



JOINT SDG FUND 2023-2026 TRANSITIONAL STRATEGY:

Financing Catalytic Investments and Capacities for SDG Transitions

“We commit to fully support the UN development system, including the RC system and the Joint SDG Fund, to deliver better in support of programme countries and their efforts to implement the 2030 Agenda and its SDGs.”

Political declaration of the High-Level Political Forum on Sustainable Development (15 September 2023)

1. Background

The United Nations launched a sweeping reform in 2017 to transform the way the UN development system (UNDS) works to help deliver the 2030 Agenda. A key component of this reform is the UN Joint SDG Fund (hereafter ‘the Fund’), strategically designed to strengthen the leadership and convening roles of the UN Resident Coordinators (RCs) and UN country teams (UNCTs) in support of the Sustainable Development Goals (SDGs).¹ The Fund supports collaboration across UNCTs in offering integrated policy support and fostering investment strategies and financial solutions that accelerate sustainable development in line with national priorities.

To date, the Fund’s first phase of investments - exceeds \$260 million and involves 31 UN entities across 138 countries - has propelled a more strategic, integrated, and collaborative approach at the country level. The Fund has delivered results in enhancing social protection, bringing social services to more than 188 million people, and strengthening SDG financing, catalysing an additional \$2.3 billion in financing from both the public and private sectors. The Fund’s track record of mobilizing nearly \$10 in additional resources for each \$1 invested underscores its role in realising the quantum leap “from billions to trillions” that is needed for the SDGs. The Fund has also proved agile responses, providing much-needed support to strengthen resilience in Small Island Developing States (SIDS). A rapid “development emergency” modality has enabled the UN development system to move quickly to support countries to address the immediate global impacts of the cost-of-living crisis exacerbated by the war in Ukraine, building on the UN systems’ experience and lessons of its COVID-19 response.

At the SDG Summit in September 2023, Member States adopted a strong Political Declaration

expressing a recommitment to the SDGs and calling for “bold, ambitious, accelerated, just and transformative actions, anchored in international solidarity and effective cooperation at all levels.”² Specifically, in paragraph 40, member States pledged “...to fully support the UN development system, including the RC system and the Joint SDG Fund, to deliver better in support of programme countries and their efforts to implement the 2030 Agenda and its SDGs”. The Declaration explicitly recognizes the Joint SDG Fund as the UN’s pre-eminent joint financing mechanism for development.

In an effort to meet this call, the UN Sustainable Development Group (UNSDG) informed by the Common Country Analysis (CCA) and Cooperation Frameworks has identified six major transitions needed for SDG acceleration.³ The transitions serve as an organising frame to consolidate actions, resources and partners behind investment plans and pipeline programmes to accelerate progress across the SDGs, with the prevailing country contexts determining the enabling conditions, institutional capacities, priority level, financing, partners and action accorded to each area.⁴

Recognizing the catalytic role the Fund can play in supporting UN country teams to step up effective delivery through coherent support for SDG acceleration under the leadership of UN Resident Coordinators, a new strategy for the SDG Fund has been formulated for the period 2023-2026. The Strategy has been informed by the experiences and lessons learned in its first four years, as well as the 2022 comprehensive System-Wide Evaluation of the Fund.⁵ The evaluation validated the Fund’s strategic mandate and emphasized its value as a flexible and agile pooled fund mechanism to accelerate the SDGs. At the same time, the evaluation emphasized the need to enhance the prioritisation and quality of the Fund’s interventions through a refined and strengthened value proposition that concentrates

1. United Nations General Assembly, “Repositioning the United Nations Development System to Deliver on the 2030 Agenda: Our Promise for Dignity, Prosperity and Peace on a Healthy Planet, A/72/684,” December 21, 2017.

2. United Nations General Assembly, “Political Declaration of the High-Level Political Forum on Sustainable Development Convened under the Auspices of the General Assembly, A/HLPF/2023/L.1,” September 15, 2023.

3. United Nations General Assembly, “Progress towards the Sustainable Development Goals: Towards a Rescue Plan for People and Planet, Report of the Secretary-General (Special Edition), A/78/80” (United Nations, April 27, 2023).

(1) Food systems transformation; (2) Shifting the energy mix as well as addressing access and affordability; (3) The triple crisis of climate change, biodiversity loss and pollution; (4) Digital divide, connectivity and transformation; (5) Education and skills; and (6) Decent jobs and universal social protection.

the Fund's efforts on key transitions essential to achieving the 2030 Agenda and brings out the unique benefit of UN collective action. As such, the Fund's new strategy will work to accelerate the transitions by facilitating integrated policy and regulatory support for the SDGs, helping to shape investment strategies and financing solutions, and strengthening government and institutional capacities.

