



Unlocking Public and Private
Finance for the Poor

2021

IMPACT CAPITAL FOR DEVELOPMENT:

A Hybrid Development Organization for
the Frontier Markets of Today and the
Growth Markets of Tomorrow



2021

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IMPACT CAPITAL FOR DEVELOPMENT: A Hybrid Development Organization for the Frontier Markets of Today and the Growth Markets of Tomorrow

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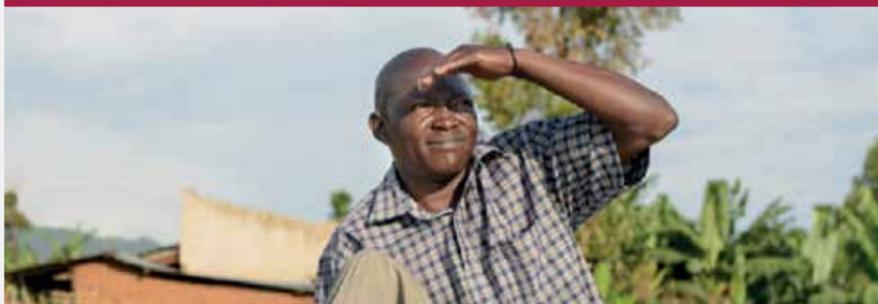
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CHAPTER 1 FOREWORD

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Does the achievement of the Sustainable Development Goals agenda, or the 2030 Agenda, represent an economic development challenge or a global finance challenge?

The question itself is a perfect example of an “either-or” fallacy. Achieving the SDGs in general—and achieving this agenda in the world’s 46 least developed countries (LDCs), which UNCDF sees as the frontier markets of today and the growth markets of tomorrow—represents both a challenge of economic development and global finance. Ultimately, the challenge of ensuring that we truly leave no one behind is a quintessentially a hybrid challenge. Addressing this hybrid challenge speaks precisely to the value proposition of the UN Capital Development Fund (UNCDF).

The North Star of UNCDF is to operate as a hybrid organization that is both a development organization and a development finance institution. At a practical level, this means that UNCDF will complement traditional grant-making and technical assistance with an increased and mainstreamed use of financing capabilities and instruments, including loans, guarantees and blended finance funds across areas of technical expertise.

The results reflected in UNCDF’s 2021 Annual Report reflects this hybrid nature that drives the organization’s mission: to serve as the United Nations flagship catalytic financing entity for the LDCs to strengthen financing mechanisms and systems for structural transformation.

2021 was a year where the markets UNCDF served were suffering from many of the worst impacts of climate change, biodiversity loss, lack of digital

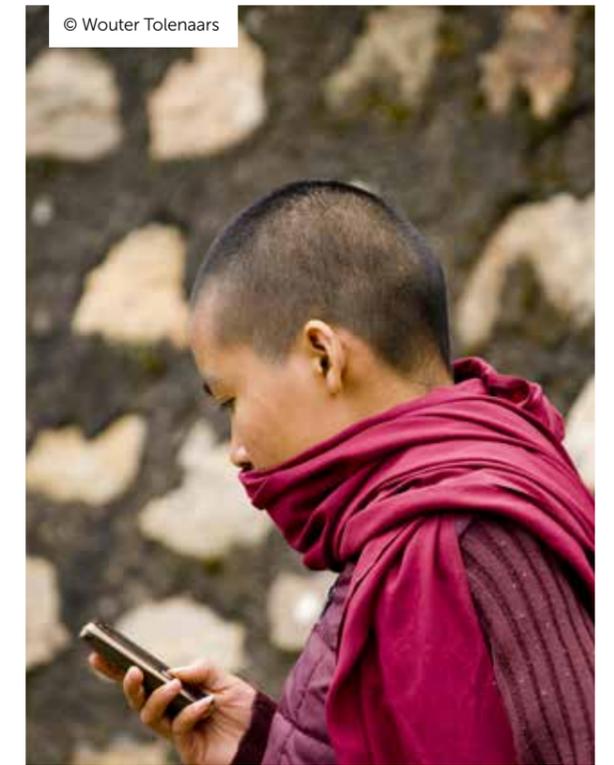
infrastructure, gender inequality, under-capitalized local governments, political instability and the devastating impacts of COVID-19. Yet despite these challenges, UNCDF in partnership with public and private sector actors as well as its UN sister organizations, delivered the below topline results:

- Partnered with 390 financial and digital service providers, small and medium enterprises and public organizations, providing inclusive financial and other digital solutions to over 3 million people in 35 countries;
- Supported scalable initiatives in 588 local governments in 42 countries to enhance their subnational financial systems while completing 390 localized strategic investments, supporting climate adaptation and demonstrating the effectiveness of decentralized financing systems;
- Issued 9 new loans in five countries in 2021, thus expanding its investment portfolio to 30 loans and guarantees; while also disbursing a total of US\$37 million through catalytic grants in support of local investments as well as inclusive finance and digital service provision, which together unlocked US\$89 million in direct and catalytic financing;
- Made progress with developing and supporting the capitalization of two global third-party managed blended finance funds for SME and infrastructure development, while the Global Fund for Coral Reefs Secretariat, which will support biodiversity preservation, has moved to UNCDF.

Separate from the results we achieved, 2021 was a pivotal year for the organization as UNCDF laid the foundation for its new Strategic Framework 2022-2025. It is a framework that builds on the foundation and experiences of the organization to help UNCDF blaze a path forward as a fully realized hybrid economic development agency/development finance institution, namely on the basis of several endeavors:

- Leveraging our unique financing capability and investment track record to support the United Nations Development System;
- Increasingly allocating resources and pursuing synergies with private and public actors to address the niche area of “Missing Middle” finance, where ticket sizes are too large for microfinance and too small for commercial lenders;

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- Seeking to mainstream digital innovations in its investment and programmatic agenda in support of LDCs;
- Accelerating our work in the area of subnational finance to support a global financial ecosystem that provides access to finance for cities and local governments;
- And scaling up its work to provide innovative finance instruments and development support that uses official development assistance to mobilize additional public and private development finance for the LDCs.

The UNCDF Annual Report reflects in equal parts how we achieved our mission the previous year as well as how we will achieve our vision in the years to come; a vision where LDCs are able to access and leverage the development impact of capital to enable sustainable and inclusive economic growth and achieve the Sustainable Development Goals. In both cases, this report intends to present a clear narrative for how UNCDF will become the hybrid organization necessary to achieve the SDG agenda, specifically for those communities where the development needs are greatest. And for UNCDF, success in this regard means working to ensure that capital works for humanity, and not the other way around.

