

## **SDG Hotspots in LAC:**

### Data Capabilities, Local Platforms & New Sources of Financing for SDG Acceleration<sup>1</sup>

June 27, 2018

[I]t is increasingly clear that “best practice” policies are only best practice for particular institutions at particular times... This suggests the vital importance of local context to the impact of government programs and the need for considerable local monitoring and evaluation to discover relevant best practice rather than relying on “global best practice”. And that suggests the need for data: we need to measure the efficacy of policy innovation in local settings not just “tracking the SDGs data” but “local feedback” data.<sup>2</sup>

#### **Introduction: A Focus on SDG Hotspots**

This brief proposes a strategic RBLAC focus on *SDG acceleration hotspots in Latin America and the Caribbean*. As underlined by the SG’s reform agenda, SDG acceleration ultimately means assisting member-states to move the needle on targets and goals “making country-level delivery the litmus test for success”.<sup>3</sup> In sync with UNDP’s Strategic Plan 2018-2021, acceleration also means *integrating* across different member-state objectives (i) leaving no one behind, tackling the hardest exclusions by gender, race, ethnicity or geographic exclusion; (ii) building resilience to natural disasters, economic downturns and social and political

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<sup>1</sup> This note was prepared by George Gray Molina, Luca Renda and Alejandro Pacheco, in preparation for RBLAC’s DRR meeting in Panama, June 2018.

<sup>2</sup> Kenny, Charles, 2018, “Speeding Sustainable Development: Integrating Economic, Social, and Environmental Development” - Working Paper 484, Washington DC: Center for Global Development.

<sup>3</sup> Secretary General, 2017, Repositioning the United Nations development system to deliver on the 2030 Agenda : ensuring a better future for all ([A/72/124 - E/2018/3](#)).

conflict; and (iii) promoting structural transformations that ensure sustainable development.<sup>4</sup>

We define *hotspots* as physical places where multiple SDG gaps intersect –in areas as small as rural communities or parishes, and as large as ecosystems or cities. This focus is not meant to displace UNDP assistance on systemic national planning and public service delivery, but to direct attention to groups and places with weak implementation capabilities, weak data and weak sources of financing. As underlined by numerous reports, national SDG acceleration requires addressing local SDG gaps, exclusions and deprivations head-on.<sup>5</sup> Only by “moving the local needle” in the most remote or excluded contexts, for the most vulnerable groups of the population, will the needle move nationally.

Three years into the implementation of the Sustainable Development Goals, member-states and Country Offices in the region have moved beyond SDG mainstreaming --through national planning dialogues, MAPS missions, subnational development services, SDG statistical mapping, fiscal analysis, and partnerships with the private sector and civil society, among others. The SDG agenda now touches on a number of complex and stubborn development problems: poverty and hard exclusions, citizen security, gender equality and violence, migration, resilience and vulnerability to natural disasters, climate change and natural resource-based economies, as well as trust in public institutions and policymaking, and development financing, among others.<sup>6</sup>

The to-do-list for Latin America and the Caribbean is vast, but the resources are not. Most countries face shrinking fiscal space, dwindling sources of financing, and uncertainty over trade, technology and finance in the future. For most countries, forward momentum and “structural transitions” from medium to high income economies are threatened by external shocks, political turbulence, and policymaking inertia along the way. Transitions need to overcome weak state

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<sup>4</sup> UNDP, Strategic Plan 2018-2021, New York: UNDP. (DP/2017/38).

<sup>5</sup> See UNDP, 2018, *Leaving No One Behind Guidance Note*, New York: UNDP and Elizabeth Stuart and Emma Samman, 2017, *Defining ‘leave no one behind’*, London: ODI.

<sup>6</sup> See UNDP, 2017, *Caribbean Human Development Report, Multidimensional Progress: Human Resilience Beyond Income*, and UNDP, 2016, *Latin American and Caribbean Human Development Report, Multidimensional Progress: Well-being Beyond Income*, New York: UNDP.

capabilities in rural areas and urban slums, weak private sector involvement in structural transformations and catalyse new sources of financing.<sup>7</sup>

This is why SDG acceleration is critical. The specific challenges for development services in SDG hotspots are: (i) collecting and harnessing **real-time SDG data**, with process and impact metrics, geo-referenced data collection, trending analysis, foresight analysis and scenario building, (ii) implementing **territorial platforms** – in cities, neighbourhoods or rural municipalities-- using policy labs, behavioural nudging, political empowerment and local adaptation, and (iii) securing **new sources of financing**, matching SDGs to equity, debt and insurance instruments, impact investment opportunities, development impact bonds, blended credit, and countercyclical debt instruments, among others.