2. Identifying and Supporting SDG Transition Investments in Countries

For the Joint SDG Fund, the starting point for support to the SDG transitions will be governments' existing priorities and plans. A strong demand orientation to Fund support will avoid a competitive (and often inefficient) projectized approach by UN entities. Instead, Resident Coordinators and UNCTs will work with governments to combine existing investment strategies, mapping and diagnostic tools (including UN Sustainable Development Cooperation Frameworks and Common Country Analyses) to develop as complete an analysis of the institutional, regulatory, policy and financing landscape, and identify potential transition pathways that can address critical bottlenecks, weaknesses and gaps within a systemic approach.

Such an approach requires a shift away from the emphasis on "calls for proposals" that marked the first phase of the Fund. Recognizing that achieving each transition requires interconnected efforts with the other transitions, what is called for instead is an iterative, consultative process, involving inter-agency coordination bodies providing technical leadership on SDG transitions, consisting of UN entities, Member States, civil society and private sector partners.⁶ The Joint SDG Fund Secretariat, through a dedicated Task Team, will facilitate this process toward identifying investment environments and integrated programme pathways. Strategic guidance and

operational oversight for these processes will be provided by the Fund's main governance mechanisms – the Strategic Advisory Group and the Operational Steering Committee.

3. The Engine Room: Catalysing Actions by the UN Development System

The role of the Fund will be to support UN country teams in delivering key 'engine room' actions that are critical in undertaking the complex transitions to meet countries' sustainable development goals.

First, countries require the skills to map, assess and identify necessary reforms in policy and regulatory frameworks, working within and across sectors. Second, countries should aim to identify and build a pipeline of pre-appraised, shovel-ready investment projects that can support the transitions. Third, countries will need to be able to convene all relevant actors at national and/or local levels, as well as international partners, to match sources of financing with investment opportunities via a 'deal room' in order to successfully move from planning to execution. Fourth and finally, countries will need to develop capacity to ensure that public institutions and civil society are effective stakeholders in the transition process.

Despite their importance, these gaps reflect some of the most common weaknesses in many country contexts. The purpose of the Fund is to work via UNCTs in sourcing the best solutions and pulling together the teams required to deliver them, be it from the government, private sector or civil society – or in a partner country that has undertaken a similar transition. UNCTs are uniquely placed to work with national counterparts to identify such solutions and key partners and collaborators through their extensive local, national, regional and global networks.

4. UNSDG, "Six Transitions: Investment Pathways to Delivery the SDGs" (UN Sustainable Development Group, September 2023).

5. System-Wide Evaluation Office, "System-Wide Evaluation of the Joint SDG Fund 2019-2022," (Executive Office of the Secretary-General, United Nations, September 2022)

6. The following sections build on the UNSDG working document UNSDG, "UNSDG Narrative on the Implementation of Key Transitions: Proposed Way Forward (Working Document)" (UNSDG Principals Group, July 3, 2023).

4. Why the focus on supporting SDG transitions?

The Six Transitions framework and the intention to organize the deployment of the Fund around its delivery, is a response to Member States' recommitment to the SDGs. Specifically:

1.

The SDG transitions are a recognition of the transformative nature and ambition of the SDG agenda. At the half-way mark to the 2030 deadline, Member States acknowledged that progress on meeting the SDGs has fallen short, with only 15 percent of targets on track. Successive marginal improvements over time are not likely to enable systemic change. A focus on the transitions signals intent to change this record in the remaining period until 2030.

2.

SDG achievement requires that the intersectoral nature of sustainable development be addressed. A focus on SDG transitions recognizes the synergies that can be achieved across multiple SDGs by unlocking change in catalytic areas, given the interconnections across SDGs.

3.

The SDG transitions build on existing investments and programmes by government, UNCT and their partners to comprehensively address the SDGs.

4.

The SDG transitions focus also seeks to shift the support to countries from the UN and the broader development community to an integrated demand-driven model, and simultaneously contribute to strengthening the skills and services of the UN expertise, for the UN to be a better and more effective respond to countries needs and priorities.