Preeti Sinha,
Executive Secretary

CHAPTER 2 WHERE DID WE WORK

LOCAL DEVELOPMENT FINANCE

| | |
|--------------|---------------------|
| Bangladesh | Nepal |
| Benin | Niger |
| Bhutan | Palestine |
| Burkina Faso | Sao Tome & Principe |
| Burundi | Senegal |
| Cambodia | Somalia |
| Ethiopia | South Africa |
| Ghana | Sudan |
| Guinea | Tanzania |
| Indonesia | The Gambia |
| Lao PDR | Tuvalu |
| Lesotho | Uganda |
| Liberia | Zambia |
| Mali | Zimbabwe |
| Mozambique | |

INCLUSIVE DIGITAL ECONOMIES

| | | |
|---------------|------------------|--------------|
| Bangladesh | Kiribati | South Africa |
| Benin | Lao PDR | Sudan |
| Botswana | Lesotho | Tanzania |
| Burkina Faso | Liberia | The Gambia |
| Cambodia | Madagascar | Timor-Leste |
| China | Malaysia | Togo |
| Djibouti | Myanmar | Tonga |
| DR Congo | Nepal | Uganda |
| Eswatini | Niger | Vanuatu |
| Ethiopia | Papua New Guinea | Viet Nam |
| Ghana | Rwanda | Zambia |
| Indonesia | Samoa | Zimbabwe |
| Fiji | Senegal | |
| Guinea Bissau | Sierre Leone | |
| Indonesia | Solomon Islands | |

INVESTMENT FINANCE

| |
|------------------|
| Burkina Faso |
| Congo DR |
| Ethiopia |
| Fiji |
| Malawi |
| Myanmar |
| Papua New Guinea |
| Tanzania |
| Uganda |



CHAPTER 3 A HYBRID ORGANIZATION TO DELIVER SUSTAINABLE DEVELOPMENT

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Even before the crisis of the COVID-19 pandemic, the world's least developed countries (LDCs) had already experienced significant financing challenges to achieving the Sustainable Development Goals (SDGs). With negative GDP growth reported for the LDCs in 2020, economic growth would only reach 1.4% in 2021, marking the worst growth performance in three decades and far below the 7% annual rate called for by the 2030 Agenda for Sustainable Development. 22 of the world's LDCs were at high risk of or already in debt distress as of 2021, resulting in aggravatingly limited fiscal space, with particularly large financing shortfalls at the sub-national level. In all, tens of millions of people have been pushed into extreme poverty while much of the progress made on the Sustainable Development Goals (SDGs) in recent years has been reversed.

Looking to the future, while some projections indicate GDP growth of 4% in 2022 and 5.7% in 2023, other factors point to a long path to economic recovery for the LDCs. Such factors include low vaccination rates, mounting debt challenges, accelerating inflation rates at 39.6% in 2021, and slow return of foreign investments. Recovery is further impeded by low levels of productive capacities and by growing territorial disparities in such areas as entrepreneurship, infrastructure, energy, science and technology, and digitalization.

But there are several factors that can support post-pandemic economic recovery for the LDCs. Namely, the shift taking place within the global economy exemplified in growing impact investor and private consumer markets throughout the developing world, resulting in increased South-South and triangular cooperation. Additionally, with their promising youth

population, natural resources and strengthened governance systems, the LDCs represent markets with enormous untapped potential for economic growth and development. Higher levels of investment in human capital and productive assets are critical to unlocking structural transformation and inclusive economic development.

In UNCDF's Strategic Framework 2022-2025, the organization presented its mission: "to serve as the United Nations flagship catalytic financing entity for the LDCs to strengthen financing mechanisms and systems for structural transformation." In acknowledgment of the challenge of achieving the SDGs by the 2030 deadline, UNCDF has put in place the necessary foundations to accomplish its mission and to scale the organization's impact.

2021 was the year that UNCDF executed on, and deepened its commitment to, its transition to a hybrid organization that is both an economic development organization and a development finance institution. As a hybrid organization, UNCDF will fulfil its unique capital mandate by complementing traditional grant-making and technical assistance with an increased and mainstreamed use of its financing capabilities and instruments, including loans, guarantees and blended finance funds across areas of expertise. The results we are reporting from 2021 reflect these efforts, efforts that are singularly unique within the UN Development System and the larger development finance architecture.

UNCDF's work in 2021 also positions the organization to achieve even more impact for the LDCs in 2022 and beyond. UNCDF has fully established its ability to provide catalytic loans



© UNCDF in Tanzania

and guarantees, including building a pipeline of SDG-compliant investments. The organization's focus on small, risky but highly impactful investments fills a critical gap in the development finance architecture. UNCDF's strategy on inclusive digital economies allows it to respond to new opportunities to drive financial inclusion and economic development. UNCDF has also adapted and deepened its local transformative finance work to further support local investments in green infrastructure as well as inclusive and gender-responsive economic development.

Ultimately, the cause of accelerating SDG achievement where the needs are greatest requires innovative solutions from both the development and finance spheres. UNCDF is proud to be able to operate in both of these spheres as the organization continued to support partners in the LDCs, the UN system, and the larger development finance architecture in 2021.

CHAPTER 4

UNCDF IN ACTION:

SUPPORTING SMES, VALUE CHAINS AND SUSTAINABLE FINANCE TODAY, AND CONNECTING TO GROWTH CAPITAL TOMORROW



© UNCDF in Uganda

In Uganda, the vast majority of businesses are small-and-medium sized enterprises (SMEs), which serve as engines of financial inclusion in addition to economic growth. During the early days of the COVID-19 pandemic in 2020, public transportation was halted, which adversely impacted SMEs and the value chains they rely on.

UNCDF partnered with SafeBoda, the main ride-hailing company in Kampala to provide an e-commerce platform that connected market vendors to customers leveraging the trusted SafeBoda transport services. UNCDF support entailed US\$140,000 in grant financing and an additional US\$100,000 in technical assistance. Six months after project launch, 520 market vendors used the platform, which allowed them to continue to generate revenues during the lockdown in 2020. 57,000+ clients used the platform for food and goods delivery. During this delivery, information about the virus was shared with clients and their household members to combat the spread. In December 2021, Google announced that it was investing US\$50 million into SafeBoda.

-  **520 vendors (MSMEs)** were onboarded to digital sales channel via SafeBoda mobile application
-  **57,285 active costumers** were able to order food stuff and household essentials remotely and have them delivered
-  **6,428 riders** gained income through deliveries of household orders made on the platform

CHAPTER 5

LEAVING NO ONE BEHIND

IN THE DIGITAL ERA: INCLUSIVE DIGITAL ECONOMIES



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UNCDF aims to contribute to the development of inclusive innovation ecosystems, as well as the development and usage of technology and digital services in key sectors. Such sectors include finance, energy, health, education and agriculture. The UNCDF strategy to support and develop market systems that drive inclusive digital economies has four key components: Policy & Regulation, Infrastructure, Innovation, and Skills.



POLICY & REGULATION
The UNCDF Policy and Regulation workstream accelerates an enabling environment for large-scale use of trustworthy digital services that contribute to inclusive economic growth



INFRASTRUCTURE
Building on our past work in digital finance, understanding the importance of digital payments as the basis for sustainable, economically impactful digital services



INNOVATION
Supporting local entrepreneurs and MSMEs to build inclusive services for the local digital economy, making sure that the value offered by digital services improves the livelihoods of those living within the market and is not spirited away to global platform providers



SKILLS
Recognizing from the start how users acquire the necessary skills (digital and financial) to adopt new digital services, and leveraging digital services to increase their soft and hard skills