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**“Moving the needle” on national SDG indicators requires focusing on local *hotspots* where multiple SDG gaps intersect. These are contexts where data and implementation capabilities are often the weakest. They are also contexts where policy-as-usual has failed.**

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The first part of the brief describes the current context and lessons from the first three years of SDG implementation. The second and third parts dive into the components of an action plan to get there.

## **I. Context: RC-delinking, SP 2018-2021 and Lessons from SDG Implementation**

Three years into the SDG process, the UN system is in the midst of a substantive transformation. Two simultaneous processes shape the future of UNDP’s work in the region: the Secretary General’s repositioning agenda –in particular, the RC delinking process; and UNDP’s very own Strategic Plan 2018-2021 –with its particular focus on innovating on the delivery of sustainable development services. Both provide a critical context for how Country Offices will evolve in future projects, programmes and services.

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<sup>7</sup> See Gray Molina, George (in process), “Transiciones inconclusas: interrupciones que aceleran procesos de cambio en America Latina”, Nuffield College Working Paper, University of Oxford.

Three implications follow from these processes: First, RC de-linking will require a renewed focus on how to position UNDP services in a thickly populated ecosystem of development players. This has both talent/hiring implications and business model considerations as the “integrator” role cannot be taken for granted.

Connecting players and processes on the SDG agenda will have to be earned with upgraded capabilities at the country level: data, platforms, toolkits and new sources of financing. This also requires looking inward, simplifying UNDP procedures and going digital to the extent possible.

Second, UNDP’s Strategic Plan 2018-2021 provides the operating license to innovate on the ground, experimenting with new tools and new sources of financing. There is no blueprint on how to go about leaving no one behind, building resilience or accelerating structural transformations. There is, however, a framework from which to innovate, using signature solutions and country-platforms to move forward in very distinct development contexts. Latin American and Caribbean countries are each distinct in their particular development challenges, but share common features: most social problems are “last mile”, while most environmental problems are “first mile”, requiring different entry points. There is an enormous role for integrating social, environmental and economic dimensions into a single, successful and inclusive sustainable development pathway.

Third, there are a number of lessons emerging from the adoption and early implementation of the 2030 Agenda in the region:

- a. Member-states’ national development plans and presidential goals are highly aligned to SDG goals and targets. The areas in which the SDG agenda is most promising, mirror the UNDP Strategic Plan 2018-2021 objectives quite well: (i) new work scoping *structural transformation* challenges have initiated social dialogues to re-define pressing social, environmental and economic development pathways, (ii) work in the Caribbean is taking shape around systemic *resilience* challenges, including potential innovations on green and blue economies that might provide additional sources of finance for development, and (iii) emerging subnational work in Latin America is increasingly focuses on *leaving no one behind* –mostly concerning multidimensional poverty, child malnutrition, gender equality, teenage pregnancy and citizen security, among others.

- b. MAPs missions and other SDG landing tools (RIAs, Combos, fiscal microsimulations, PovRisk) have sparked interest in follow-up work. However, the scale of future work largely surpasses existing capabilities at HQ, the Regional Hub and COs. Country offices are highly equipped to deal with mainstreaming, statistical and mapping support, alignment, and social dialogues emerging from partnerships with private sector and civil society. The emerging areas of demand are, however, more focused: they require a break-through in the capacity to cover territorial hotspots, and tap into new sources of financing and means of implementation. – currently dispersed across countries.
  
- c. As upper middle income countries move along on their SDG implementation agendas, emerging demand for UNDP implementation assistance tends to concentrate on the hardest pockets of exclusions -- with a strong territorial focus. The interest spans sub-national, territorial implementation and life-cycle work with women, youth, indigenous peoples, afro-descendants, migrants, LGBTI and people with disabilities. This has been a longstanding area of work for UNDP in RBLAC. However, there is a need to move beyond small and low-impact projects to critical mass interventions that move the needle over the 2030 Agenda timeline. These new capabilities have to target, data and implementation toolkits that zoom in and out with integrated multi-sectoral interventions.
  
- d. As middle income countries diversify their sources of development financing, emerging demand for UNDP financing assistance is focused on a diversity of innovative financial instruments, including impact investment, development impact bonds, blended credit aimed at de-risking private investment on infrastructure as well as government guarantees and counter-cyclical bonds. While not a funder in the region, UNDP is recognized as a trusted partner that can facilitate matchmaking between social and environmental impact projects and new sources of financing.

