH and the Bureau of External Relations and Advocacy (BERA)		
Recommendation 5. UNDP should have a comprehensive take of all factors affecting the decisions of investors to support private companies in developing countries and focus on those that are more in line with its capacities and comparative advantages.				

Management response: UNDP fully accepts this recommendation and acknowledges the evaluation's conclusion regarding its role in enabling market confidence and de-risking investments in sectors of priority to the six signature solutions. In response to this recommendation, UNDP will update its offer on Unlocking Private Finance and Aligning Business Operations for the SDGs, collaborating with development finance institutions and investors to align finance flows with opportunities for the Goals and attract national and foreign investments.				
5.1. Update the Unlocking Private Finance and Aligning Business Operations for the SDGs offer in collaboration with at least two development finance institutions or investors.	February 2025	SFH with IICPSD		
Recommendation 6. UNDP should finalize the changes to its policies and regulations, based on the recommendations by its internal private sector task force.				
Management response: UNDP fully accepts this recommendation and acknowledges the evaluation's recognition of ongoing efforts to identify bottlenecks and enhance the internal policy framework, including the recent revision of its Policy on Due Diligence and Partnerships with the Private Sector and guidance. UNDP response to this recommendation leverages on actions coordinated by the private sector task team, established in February 2022, to advance partnerships with the private sector in alignment with the UNDP Strategic Plan. Efforts will focus on developing solutions to monitor the implementation of the due diligence policy and to provide clearer guidance to staff so as to promote a risk-responsive organizational culture, in line with the key aspects of the recommendation				
6.1. Develop guidance to support business units to undertake "spot checks" to monitor both the process as well as the outcome of the due diligence undertaken.	December 2024	Bureau for Policy and Programme Support (BPPS) /Development Effectiveness Group and BERA		
6.2. Complete the implementation of the digital private sector due diligence platform in Quantum+ to further streamline the process while serving as a global digital repository of due diligences undertaken to inform ongoing partnerships as well as those in pipeline.	December 2024	BPPS/Development Effectiveness Group with support from the Bureau for Management Services and regional bureaux		
6.3. Update the existing private sector resource mobilization toolkit to ensure an interactive tutorial to provide staff with clear guidance on private sector engagement policies and procedures, highlighting updates and best practices. In line with the updates from the private sector task team.	December 2024	BERA with SFH and inputs from Effectiveness Group		

*The implementation status is tracked in the Evaluation Resource Centre.