Delivering Solutions to Over 3 Million People in 35 Countries



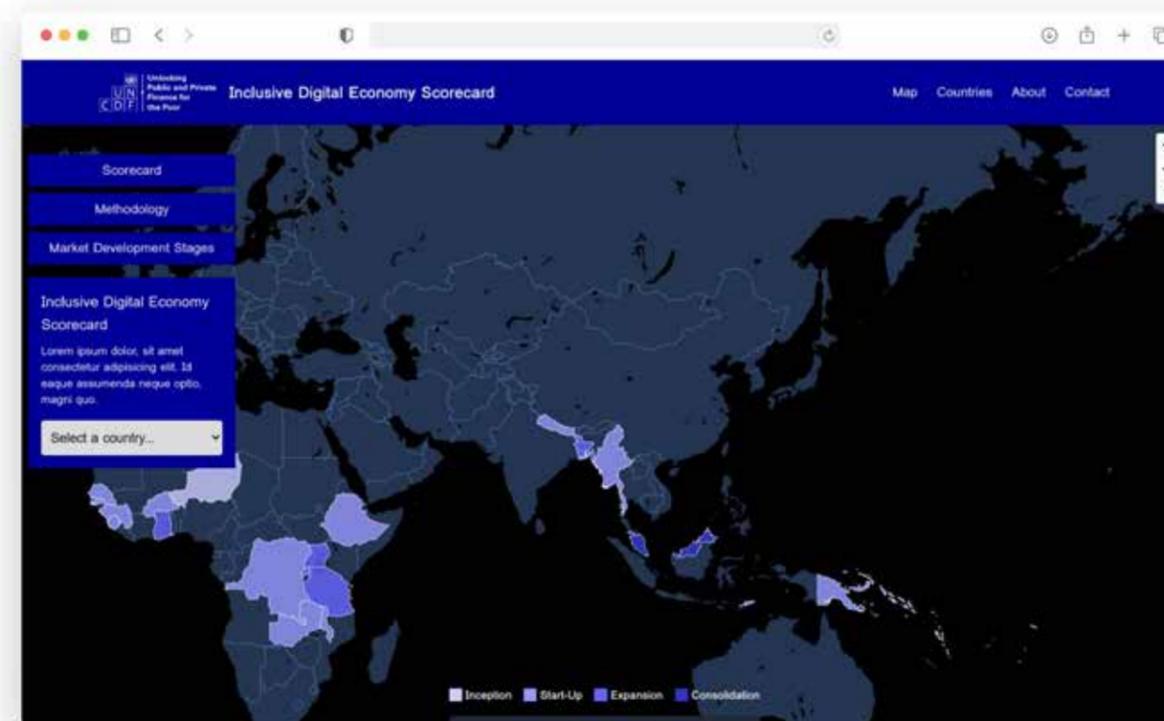
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UNCDF worked to promote inclusive digital economies and financial inclusion, notably by partnering with 390 financial and digital service providers, small and medium enterprises (SMEs) and public organizations. UNCDF worked closely with private sector fintech firms, financial service providers and other entrepreneurs to promote inclusion as well as support development of financial solutions, including digital financial solutions, that serve last mile markets. As a result, UNCDF provided inclusive financial and other digital solutions to over 3 million people in 35 countries in 2021, while supporting the piloting and scaling up of 99 financial products and services.

Supporting National Financial Inclusion Strategies in 14 Countries

UNCDF supported the implementation of national financial inclusion strategies in 14 countries in 2021 and assisted in the development of 23 new strategies, policies and action plans related to financial inclusion. One example involves UNCDF's creation of an advisory panel on Women and Digital Financial Services, composed of civil society representatives, regulators and public decision-makers from the six CEMAC countries (Gabon, Cameroon, the Central African Republic, Chad, the Republic of the Congo and Equatorial Guinea). The panel ultimately presented 23 policy proposals to accelerate the financial inclusion of women in Central Africa.



The Inclusive Digital Economies Scorecard

Since 2020, UNCDF has utilized the Inclusive Digital Economy Scorecard (IDES), an overarching tool to help guide countries' inclusive digital economy transformations. Through collaboration with public and private stakeholders, the IDES measures the status of a country's digital economy, national market constraints, and its inclusiveness towards vulnerable and marginalized people, notably through its dedicated women's inclusiveness score (WIS). The IDES also sets priorities that inform national governments in their digital transformation journey. In 2021, the IDES was deployed in 25 countries. In Uganda for example, the IDES forms part of a comprehensive UNCDF approach to support the Government of Uganda and the private sector in expanding access to digital services while informing the mainstreaming of digitalisation throughout their national economic roadmap (the National Development Plan III). In the Solomon Islands, the IDES was launched in 2021 and informed the country's updated National Financial Inclusion Strategy as well as the development of the first National Digital Economy strategy (NDES), which was also supported by UNCDF.

Enabling Access to Finance for Migrants and Remittances

UNCDF's migration and remittances programme applies its market development approach to enable access to affordable remittance channels for migrants and their families. With the Intergovernmental Authority for Development (IGAD), UNCDF supported the harmonization of remittance policies across the IGAD countries of Djibouti, Eritrea, Ethiopia, Kenya, Somalia, South Sudan, Sudan and Uganda towards safer and more transparent formal remittance channels. UNCDF worked with nine private sector partners to pilot and/or scale business models that target migrants and their beneficiaries to improve financial health and resilience in Senegal, Ethiopia, United Arab Emirates (UAE), Bangladesh, Myanmar, Singapore and South Korea. Through these partnerships a total of 13 services have been launched reaching 312,000 customers (27.5% women), who have transferred over US\$350 million. Furthermore, over 98,000 customers (79% women) were trained through four financial literacy campaigns aimed at improving product usage and uptake.

Focusing on Direct Support to SMEs

TANZANIA:

UNCDF set up a digital lab with the Bank of Tanzania and the digital company, ModusBox, to integrate savings, credit cooperative organizations and micro-finance institutions into the Tanzania Instant Payments System. A total of 23 financial service providers were trained on the principles and key features of open payment systems.



BANGLADESH:

2.3 million micro-merchants have benefitted from UNCDF-supported business innovations in digital payments, alternative credit scoring, micro-insurance, book-keeping, inventory management, business registry, and rural e-commerce. More than 100,000 SMEs have benefited from digital financial literacy models; and 3,400 micro-merchants from marginalised communities received training and business development services to access e-commerce, digital innovation and a last-mile delivery network.

UGANDA:

In 2021 more than 700,000 clients (300,000 female) were reached directly with digital payments services supported by UNCDF. Nearly 1.5 million people were reached through enhanced literacy in digital and financial skills.



ZAMBIA:

UNCDF launched the FinTech4U Accelerator Programme for businesses in the FinTech and digital financial services industry, with the intent to target underserved population segments. In 2021, the programme supported 10 fintechs with a platform to develop and test their products in a safe environment, build partnerships, and participate in capacity development activities. UNCDF also completed the scoping for a new US\$15 million guarantee and technical assistance facility for micro, small and medium sized enterprises (MSMEs), which aims to strengthen the performance and resilience of MSMEs through increased access to finance, improved access to business development services, and the use of digital solutions for business operations.