## **II. Breakthroughs: A focus on SDG *hotspots* with Real-Time Data, Local Platforms, and New Sources of Financing**

Much of UNDP's work on SDGs in the region is systemic –focused on national planning, and national public services with country-wide impacts. This brief's emphasis on *hotspots* is not meant to displace these systemic contributions. It does

however, provide a strategic answer to the question of how to move the national needle on SDGs in contexts of weak capabilities, weak data and weak financing – by focusing attention on intersecting SDG gaps, exclusions and deprivations in city neighbourhoods, groups of municipalities or entire regions within a country.

In *hotspots* many things are missing. Among these, good quality data, strong implementation capabilities and new sources of financing are among the key constraints identified. We turn to these three challenges.

#### A. *SDG Data Collection, Analysis and Use*

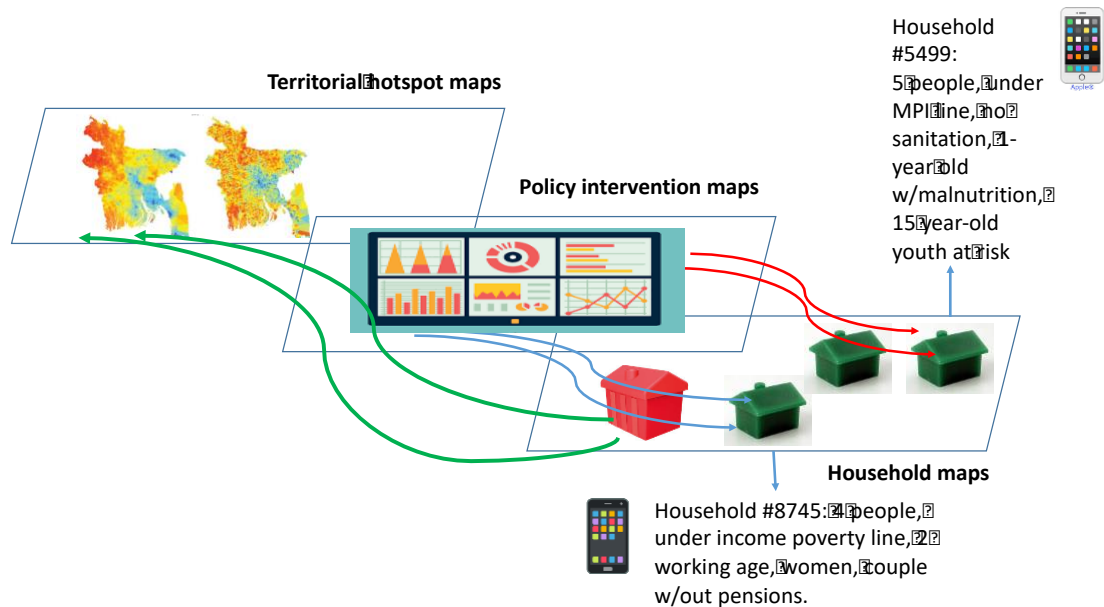
SDG implementation requires a quantum leap on in-house data collection, analysis and use. UNDP is already a prime source for evidence-based policymaking in the region. Yet, there is a window of opportunity to position the organization in a stronger niche that connects localized SDG implementation to new sources of financing. The emergence of low-cost technologies makes **real-time data** collection and use possible. At present, countries wait years for new census, demographic and household data on poverty, labour statistics and access to living conditions and basic services. New data collection technologies have shortened data lags to weeks or months –and, for some issues, have gone real-time.

State-of-the-art administrative registry systems use multi-level dashboards to harness data collection and use. We believe we can replicate these systemic dashboards in hotspots, for specific neighbourhoods, districts or municipalities. The *first level* builds a household-level panel from administrative registries on an array of data: income-based poverty, multidimensional poverty, labour statistics, demographic statistics, time-use data, subjective well-being, subjective assessments/feedback on projects and services, and an additional array of geo-referenced meta-data. The *second level* monitors the physical and financial interventions of government and non-government organizations, comprising investments, subsidies, technical assistance and services. This second level collects data on implementation –and is oriented towards intermediate results and logistical performance. A *third level* zooms out to geo-physical, environmental and land use data to understand how households and communities sit within larger ecosystems, water basins, and other sustainable livelihood markers.

Besides real-time data collection and analysis, there is significant demand for both trending and scenario analysis around the SDG agenda. **Trend analysis** can be used to project specific trends into the future –and assessing whether targets are likely to be met (green), unlikely to be met (yellow) or pointing in the wrong

direction (red). Trending, if done at the municipal or local level, allows policymakers to assess the geographic hotspots of the SDG agenda, which usually require extensions in service delivery strategy or innovations (cultural, political, or behavioural) in the ways in which services and policies are implemented.