Climate change, biodiversity loss and pollution (the “triple planetary crisis”) are deeply interlinked challenges underpinned by unsustainable consumption and production. Effectively tackling them requires a profound transformation of existing socio-economic systems, to change how people live, consume and produce, and our collective relationship to the planet. At its core, this requires a decoupling of economic growth from environmental degradation. Clear goals and targets to guide our efforts are provided by several multilateral environmental agreements, the Paris Agreement on Climate Change and the Global Biodiversity Framework, as well as a series of conventions and treaties controlling pollution and waste. Negotiations are also under way for a major treaty on plastics pollution, to be concluded in 2024.

The Fund will support collective actions for a just green transition especially by promoting innovations in climate and green financing, supporting the development of sustainable blue economies to protect marine biodiversity and ecosystems, and position the Fund as a potential vehicle to help countries address losses and damages through an integrated approach. The Fund will also support efforts to ensure the phasing out fossil fuels does not compromise energy access, and digital tools that enhance sustainability tracking, resource optimization, and the reduction of greenhouse gas emissions. As such, it must be integrated across the SDGs so that action on “planet” becomes an engine for “people”, “prosperity”, “peace”, and “partnership”.

FOOD SYSTEMS TRANSFORMATION



Our global food systems, encompassing all aspects of the lifecycle of food, from production, distribution, retailing, consumption, diets and addressing food loss and waste, are neither sustainable nor secure. Hunger and malnutrition are on the rise and nearly one-third of all food produced is lost or wasted. Food systems are contributing to environmental challenges, including greenhouse gas emissions, biodiversity loss, and excessive freshwater usage. In addition, they are vulnerable to economic, political and environmental pressures and under considerable threat with rising interconnected stressors. In the midst of conflicts, the triple planetary crisis, growing inequality and inequity, and economic instability, the interconnected challenges with our broken global food systems are becoming more visible. A global transition is urgently needed to achieve sustainable and nutritious food systems accessible and fair to all, while delivering on other SDGs.

The Fund aims to support countries to steer national transitions towards sustainable, resilient, inclusive and healthy food systems, building on the momentum created by the 2021 UN Food Systems Summit.⁷ The Fund can support the network of National Convenors, national food systems transformation pathways, and the global ecosystem of support, including Coalitions of Action and multistakeholder networks, resulting from the 2021 Food Systems Summit and supported by the UN Food Systems Coordination Hub.⁸ Additional efforts will be needed to ramp up transformation, starting with massive investments in equitable, healthy and resilient food systems, and their interface with climate mitigation and adaptation strategies, integrated water management systems and fair trade measures.

SHIFTING THE ENERGY MIX, ADDRESSING ENERGY ACCESS & AFFORDABILITY



Energy access and affordability remain core development challenges in large parts of the world, especially as it impacts on many other SDGs, opening new outlets of socio-economic dynamism. At the same time, given that energy accounts for over two-thirds of global greenhouse emissions, the diversification of the energy matrix, with a shift from fossil fuel-based energy to clean and renewable energy, is imperative for climate mitigation. While access to electricity has increased, the pace needs to accelerate along with sustained reliability and affordability, to ensure universal access by 2030. The clean energy transition targets humanity's climate and sustainable development goals, empowering people with nearly 25 million new jobs and opportunities to build new skills and entrepreneurial activities. The Secretary-General's Climate Action Acceleration Agenda⁹ identifies immediate actions with tailored support for a just and equitable energy transition in developing countries.

Building from national strategies and plans, including NDCs as well as JEPTs and updated Energy Compacts, which outline specific roadmaps to meet SDG 7, the Fund aims to promote integrated policy and financing solutions for just and green energy transitions, focusing on renewable energy production, transmission, storage deployment and access, especially for many energy-poor people, which have been left behind. The transition will also facilitate the scale-up of inclusive, just, and green energy initiatives, including at the local and municipal levels, to enhance access and affordability of clean energy to power-up food systems transformation, through low-carbon, water efficient and deforestation-free supply chains, including off-grid solutions for renewable power in rural areas.

7. United Nations, "Secretary-General's Chair Summary and Statement of Action on the UN Food Systems Summit" (United Nations, September 23, 2021), <https://www.un.org/en/food-systems-summit/news/making-food-systems-work-people-planet-and-prosperity>.

8. <https://www.unfoodsystemshub.org/>

9. https://www.un.org/sites/un2.un.org/files/un_sgs_acceleration_agenda.pdf

DIGITAL DIVIDE, CONNECTIVITY & TRANSFORMATION



Persistent digital divides, both among and within countries, impede progress on the SDGs amidst the rapid pace of digital transformation and growth. Taking profit of the immense potentials, while managing digital risks and harms, requires investing in inclusive and accessible digital infrastructure for meaningful connectivity for all.¹⁰ Secretary-General's vision for the future of global cooperation, set out in his report on our Common Agenda, - proposes a Global Digital Compact to be agreed at the Summit of the Future in September 2024. The Global Digital Compact would set out principles, objectives and actions to advance and open, free, secure and human-centred digital future, anchored in universal human rights and enables the attainment of the SDGs.