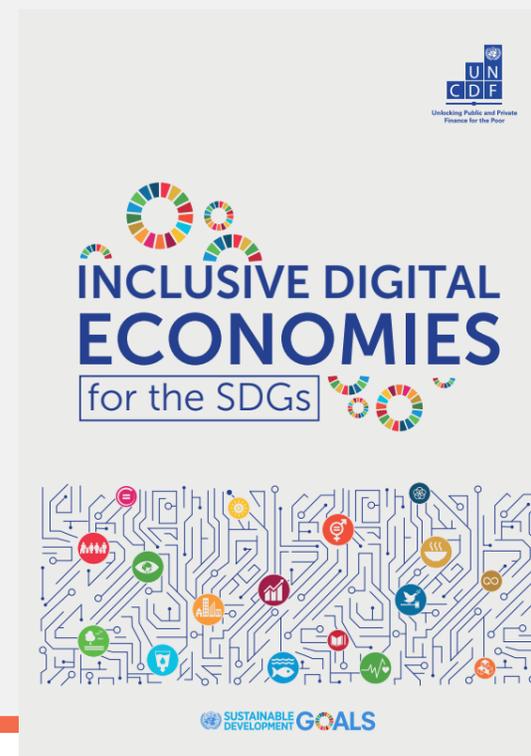
ASIA-PACIFIC:

The Pacific Financial Inclusion Programme (PFIP), active since 2014 and completed in June 2021, helped enroll over two million Pacific islanders (over 175,000 in 2021) into formal financial services, with women representing approximately 51% of these customers. The Pacific Digital Economy Programme (PDEP) was launched in 2021 to enhance people's access to basic services through digital devices and channels. In 2021, PDEP carried out assessments in Fiji, Samoa, Tonga, Vanuatu, Timor Leste and Papua New Guinea to assist Pacific governments and private sector partners identify key policy and market constraints hindering the development of their inclusive digital economy.

Catalyzing Finance for Digital Transformation

UNCDF uses performance-based grants and concessional loans to support and incentivize partners, including private sector partners, to develop and tailor products to meet the needs of unbanked and underbanked populations, while remaining financially viable. In 2021, UNCDF grants of US\$12 million as well as loans and guarantees of US\$1.5 million were complemented by US\$7.7 million in own-equity contributions from private-sector partners, which together leveraged an additional US\$45.3 million in external financing.

IN FOCUS: The Inclusive Digital Economies for the SDGs Flagship Publication-IDE4SDGs



In 2021, UNCDF released its flagship publication on digital transformation, "Inclusive Digital Economies for the Sustainable Development Goals" (IDE4SDGs). This publication lays out the promise of digital technology and associated innovations in driving the inclusion and advancement of vulnerable populations. The IDE4SDGs publication combines insights from seasoned practice leaders within UNCDF, along with expert contributions from over a dozen organizations, to provide an instructional guidance tool on the future of digital economies and how to make the digital transformation truly inclusive for last mile markets.

CHAPTER 6

UNCDF IN ACTION:

SUPPORTING GUARANTEE MECHANISMS TO UNLOCK FINANCE FOR SMALL BUSINESS IN CAMBODIA

© UNCDF in Cambodia



UNCDF supported the launch and implementation of the Credit Guarantee Corporation of Cambodia (CGCC). The CGCC works directly with the Royal Government of Cambodia (RGC).

The CGCC is a national credit guarantee facility focused on small businesses, with the particular aim of supporting women's economic empowerment through fiscal space creation. Overall, the CGCC is intended to help diversify Cambodia's economy from an over-reliance on garments and tourism sectors towards light manufacturing, electronics, and robotics.

Upon the establishment of the CGCC, UNCDF invested US\$150,000 to operationalize the credit guarantee facility. The CGCC has since issued 182 credit guarantees for a total volume of US\$13 million. 22% of loans were to women owned businesses.



Source: LOLC Cambodia

CHAPTER 7

A CENTRE OF EXCELLENCE FOR LOCAL FINANCE:

LOCAL TRANSFORMATIVE FINANCE PRACTICE

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UNCDF serves as a centre of excellence for local economic development finance and local government finance. UNCDF designs and implements locally led, public and private financing mechanisms to address the linked-up challenges of local economic development, inclusive urbanization, and sustainable environmental adaptation & resilience. UNCDF supports local governments and communities on their pathway towards inclusive, sustainable and resilient transformation, providing infrastructure investments and assistance for local economic development.

Nearly 400 Localized Investments Spanning 42 Countries and 588 Local Governments

UNCDF in 2021 supported scalable initiatives through 588 local governments in 42 countries and completed 390 localized investments to demonstrate the effectiveness of decentralized financing mechanisms for climate adaptation, clean energy, women's empowerment, food security, health, and local economic development. These investments created 42,478 jobs, benefiting 992,058 people (532,401 female).

Unlocking Finance Through the Local Finance Initiative (LFI)

UNCDF's Local Finance Initiative (LFI) has the objective of unlocking finance from domestic banks for local infrastructure and local economic development. LFI combines UNCDF's catalytic capital, technical assistance and risk mitigation strategies to structure financeable transactions. As of 2021, the global LFI pipeline consisted of 133 investments with total value of US\$170 million. These projects had the desired catalytic leverage and demonstration effect. For example, during 2021, the Ministry of Finance in Tanzania requested UNCDF to scale up this approach to domestic capital market development with infrastructure bonds on the domestic stock market. The initial transaction—a US\$23 million water bond—is expected to close in 2022.



© UNCDF in Uganda



The Development Initiative for Northern Uganda (DINU)

Under the Development Initiative for Northern Uganda (DINU) programme, UNCDF contributed to improved tax administration through automation of tax-payer registration, assessment, and collection. 14 out of the 18 local governments in northern Uganda now have fully automated revenue systems. As a result, five local governments reported revenue increases of about 32%.

Through the Local Government Excellence Fund, local governments, communities, and their partners have co-financed and invested over US\$2.2 million in seven pilot districts through 14 medium-sized economic infrastructure and local economic development promotion projects. DINU also supported the rehabilitation of more than 400 km of roads, linking communities to markets and attracting private sector investments.

The Blue Peace Initiative

Through its partnership with the Gambia River Basin Development Organization and the Swiss Agency for Development and Cooperation, UNCDF co-designed the Blue Peace Financing initiative, which supports the achievement of the SDGs while also transforming water from being a potential source of crisis into an instrument for cooperation and peace. This supports the implementation and financing of an integrated development master plan and investment plan for the basin, which includes a pool of complementary infrastructure projects, such as a hydro-power generation plant, a hydro-agricultural

dam, and a drinking-water treatment station. An innovative financing structure, the Blue Peace Bond enables access to capital markets for the non-sovereign regional basin organization to finance the master plan.

The innovative financing structure of Blue Peace enables access to capital markets for local and regional non-sovereign entities (local governments, special purpose investment vehicles) to finance water delivery and security. For example, in Sierra Leone, Blue Peace supports financing reliable water, sanitation, and hygiene facilities. In 2021, 260 members of the Freetown City Council Local Water Management Committee were trained in its roll out.

The International Municipal Investment Fund (IMIF)

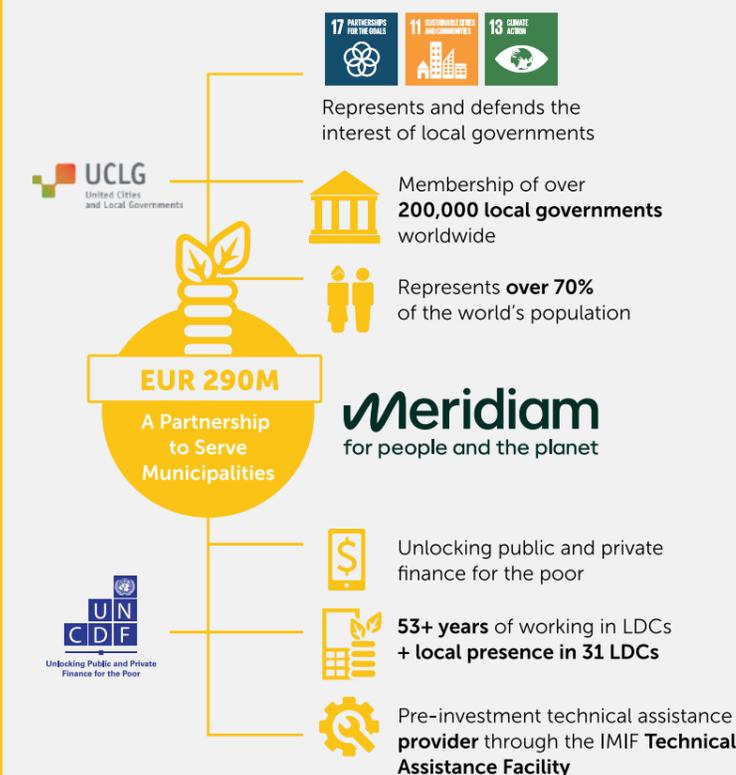
The International Municipal Investment Fund (IMIF) is an instrument of the Malaga Coalition, led by UNCDF and United Cities and Local Governments (UCLG), which endeavors to promote a global financial ecosystem that works for cities and local governments. The IMIF was established in response to a UNCDF managed competitive process. During 2021, Meridiam, the infrastructure investment firm serving as the fund manager for IMIF, secured capital towards its first close of EUR 290 million. The UNCDF-managed IMIF technical assistance facility supported project development in three cities.