Graph 1: Multi-level data maps: Moving the needle from local to national



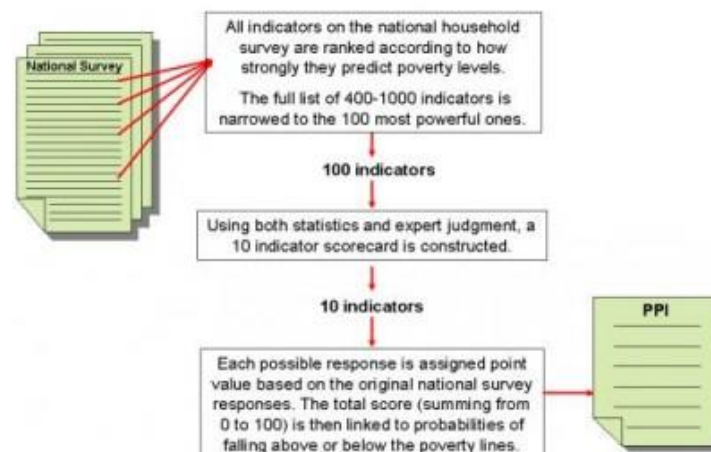
Source: RBLAC, “SDG Combos: 5 Acceleration Steps” ppt.

**Scenario analysis**, involving focus groups and opinion polling, has been used extensively by UNDP COs in the past (e.g PAPEP). Coupled with social dialogues and localized SDG implementation, scenario analysis can help illustrate the shortcomings of more-of-the-same and also elicit alternative ways of tackling difficult social, economic or environmental problems. While scenario analysis continues to pop-up in National Human Development Reports, there is a pressing demand to deploy more participatory techniques on the SDG agenda. The comprehensive scope of SDGs tends to overwhelm governments, local governments, UN agencies and key partners during problem-definition and policy planning.

Box 1: What if we don't have country-wide real-time data? Are there any short-cuts that can be used locally?

Real-time geo-referenced data collection is still incipient in the region. Only a few countries have country-wide systems in place. Most development projects and programmes collect data for a subset of the population and use imputation, simulation or projection techniques, making use of simple questionnaires. The **Poverty Probability Index** (by IPA) is one such poverty measurement tool for organizations and businesses with a mission to serve the poor. The PPI is simple to use: the answers to 10 questions about a household's characteristics and asset ownership are scored to compute the likelihood that the household is living below the poverty line. With the PPI, organizations can identify the clients, customers, or employees who are most likely to be poor or vulnerable to poverty, integrating objective poverty data into their assessments and strategic decision-making.

UNDP can compute similar tools for SDG acceleration: a **gender equality probability index** could show the subset of women most excluded from labour markets; a **youth at risk probability index** could show the local correlates of risk for youth between 15 and 24; a **poverty resilience index** could compute the probability of falling back into poverty and a **household vulnerability index** could estimate the chances of being impacted by floods, storms or winds. Besides computing indices, UNDP can microsimulate changes in household assets, income, social service access or nutrition and show the trajectory of change needed to escape severe deprivations and hard exclusions. All of this can be done using real-time data, using existing mobile phones equipped with GPS services and existing software programmes. Not every use of data requires a national household survey or administrative registry system.





Source: <https://www.povertyindex.org/>

### *B. Local SDG Platforms*

The move from project-by-project implementation to **platform-type services** will materialize as the SDG localization agenda proceeds.<sup>8</sup> There is a growing consensus that much of future development impact lies somewhere between macro-level policy initiatives and micro-level randomized control trials (RCTs). The middle ground –of **localized SDG experimentation**, revealed by real-time and geo-referenced data, is adapted both to local political, institutional and fiscal resources, and also more reflective of local objectives, problem definition and aspirations.<sup>9</sup> Localized implementation faces many of the toughest SDG challenges: implementation capacities are often most needed where implementation capacities are absent.

UNDP has learnt from past and current work (SIGOB, ART, Combos, local decentralization support). First, there is a need to move away from discrete project-by-project and pipeline implementation modalities to platforms where demand and supply of services are co-created and discovered iteratively.<sup>10</sup> Platforms can help match emerging demand (the supply of STEM education for young women, for example, with a demand from impact investors focused on women’s economic autonomy) even before a “market” for these services exists. Second, platforms use digitalization –of procurement, logistics, payments and M&E—to reduce the transaction costs of project-by-project implementation. Digitalization allows a critical mass of service delivery: the initial sunk costs of establishing an operating service platform in one municipality can then be deployed for several purposes – assisting on the logistical provision of child malnutrition, or providing monitoring and evaluation services for a conditional cash transfer programme.

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<sup>8</sup> UNDP, 2018, Country Platforms: Concept Note (preliminary), April 8, 2018.

<sup>9</sup> Kenny, Charles, 2018, “Speeding Sustainable Development: Integrating Economic, Social, and Environmental Development” - Working Paper 484, Washington DC: Center for Global Development.