The Fund recognizes the potential of UN joint action to enable digital cooperation that can catalyse digital transformations and close the digital divide, especially in regions that have been left behind. The Fund will support promotion of systems change and leverage broader funding for key areas such as government services, digital connectivity, digital financing, e-trade, and digital standards to protect the planet. It will also support cross-cutting initiatives to advance digital public goods, digital human rights and digital capacity building to create a safer and more equitable world, while unlocking the full potential of digital technologies for the SDGs.

TRANSFORMING EDUCATION, DIGITAL SKILLS FOR THE MARKETS



Securing equitable access to quality and relevant education and lifelong learning for all is central to achieving progress across the SDGs. However, with the world going through profound and existential changes, education is not fit for

purpose. The twin crises in education – one of equity and access and one of quality and relevance, compounded by a lack of adequate financing, have dramatic consequences for learners worldwide, especially the most vulnerable. In the follow-up to the 2022 Transforming Education Summit (TES), every effort is being made to promote action on the commitments undertaken in the Secretary-General's Call to Action.¹¹

To support actions towards these commitments, and in response to country demand and gaps in the overall education funding landscape, the Fund aims to support TES follow-up actions in five key areas: education system transformation; digital learning and education solutions; school-to-future-work transition; greening education; and financing education.

DECENT JOBS & UNIVERSAL SOCIAL PROTECTION



Social protection and decent job creation create prosperity, help build trust in institutions and make societies more resilient against shocks. These require long-term, affordable financing for sustainable development and decent job opportunities, which are the goals of the UN Global Accelerator on Jobs and Social Protection for Just Transitions, launched in 2021.¹² The Global Accelerator aims to expand social protection to 4 billion people and create at least 400 million new, decent jobs by 2030.

The Fund aims to support the implementation of the Global Accelerator by catalysing integrated policies for employment and social protection, while promoting financing solutions to mobilize domestic and international resources for investments that create decent jobs and for extending social protection. In particular, the Fund aims to facilitate the creation of decent jobs in the green, care and digital economies. For example, transitioning to low-carbon systems offers job opportunities in sectors like sustainable construction, renewable energy,

¹⁰United Nations General Assembly, "Road Map for Digital Cooperation: Implementation of the Recommendations of the High-Level Panel on Digital Cooperation. Report of the Secretary-General, A/74/821," May 29, 2020.

¹¹United Nations, "Vision Statement of the Secretary-General on Transforming Education: An Urgent Political Imperative for Our Collective Future," 2022, <https://www.un.org/en/transforming-education-summit/sg-vision-statement>.

sustainable agriculture, and sustainable transportation. It will also increase the coverage, inclusion and level of benefits in social protection, while expanding the fiscal space for decent jobs and shock-responsive social protection systems.

5. Commitments to human rights, gender equality, youth empowerment and SDG localization

The Fund will continue to ensure a commitment to a number of cross-cutting areas in its efforts to ensure policy shifts and unlock financing for SDG transitions. Funding allocations, programme design and implementation, leveraging broader funding and financing, and partnership strategies across all transitions will have human rights, gender equality and youth empowerment as the backbone of the overall impact. A coherent and integrated approach to SDG transitions will need to address the most critical systemic challenges aggravated by compounding crises. SDG localization will be critical in the overall approach to ensure transformative results from the ‘bottom-up’.

The Fund’s focus on SDG localisation as a pivotal driver across all SDG transitions, utilizing a portfolio approach, will ensure subnational approaches are embedded in all investments. Focus on the interaction between local and national development initiatives by scaling up local solutions and ensuring implementation of national agendas in regions and municipalities will be sharpened. These efforts will be supported by the Local2030 Coalition to help mobilize the broader ecosystem, involving local and regional stakeholders, cross-fertilize efforts amongst countries, and help leverage larger funding and financing flows.