Meet financial return targets

Meet a standard related to resilience and sustainability in line with the implementation of the Paris Agreement

Develop municipal capital market access to cities in developing countries

Accessible by all cities within the non-OECD market





© UNCDF in Mozambique

The Dual Key System

The centrepiece of UNCDF's local transformative finance work is the "Dual Key" system. The Dual Key system is a multi-factor assessment that enables UNCDF to determine whether a prospective project will receive financial support from UNCDF with the goal of unlocking further finance. The first "technical key" involves an assessment that considers the capability of the project to deliver impact in the form of local economic development, women's economic empowerment, ESG or food security. The second "financial key" involves an assessment that considers the capability of the project to deliver financial impact in the form sustainability and follow-on investment potential.

In 2021, UNCDF's Dual Key System was recognized by the International Finance Corporation (IFC) and the SME Finance Forum with an Honorable Mention at the Global SME Finance Awards 2021. The Honorable Mention was earned in the category of "Product Innovation of the Year."



Unlocking Capital for Locally-Led Transformative Finance

A key priority for UNCDF in local development finance is unlocking financing from domestic and international financial institutions to strengthen local infrastructure and expand local economies. In 2021, 390 localized UNCDF investments of US\$24.7 million unlocked some US\$7.6 million in international financing, and more than US\$37 million in domestic resources.

IN FOCUS: ELIPSIS-Exchange Listed Investment Platform for Sustainable Infrastructure Securitization

UNCDF's partnership with First Rand Bank was selected as a finalist in the UK government MOBILIST competition, which seeks to foster sustainable platforms that mobilise capital in London's public equity markets for development. The partnership aims to create an Exchange Listed Investment Platform for Sustainable Infrastructure Securitization (ELIPSIS) to facilitate a significant increase in climate resilient and green infrastructure investments by securitizing mature exposures in climate / green infrastructure in sub-Saharan Africa. Such securitization would increase available financing for additional investment in the same markets.

EXCHANGE LISTED INVESTMENT PLATFORM FOR SUSTAINABLE INFRASTRUCTURE SECURITIZATION

ELIPSIS is the product of a partnership between FirstRand and UNCDF (the Co-sponsors) that seeks to facilitate a significant increase in Climate/Green Infrastructure investments in Africa. Through its innovative approach of sharing exposure to Climate/Green Infrastructure assets in sub-Saharan Africa (SSA) with institutional investors, ELIPSIS will become a principal facilitator of the efficient recycling of private and developmental capital.

OBJECTIVES

- Protect Climate/Green Infrastructure investments in SSA globally and at scale.
- Contribute significantly to Climate/Green Infrastructure investments in ESGs.
- Harvest the power of public markets to crowd in the private sector, thereby increasing the flow of financing for SDG projects.

VISION

Providing access to capital for transformative climate-sensitive infrastructure projects in SSA's least developed countries (LDCs), low income countries (LICs), lower middle income countries (LMICs), and upper middle income countries (UMICs) in alignment with and contributing to their efforts to promote climate resilient development pathways and achieve net-zero emissions.

BACKGROUND & PRINCIPLES

ELIPSIS was created in order to offer significant investment impact by creating institutional investors, bank leverage and demand, with local securities.

ELIPSIS is one of the leaders of the investment Product Competition launched by the Foreign Investment & Development Office (FIDO) in Johannesburg, providing Capital through local project structures (VNDLIS).

ELIPSIS is one of the leaders of the investment Product Competition, at the conclusion of a successful commercial negotiation.

ELIPSIS will share exposure to Climate/Green Infrastructure assets and bring sustainable investment shares the exposure with institutional investors by listing them on the Johannesburg Stock Exchange (JSE) and the London Stock Exchange (LSE).

The successful creation of several securitization structures, which may be either traditional or synthetic, will prove the viability of the platform's business model. At that point, ELIPSIS's security shares will be listed on the JSE and the LSE.

As a consequence, ELIPSIS will crowd institutional investors both into local stock markets and also globally, facilitating the recycling of capital on two different levels. ELIPSIS can be either structured in other countries or grant a global market license, so that it can be supported from Climate/Green Infrastructure or Sustainable Infrastructure or even to other themes with high developmental impact.

ELIPSIS
Exchange Listed Investment Platform for Sustainable Infrastructure Securitization
UNCDF Technical Assistance Facility

2021

CHAPTER 8

UNCDF IN ACTION: UNLOCKING FINANCE FOR SMEs THROUGHOUT THE UNCDF INVESTMENT CONTINUUM (ALTECH GROUP IN THE DEMOCRATIC REPUBLIC OF CONGO)

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Alternative Energy Technologies Group (Altech Group) is a Congolese-owned and managed pay-as-you-go off-grid solar distributor operating in the Democratic Republic of the Congo. Altech started in 2013, based out of Eastern Democratic Republic of the Congo, to try and address the country's energy problem where about 90 percent of the population has no access to electricity. To address this issue, Altech sells, distributes and installs alternative energy solutions in the form of solar lamps, solar home systems and clean cookstoves. Since its inception, Altech has sold approximately 200,000 assorted units and is currently positioning itself to grow that number by another 800,000 units by 2025 (75 percent solar home systems and 25 percent cookstoves).

In the last quarter of 2020, Altech secured US\$500,000 in financing from UNCDF to support its growing operations. The financing included a US\$350,000 loan for its inventory and a US\$150,000 grant for the expansion of the company's clean cookstove offerings. Given the supply chain disruptions as a result of the COVID-19 pandemic, securing financing, particularly for inventory, became strategically important for the company. In addition to the financing from UNCDF, Altech secured additional financing from US-based Social Investment Managers & Advisors, with a US\$500,000 debt investment.

The UNCDF investment brings the total financing secured by Altech in 2020, via external investors and direct supplier agreements, to more than US\$3 million. Altech is anticipated to be among the companies that will receive financing through the BUILD Fund, a blended impact investment vehicle, as well as its associated technical assistance facility, to finance small and medium-sized businesses in the world's least developed countries (LDCs) to help achieve the Sustainable Development Goals (SDGs).