<sup>10</sup> See Matt Andrews, Lant Pritchett and Michael Woolcock, 2017, *Building State Capability: Evidence, Analysis, Action*, Oxford: Oxford University Press, 2017

**What if geo-referenced data is not readily available? UNDP can help collect subsets of real-time data using new mobile technologies. Data services do not need to span the whole country. They can focus on a neighbourhood, a district or a rural community.**

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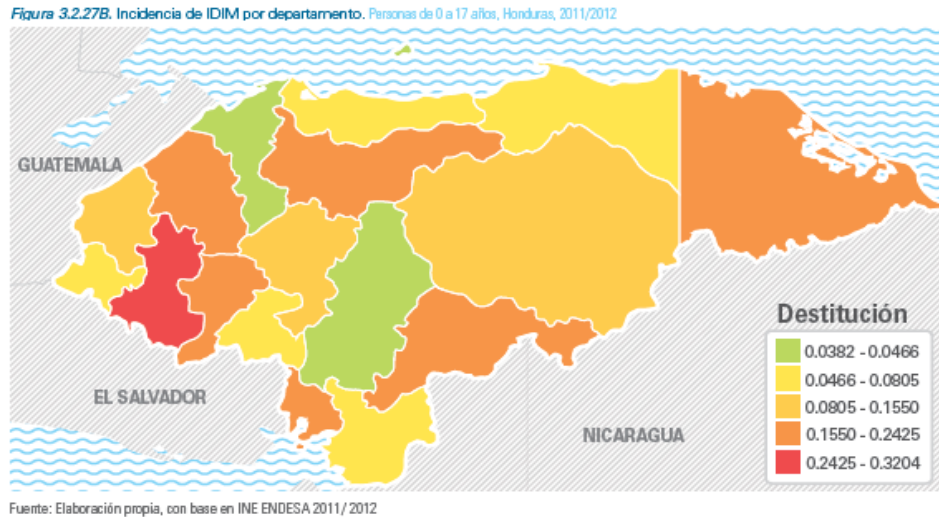
The Combo approach, which is being applied successfully in a number of countries, can benefit substantially from a digital platform format in the future. Local implementation of the SDGs requires (i) zooming-in on the most pressing social, environmental and economic problems on the ground, (ii) engaging stakeholders to co-design theories of change around potential drivers and obstacles, (iii) implementing new and existing interventions in coordinated fashion, and (iv) monitoring and evaluating local impact, learning-by-doing. In places where real-time data is not available, it can be collected with mobile phone technology and appropriate data software. All of these can be digitalized into a single **localized SDG platform** that provides a working dashboard for decision-makers on the ground –and a solid portfolio for private sector partnerships and impact investors.

Box 2: What does a localized SDG platform look like? The Lempa Dry Corridor in Honduras

The SDG agenda will be impossible to achieve with a national gap-by-gap or project-by-project approach. There are simply too many gaps for 169 targets, and too many local and within-group differences not captured by national approaches. Governments need to zoom-in on concrete peoples and places. Under the Combo approach to SDG implementation, subnational governments, municipalities and parishes aggregate “complex policy problems” into clusters of issues on identifiable geographic hotspots (x and y municipalities), with identifiable stakeholder groups (youth, women, children). This is where localized SDG platforms come into play.

The Lempa Dry Corridor Programme in rural Honduras is a good example of what a localized SDG platform looks like. It includes over 23 rural municipalities that face some of the hemisphere’s highest rates of child mortality, infant malnutrition, maternal mortality and extreme poverty. The government, in collaboration with

UN agencies, bilateral aid agencies and NGOs has implemented since 2014 a social and productive development programme titled *Vida Mejor* that makes use of real-time data and platform services. Productive, social and demographic data is collected at the household level using geo-referenced data across the whole municipality. Local dialogues focus on key interventions to address complex local problems: water scarcity, strengthening the local food chain, creating jobs, ultimately focusing on child well-being –nutrition, health and housing conditions.



Four ingredients define the Honduras platform: (i) a sharp zoom on a specific territory (an SDG “hotspot”) to address an array of multidimensional development problems, (ii) the use of multi-level geo-referenced data on household well-being and policy interventions on the ground –for which a panel of data is available for close to 4 million people under the CENISS administrative registry system; (iii) the coordinated interventions of over a dozen government projects and programmes as well as the services and technical assistance of UNDP, WFP, UNICEF, UNFPA and UN Women, as well as Care and other local NGOs; and (iv) local citizen participation guiding problem definition, monitoring on-going services and providing feedback on interventions. The combined impact of the platform is to address critical mass problems with critical mass solutions –moving both process-oriented and impact-oriented indicators, in one of the poorest regions of the country.