Gender equality will be at the core of transformative theories of change of joint programmes, ensuring outcomes across the six key transitions are seen in women’s and girls’

lives. The Fund builds on its previous success in prioritizing women and girls by further upgrading its approach through the new UNSDG Gender Equality Marker. The Fund will also work closely with young leaders, innovators, and communicators across the SDG transitions to ensure that its catalytic funding supports and empowers over 1.8 billion youth globally. Special emphasis will be on investing in human capital and innovative solutions that ensure young people co-create a future that is sustainable, just, and peaceful. The UN Youth2030 Strategy will serve as the guiding framework for all joint programmes of the Fund.

6. Revitalized Fund ready to scale

The revitalized Joint SDG Fund will be forward-thinking, data-driven, opportunistic and serve as an entry point for integrated action ready to scale. Under the leadership of Resident Coordinators and with the support of Member States, the UN development system will convene stakeholders to mobilize means of implementation and act as catalysts to propel progress across the SDGs. It will strengthen existing partnerships while exploring uncharted opportunities to unlock domestic and private capital for financing while ensuring local ownership and sustainability of progress to accelerate the SDGs.

➤ **Partnership for the SDGs:** Financing SDG transitions requires the mobilisation of new capital and collaboration among public and private actors and investors to facilitate positive investment and solutions for developing countries. The Fund will continue to rely on, and forge, multi-stakeholder partnerships among development financial institutions, commercial banks, philanthropies, high-net-worth individuals, and investors to leverage additional resources for the SDGs. Best practices will be replicated and new innovations tried and tested to reach scale to attain the SDGs.

➤ **Ensuring sustainable impact with a concrete exit plan:** The Fund is designed to inject catalytic resources to mobilize for investment plans to propel SDG progress, in line with countries needs and priorities. All joint programmes supported by the Fund will develop concrete exit strategies, underscoring local ownership, institutional knowledge and capacities transfer, and the sustainability of progress over the medium and long term. The Fund will actively seek synergies with regional and global bilateral and multilateral development partners to ensure the broadening and sustainability of the joint programmes.

➤ **Agile and anticipatory management:** The Fund will ensure decisive and inclusive decision-making, while ensuring adequate participation from its diverse stakeholder groups, and build on lessons from similar funds and the system-wide evaluations of the Fund, as well as related activities and investments supported by the Fund. The Fund will benchmark best practices and enhance coordination with other global and country-based pooled funds to streamline its processes and build synergies, while ensuring quality and a focus on innovation beyond 'business as usual'.

➤ **A transparent, data-driven learning organization:** The Fund will continue to enhance its transparency and accountability, building on the constructive recommendations from internal and external audits and from its global and decentralized evaluations. It will continue to digitalise its functions and make decisions and reporting based on robust data and evidence.

7. Capitalizing the Joint SDG Fund with predictable, sustainable, and quality resources

To be the catalytic tool at the disposal of the UN development system, the Joint SDG Fund requires predictable, sustainable, and quality resourced funding as stipulated in the Funding Compact. With the ambition of the SDG summit political

declaration, to deliver better in support of Member States efforts to drive transformation of the SDGs, further capitalizing the Joint SDG Fund is needed by at least \$1 billion.¹³ To ensure capitalisation, the Fund will continue to work on the following four core areas.

Deepening partnerships with existing Member States through strategic engagement with the Fund's stakeholders in capitals, New York and at country level, where programming impact is underway) while also capitalising on the support of the Deputy Secretary-General, Members of the Strategic Advisory Group, and the Operational Steering Committee.

Diversifying the contributors will be prioritized by strengthening collaboration with Member States, including members of the Fund's Strategic Advisory Group and contributors to other pooled funds, emerging leaders in the UN reform agenda, and non-traditional donors. Country profile visits will be hosted and feature Resident Coordinators to promote mutual accountability for the development results of the Fund.

Coordinating with other flagship Pooled Funds to foster new partnerships and alignments in support of the SDGs. Regular engagement with the UN Peacebuilding Fund and CERF humanitarian fund, and liaising closely with the Executive Office of the Secretary-General, will ensure resource mobilization strategies and cycles of the Fund, the RC's Special Purpose Trust Fund and other pooled Funds are fully aligned.

Establishing strategic partnerships to identify innovative sources of funding, including with foundations, private sector partners, and high net worth individuals, will enable the Fund to pioneer innovative mechanisms to mobilize capital collaboratively. The potential creation of a suite of investment vehicles and products to attract private investors and test mechanisms to enable private donations to the Fund will be explored in partnership with potential funders.

13. United Nations General Assembly, "Progress towards the Sustainable Development Goals: Towards a Rescue Plan for People and Planet, Report of the Secretary-General (Special Edition), A/78/80" (United Nations, April 27, 2023).

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