 UNCDF Twitter:
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CHAPTER 9

MOBILIZING CAPITAL FOR SMEs, FINANCIAL SERVICE PROVIDERS, AND LOCAL INFRASTRUCTURE PROJECTS: LDC-INVESTMENT PLATFORM

© UNCDF in Papua New Guinea



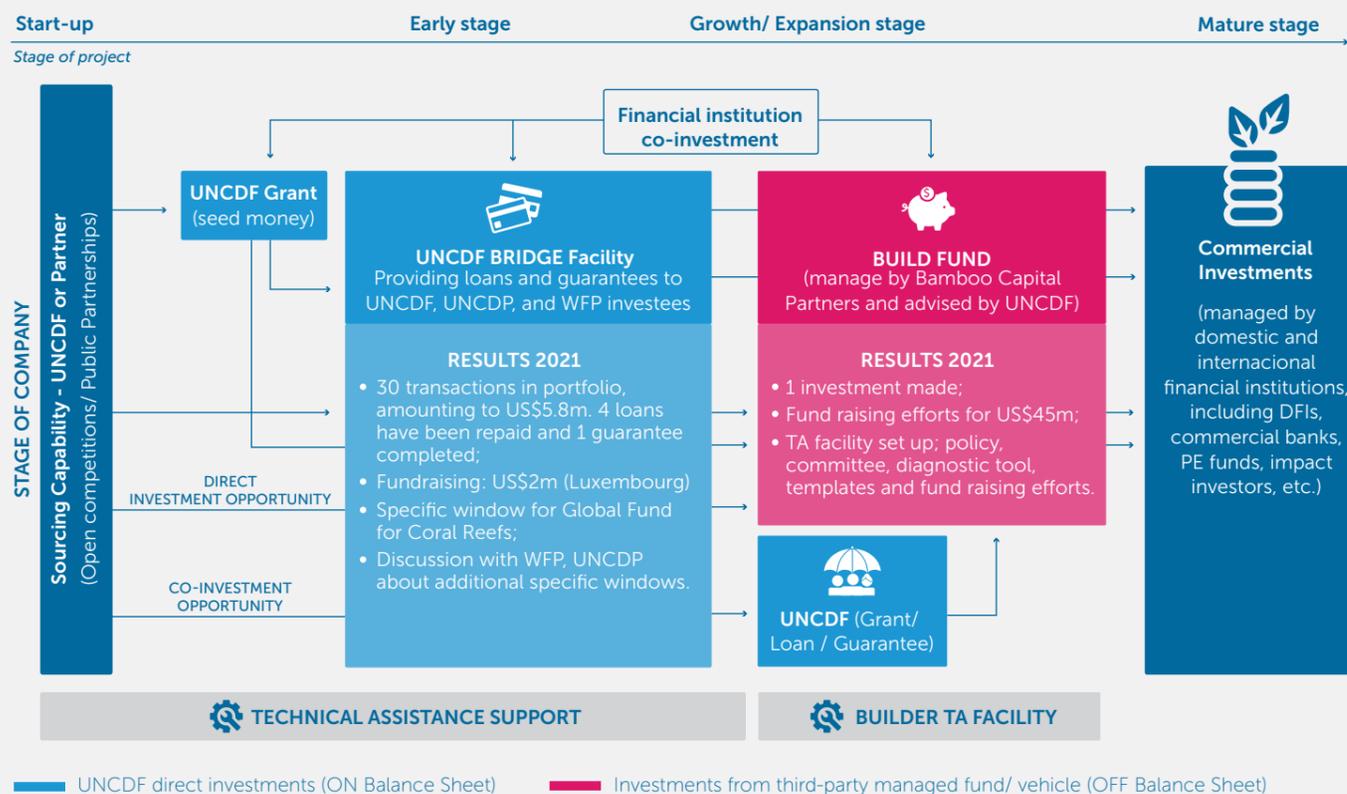
Fully unleashing the development potential of the local private sector and small infrastructure projects requires dramatically improving access to investment capital, since domestic and international financial institutions as well as investors often view these projects as too small or risky while not being set up to service them.

By leveraging its ability to directly deploy concessional loans or guarantees into any level of private or public sector project—something unique within the United Nations Development System (UNDS)—UNCDF's Least Developed Country Investment Platform (LDC-IP) seeks to demonstrate that investing in last mile settings creates positive development outcomes that can be commercially viable and scalable with the right blend of instruments and support.

The BRIDGE Facility

UNCDF's catalytic concessional loans and guarantees are provided through the BRIDGE Facility, which targets early-stage enterprises and projects that are not yet ready to access finance from other financial institutions. UNCDF's financing helps them establish an investment track record to attract further finance. As such, the BRIDGE Facility fills a gap in the international development finance architecture. UNCDF has issued a total of 30 loans and guarantees with a value of approximately US\$6 million in the areas of green economy, food security and nutrition, financial inclusion and innovation, and blue economy. Projects in the BRIDGE Facility span nine countries.

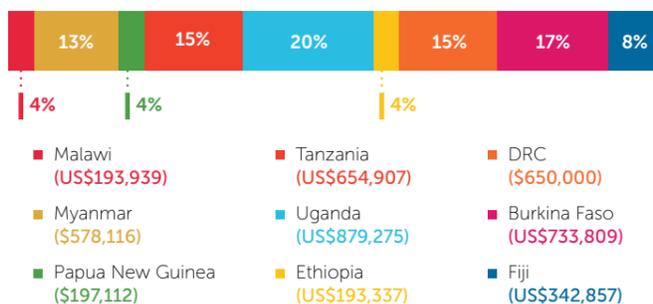
UNCDF'S SUITE OF FINANCING SOLUTIONS:
an "investment continuum" for SMEs and Financial Service Providers in LDCs