Source: RBLAC, based on PNUD Honduras.

### C. SDG-linked Finance for Development/Private Sector Engagement

Two binding constraints to more effective private sector engagement and innovative financing on the SDG agenda are metrics and risk.<sup>11</sup> Metrics for impact investors, for example, are currently mismatched with existing SDG metrics. Investors use versions of process-oriented metrics to allocate equity in a socially or environmentally responsible way –SDG Compass, MSCI-ACWI Sustainable Investment Index or GIIRS metrics, for example, measure a company’s score on an array of process-oriented social, environmental and governance effects. The SDG agenda is, on the other hand, almost exclusively centred on impact-oriented metrics (number of households under extreme poverty, number of children with malnutrition, salary gaps between men and women). The same can be said about social impact bonds, blended credit operations and government guarantees. UNDP can broker a set of compatible SDG/investment metrics to move forward on this agenda. This will happen on an operation-by-operation basis, but can profit from scale across the region. It is a niche UNDP can fill with systematic metrics work across countries.

The second obstacle is risk. There is an ongoing conversation about how to attract private investment by de-risking existing investment projects with public resources. Many SDG funding gap schemes offer investors the carrot of risk mitigation using public or not-for-profit funds. This is most appealing to institutional investors’ risk-return preferences (pension and mutual funds). But often private wealth investors (equity and impact investors) or philanthropists and not-for-profit investors would be happy to take on additional investment risks if money was used to boost social returns instead. This incentive structure could catalyze more private wealth capital commitment to funding the SDGs, yet this incentive structure is seldom on offer. How to link returns with environmental, social and governance objectives? This is a conversation that is currently dispersed and open-ended. UNDP could fill the niche of discussing the array of risk-mitigation schemes that are compatible (and incompatible) with the SDG agenda.

UNDP can both structure new sources of financing (see Blue Bonds in Seychelles or Tobacco Social Impact Bonds worldwide), but also broker the process by filling current gaps between impact investors, pension funds, private partners and SDG

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<sup>11</sup> See UBS, 2017, “Mobilizing private wealth for public good”, UBS White Paper for the World Economic Forum Annual Meeting 2017.

stakeholders in general.<sup>12</sup> This convenor role requires a breakthrough at the regional level –where RBLAC can take steps over the next few months.

### **III. Next Steps: Building an SDG Acceleration Ecosystem**

If territorial *hotspots* are the departure-point for an acceleration strategy, the intended end-point is a healthy ecosystem of stakeholders with measurable social, environmental and economic progress. How to get there? The basic framework to jump-start acceleration processes is described in UNDP’s Strategic Plan, and incipient SDG funding initiatives.<sup>13</sup> As noted in the most recent draft of the Country Platform Guidance Note:

“Platforms will be rolled out progressively across programme countries. The objective, *subject to an assessment of feasibility*, is to have up to 50 fully-fledged country support platforms in operation by the end of 2018-19, up to 75 by the Mid-Term Review (MTR) of the SP in 2020 and 100 by the end of the SP in 2021. Priority will be given to countries where other agencies are willing to co-own platforms.”

There is no single playbook to implement country-level platforms. On the substantive side, this means moving from a gap-by-gap approach to development to an SDG acceleration ecosystem approach –that zooms-in on SDG hotspots and addresses the well-being of vulnerable and traditionally excluded groups. On the implementation side, this means moving from the current pipeline of projects and programmes to a platform-based delivery system. Both challenges require a sharper focus on SDG acceleration at CO-level, at the Regional Hub and at HQ. While demand-based development initiatives will certainly continue to be a significant part of any CO portfolio, in this brief we are focused on a “branded how” –on the ways in which UNDP can add value and engage with multiple partners and stakeholders across the SDG agenda.

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<sup>12</sup> UNDP, 2018, Financing the 2030 Agenda - An Introductory Guidebook for UNDP Country Offices, New York: UNDP and

<sup>13</sup> See UNDP, 2018, “Country Platform Guidance Note”, New York: UNDP. Some financial resources are already being pooled around platform proto-typing: The *SDG Acceleration Facility* is expected to attract USD 120 million for 2018-21. The SDG Acceleration Facility will test and identify best-fit models for country platforms that enable UNDP, the UNDS as well as government and non-governmental actors to collectively accelerate SDG achievement efforts on a country-wide basis.

Our starting point is thinking of our work not in hierarchical terms, but as an SDG acceleration ecosystem that adapts to local conditions, providing services and capabilities that are *missing* from local sustainable development work.

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**A focus on SDG hotspots is not meant to displace UNDP assistance at the national level. It provides a way of moving forward in contexts where data and implementation capabilities are weak.**

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What would an acceleration ecosystem look like? First, it would pinpoint SDG territorial *hotspots*, based on trends and projections for SDG targets until 2030. Hotspot examples might include pockets of exclusion: extreme poverty, violence against women, malnutrition, teenage pregnancy or geographic locations that are vulnerable to natural disasters, depredation or deforestation. Hotspots might also be opportunities for transformation: bio-chains, sustainable tourism, recycling at the community level, activities that focus on women's economic autonomy, inclusive business opportunities, youth employment projects, and the like.

Second, a hotspot will provide a gravitational center for partnerships and stakeholders. Some partnerships will involve setting up a platform of services, others will be involved in implementation and an additional set will provide monitoring and evaluation capabilities. The core set of partnerships will usually get jump-started with government ministries and agencies. Other contractors, non-governmental, private or academic partners will be drawn-in as acceleration services develop: Does the platform require supply chains for school breakfasts? Do we need to hire a group of surveyors for mobile data collection? Does the platform include a youth employment programme?

Third, a hotspot will attract new sources of financing. Thinking in territorial terms, in neighbourhoods and rural communities, the first set of financial partners are likely to be inclusive businesses –involving local youth, women and other private sector players from the very same area. A second set of partners will involve impact investors who focus their resources on creating social or environmental

value: dozens of impact investors are already making inroads on issues as diverse as organic coffee to tech start-ups.<sup>14</sup>

There are a number of steps required for an ecosystem-style approach. First, setting up country-level platforms with state-of-the-art digital and data services. Second, preparing the ground to attract new sources of financing –inclusive business, impact investment and other instruments. Third, showing our work, monitoring, evaluating and tinkering until we get the right mix of interventions with partners at the local level. Each of these involves new sets of partnerships currently missing in the region.

### **Partnerships for Territorial Platforms: State-of-the art Digital and Data Capabilities**

A key component for territorial platforms is state-of-the-art digital and data capabilities. Only a handful of countries in the region have the current capacity to report real-time household data for a subset of SDG indicators. How to innovate/experiment with tailor-made solutions? How to return/devolve implementation successes and failures back to the local community? Our answer is to dig deeper into the ecosystem approach –and position UNDP data and digital services in-between generic “best practice” work and micro-level RCTs. Both micro and macro contributions to development are important, but UNDP already has decades of experience at the meso-level –local, subnational and community.

UNDP builds local-level partnerships, initiates rapid response actions during crises, deploys cumulative capacity building in non-crisis contexts and builds networks of social, cultural and political actors like no other multilateral or bilateral donor on the ground. The density and reach of our local and subnational networks is a critical UNDP comparative advantage.

We propose to forge partnerships with state-of-the-art digital and data service providers to assist our country platforms to (i) simulate, (ii) innovate, and (iii) devolve real-time feedback back to policymakers, SDG stakeholders and communities on the ground. “The ground” might be as small as a neighbourhood block or a rural municipality, or as large as a small city or a number of large urban neighborhoods.

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<sup>14</sup> LAVCA, 2016, *The Impact Investment Landscape in Latin America*, New York: ANDE, LAVCA and LGT Impact Ventures.

- **Simulate:** The simulation component is meant to estimate what we hope to achieve by moving from pilot success to critical mass implementations in a poor neighbourhood or a rural municipality. Simulations (using mobile data) will allow us to provide a finer grained analysis of local trends (red, yellow and green SDG trajectories), and the obstacles and drivers behind local SDG progress. This means making PovRisk mobile, as well as other analytical tools focused on gender, vulnerability and citizen security. Potential partners: Google Analytics, DEVEX SDG trends, Innovate for Poverty Action (IPA) Poverty Probability Index.
- **Innovate:** Local policymakers need to innovate and experiment on delivery systems that work best for a specific community's development aspirations and needs. Policy labs in each local SDG platform should do this in systematic fashion, distinguishing between rolling out existing plans and programmes, and innovating or adding new interventions to the local policy mix. The innovation component is essential and needs to be promoted and encouraged in the very design of local platforms. Innovation also means identifying regulatory bottlenecks, logistical issues and coordination problems (who does what?). Potential partners: Harvard University's PDIA Project (Problem Driven Iterative Adaptation).
- **Devolve:** Solid data, on well-being impact-indicators, policy-process indicators and subjective assessments by households and communities should be made available in a continuous feedback loop. Transparency and open data should be the leading principles in every operation. UNDP already has a long track record of experience on collecting and using data in participatory fashion. The platform will take this to the next level, through digitalization and real-time data technologies. Potential partners: MIT's D-Lab, ODID's DDD team.