2021 PORTFOLIO BY SECTOR



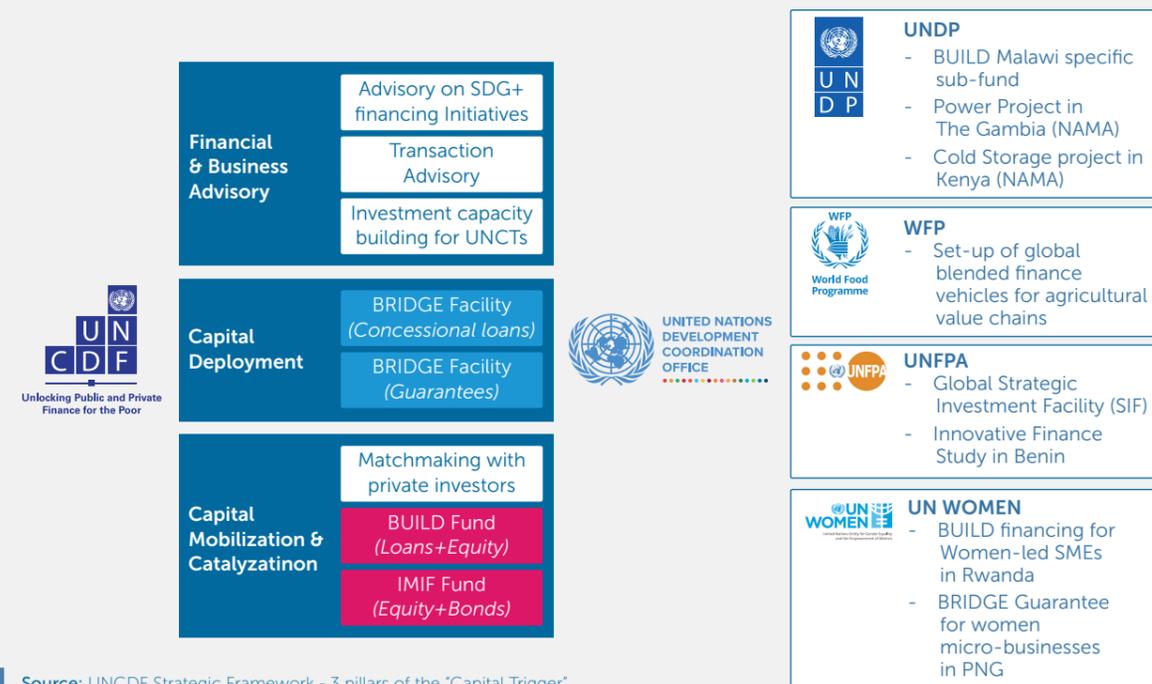
2021 PORTFOLIO BY COUNTRY



IN FOCUS: The Investment Advisory Initiative

Through its The Investment Advisory Initiative, UNCDF expanded its support to the UN Development System (UNDS) from just four countries in 2020 to eleven countries across Africa in 2021, providing development finance policy advice as well as identifying and developing SDG investments. Through this initiative, UNCDF puts its unique investment mandate at the service of other UN agencies, supporting deployment of financial instruments and blended finance investment vehicles.

UNCDF INVESTMENT SERVICES FOR THE UN DEVELOPMENT SYSTEM



CHAPTER 10

KEY THEMATIC FOCUS AREA:

WOMEN'S ECONOMIC EMPOWERMENT

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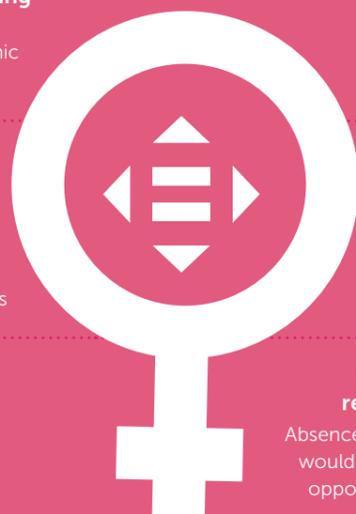
UNCDF advances women's economic empowerment by working to narrow the finance gap that contributes to unequal opportunities for women's advancement as well as by addressing the market and agency constraints that limit women's access to markets and services. UNCDF pursues this work in two ways: by implementing digital solutions as well as supporting inclusive financial markets; and by overcoming specific structural obstacles to women's economic empowerment at the local level.

Distinct Challenges to Women's Economic Empowerment in the LDCs

Women are more likely to be excluded from economic resources including financing
Specifically in poorer regions around the world, women are at higher risk of economic exclusion with structural barriers

Informality and lack of appropriate skills
Due to lack of training and appropriate skill, women often opt for economic opportunities in informal sectors that often pay poorly with no job security and benefits

The digital and energy divide remains a gendered one
Most of the 3.9 billion people who are offline and without energy access are in rural areas, are poorer and less educated, and tend to be women and girls



Women owned or led businesses remain small
Inadequate support and financing for women SMEs that hamper their ability to grow and access bigger markets

Local policy, law and systems
Often local policies, laws and social norms are discriminatory, local fiscal policies and systems of governance often are gender blind with lack of women's leadership in decision-making

Inadequate local financing in gender responsive services and infrastructure
Absence of infrastructure and related services that would otherwise strengthen women's economic opportunities, increase their security and lessen the burden of unpaid work

© UNCDF in Bangladesh



Inclusive Economic Development at the Local Level

To address growing inequalities and to promote inclusion in LDC's rapidly growing cities, UNCDF launched and is piloting an inclusive local financing initiative, IncluCity. The initiative is aimed at promoting resilient and equitable livelihoods as well as better public services through increased and tailored municipal investment financing. Initial projects have been launched in Senegal, Bangladesh, and Uganda.

UNCDF also launched a comprehensive toolkit for women's economic empowerment that provides guidance on policy and regulatory support, locally led innovative financing solutions, and technical assistance for women led businesses. In partnership with UNDP and UN Women, UNCDF provided support to local governments on gender responsive policy frameworks, planning and budgeting to overcome structural barriers to gender equality. This support has resulted in the development and implementation of more than 20 gender responsive local strategies, action plans, regulations, and budgets across programme countries.

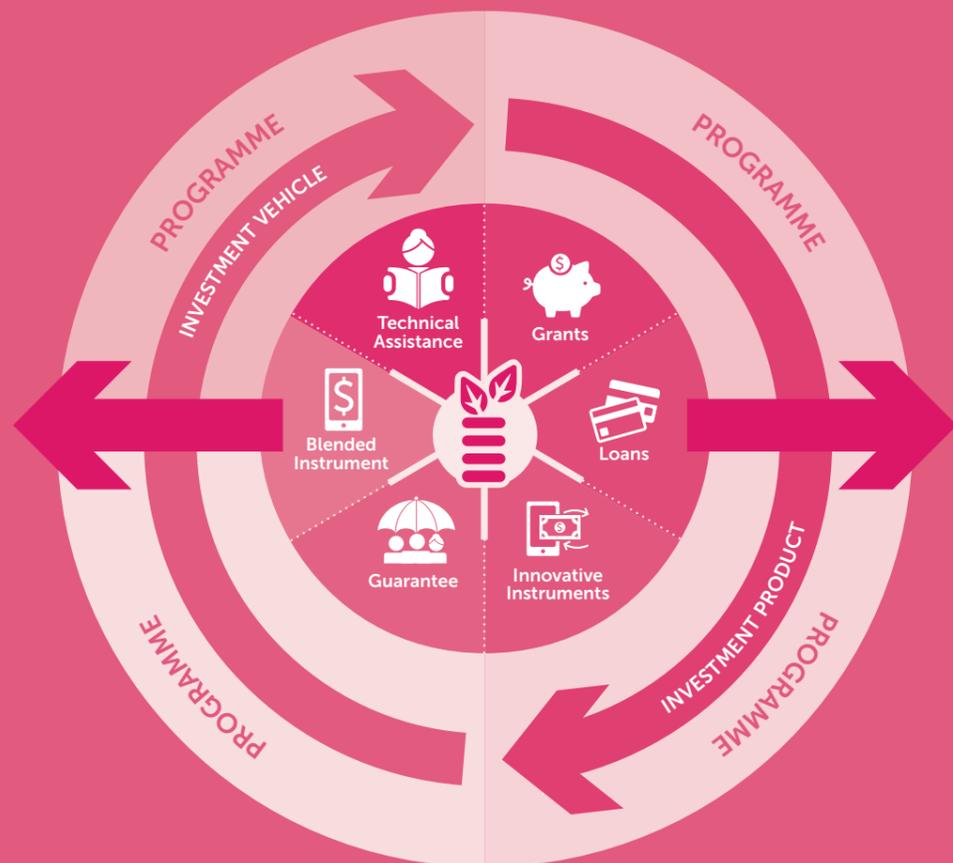
In Bangladesh, UNCDF partnered with UN Women and UNDP under the women's empowerment for inclusive growth (WING) initiative, establishing a gender-responsive investment platform (GRIP) at the central bank, linking women-led SMEs and local government institutions, and supporting over 5,000 women with sustainable income generating activities.