### **Attract New Sources of Financing: The Inclusive Business and Impact Investment Niche**

How to match prospective equity, philanthropic or impact investment interest with SDG acceleration initiatives on the ground? How to attract more private resources in a moment of shrinking fiscal space? There are a number of innovative FfD initiatives in Latin America and the Caribbean, but *none* on matching SDGs to new sources of financing. We believe it will be strategic for UNDP to provide a space



for investors and private sector partners to interact. Rather than see this task as matching a pre-existing pipeline of projects with funders, we see it as moving in to the age of platforms, where we need to proactively co-design initiatives that are fundable.

We propose to upgrade our work on finance for development in the region. We would like to accompany COs through the long and difficult process of structuring new sources of financing. Our work would focus on two types of tasks:

- **Metrics:** The current mismatch between process-oriented metrics used by equity investors and impact-type metrics used for the SDG agenda, require case-by-case realignment and also, country-wide and region-wide metrics work. Metrics could “score” insurance, debt or equity products differently allowing a larger array of return-upon-risk outcomes. Potential partners: GIIN, SDG Compass, others.
- **Match-making:** Our hypothesis is that viable portfolios of SDG products and services need to be co-crafted and co-designed, rather than simply “marketed”. This requires significant structuring work and a dedicated team or partnership focused on the tailoring process. A more proactive approach to FfD will be required in LAC to attract new sources of financing. Potential partners: Global Compact, USB, others.

### **Share our Progress: Showing *how* the Needle Moves on the SDG Agenda**

How to visualize SDG success? What to monitor over time? Which SDG to focus on? We know that the agenda is ambitious, and that there are common threads to this ambition. Goals and targets are inter-related and so are the theories of change behind each target and goal. This suggests we do not need a “theory of everything”. What we need is a modest departure point from which to build resilience and start addressing the needs of those left behind. This brief spells out such a starting point: **territorial hotspots** that need to “move the local needle” for any national needle to move. These are often places with the weakest implementation capabilities, the weakest data and no sources of financing. There is no way around this problem --it simply describes the ecosystem where we need to make a difference.

We will invest in the communication capabilities to follow SDG acceleration processes, track progress, learn from failures and share what we have learnt. This

needs is mostly an in-house function, that can leverage multiple partners. We need to build a narrative around the power of macro trends (economic growth, labour market shifts, demographic shifts) and link it to the micro and meso trends we are affecting through our work.

The capacity to communicate is more than sharing a narrative. It requires building a narrative from policy interventions, discriminating between what fails and what succeeds. This is an ongoing function of sustainable development, often pigeon-holed under “compliance” or “monitoring and evaluation” reports. We need to upgrade this function and make it a core part of our development services.

- Acceleration hotspots + toolkits portal: We can upgrade our current RBLAC portal by adding content on hotspots, toolkits and SDG trends across the region. This should not replicate more comprehensive Atlas or SDG indicator data bases. It should help visualize our acceleration cases studies and what we are sharing/learning along the way. Videos and dynamic media are critical. Potential Partners: Multimedia specialists, IISD, DEVEX, others.
- Communications strategy: An “SDG timeline” on progress can replicate a “Facebook timeline” for each country. We need to spell out how we ended up focusing on certain hotspot issues, certain groups and certain territories and document the process of moving from “mainstreaming” to “acceleration” at the local, municipal and regional levels.

## **Closing Thoughts**

What is LAC’s niche on the global SDG agenda? Are we a region that leads on poverty eradication or leaving no one behind? On resilience or climate change adaptation? Finance for development or private sector impact? These are still open questions. What we do know is that the region is in the midst of multiple structural transitions –where SDGs can play an important catalytic role.

Many of the macro trends that spur economic, social and environment progress are related to cycles of economic growth, demographic transitions and shifts in the labour force. Many of the planning and service capabilities are also macro, and work through long run cumulative impact. The SDGs will undoubtedly catalyse new thinking on macro trends and services, but will also invite policymakers and development partners to address *how to go about delivering development services differently.*

In contexts of relatively weak state capabilities, weak data, and weak sources of financing, the “branded how” that UNDP brings to the table in Latin America and the Caribbean can be very significant. The focus of this brief –development services for SDG hotspots—is meant to catalyse thinking on how to deliver better.

The focus on *hotspots* is also deliberate. While UNDP continues to assist countries to development systemic planning and development services, we believe we can make inroads on the hardest exclusions, for the most vulnerable populations, without delay. Interestingly, working on hotspots, paying attention to context and tailoring interventions to local needs is a niche where UNDP has decades of cumulative experience. An upgrade with a sharper focus, rather than a shift in what we do, is where SDG acceleration is headed.