Inclusive Financial Markets and Digital Financial Inclusion

UNCDF in 2021 launched its Inclusive Digital Economies and Gender Playbook, a practical how-to guide on leveraging the market system development approach that focuses on decreasing the digital and financial divide for women and girls, leveraging technology to improve women's economic opportunities, and helping to transform women into builders of emerging digital economies. It contains a wealth of research on the common constraints faced by women in least developed and emerging economies, as well as concrete examples of interventions that can address those constraints. The Asian Development Bank and Arab Monetary Fund have used the Inclusive Digital Economies and Gender Playbook for capacity building and training.



Additionally, in Cambodia, UNCDF supported six financial service providers and fintechs to leverage financing from external sources, including private investors, a government development agency, and private banks. UNCDF is providing a grant of US\$650,000 (US\$150,000 disbursed in 2021) and technical assistance to Impact Investment Exchange (IIX)'s Women's Livelihood Bond, the world's first gender lens and impact investing instrument to be listed on a stock exchange. The WLB is part of the US\$150 million Women's Livelihood Bond Series, a series of innovative debt securities that support women entrepreneurs across the Asia-Pacific and other emerging markets. At the end of 2021, over US\$40 million was raised through the bond series.



IN FOCUS: UNCDF's Gender Investment

UNCDF supports and creates innovative financing instruments that address the financing gap for women. UNCDF launched the Women Enterprise Recovery Fund (WERF) to support women owned or led businesses in Asia to battle the pandemic and recover through the adoption of digital and e-commerce solutions. In Cambodia, UNCDF provided support for more than 27,000 MSMEs, and 7,000 borrowers received financing to support recovery. SHE Investments, one of UNCDF partners in Cambodia, designed and launched the only gender-focused and culturally tailored business support application for women-owned micro-small businesses in Cambodia, with more than 6,000 MSMEs registered to the bookkeeping app. UNCDF WERF partner Boost Capital disbursed 825 MSME loans digitally, totaling more than US\$1 million in loan value to support business recovery.

In Myanmar, the Women's Economic and Financial Inclusion Project (WEFIP), completed in 2021, worked with savings groups and microfinance institutions to improve the financial inclusion ecosystem. The initiative reached over 165,000 women – out of which almost 15,000 accessed new financial products and services. The gender smart product design in Myanmar is the first of its kind and is being replicated in two new countries in Asia and two in Africa.

In Senegal, UNCDF assists FONSI, the country's sovereign wealth fund, to manage the WE!Fund, providing equity and loans to gender sensitive SMEs and PPPs with a focus on women's economic empowerment. The Fund made its first investment in 2021 to a Senegal-based innovative bread manufacturing company that is connected to local value chains and drives local economic development. Currently capitalized at US\$2 million, the Fund has a pipeline of projects for a total investment need of US\$15 million.

To support structural transformation for women's economic empowerment, UNCDF invested US\$426,505 in local partners in Bangladesh, Mali, and Tanzania for investments that apply UNCDF's tools for evaluating local economic development with a gender lens. Since 2018, UNCDF has funded a total of 35 projects benefitting more than 36,000 women, disbursing more than \$3 million in grants and loans, which unlocked an additional US\$6.06 million from local partners.



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CHAPTER 11

KEY THEMATIC FOCUS AREA:

CONFRONTING CLIMATE CHANGE AND SUPPORTING BIODIVERSITY CONSERVATION

© UNCDF in Mali



UNCDF addresses climate change by advancing the delivery of clean energy and by supporting climate adaptation and resilience in last mile markets. UNCDF also utilizes innovative finance to support small businesses that advance biodiversity conservation.



Climate finance

UNCDF delivers financing and support for climate adaptation for vulnerable communities to local government authorities in LDCs. This includes a greater focus on supporting nature-based climate solutions, promoting green economies, and developing innovative structures that can increase finance flows for climate related emergencies.



Clean energy finance

UNCDF supports an energy transition agenda in LDCs that emphasizes decentralized, renewable and clean energy solutions that expand access and drive green growth.



Biodiversity finance

UNCDF supports initiatives that catalyze finance for integrating biodiversity conservation into business models and economic development.

Climate Finance

As a country-based mechanism designed to deliver domestic and international climate finance to the local level, the Local Climate Adaptive Living Facility (LoCAL) continued to enable localities to assess risks, plan, implement, and monitor climate resilient development in over 30 countries, including 25 LDCs and 6 SIDS. A total of 322 local governments are implementing LoCAL, driving locally led adaptation and building climate resilience for more than 12.5 million people worldwide.

In 2021, LoCAL raised US\$25 million in direct funding bringing the total of funds mobilised to US\$125 million, including direct and parallel funding. LoCAL in 2021 deployed a total of approximately US\$17.6 million through technical assistance, policy support and capacity development, as well as performance-based grants for climate resilient infrastructure.

Direct access to sustainable financing for climate resilience, including international climate finance such as the Green Climate Fund and Adaptation Fund, remains a challenge for sub-national actors. LoCAL's technical assistance and proven method supports member countries to secure access to these funds through national implementation entities (NIE). Three LoCAL-engaged NIEs in Benin, Bhutan, and Cambodia have received accreditation to the GCF with UNCDF support.



Clean Energy Finance

By promoting access to finance across the energy value chain through digital solutions, UNCDF supported Burkina Faso, Democratic Republic of the Congo, Ethiopia, and Uganda, working with more than 70 partner companies, to sell almost 350,000 clean energy products and services, benefitting 1.8 million people.

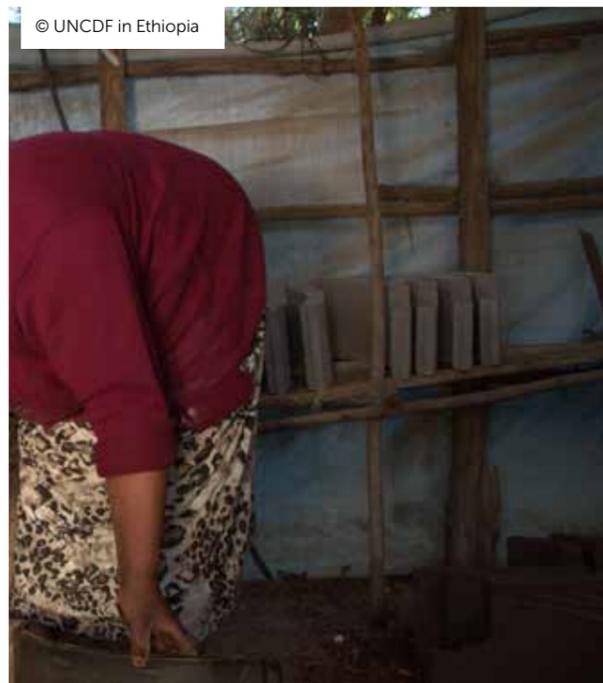
In Burkina Faso, UNCDF supported more than 80 energy entrepreneurs through business development support and technical assistance. 3,375 solar units and 766 cookstoves were sold, creating 135 full time jobs and 247 part time jobs (33% for women).

In Ethiopia, UNCDF and UNDP established a Credit Risk Guarantee Fund (CRGF), which is administered and guaranteed by the Development Bank of

Ethiopia (DBE). The CRGF provides a 50% partial credit guarantee to enhance the lending of financial institutions to rural energy technology providers. The 19 partner energy service providers (ESPs) sold over 129,000 different types of clean energy products, bringing the total number of cooking and solar units sold cumulatively in Ethiopia to over 566,000 (68% were sold to female-headed households).

In the DRC, the disbursement of US\$343,400 in grant financing supported private sector partners to sell over 22,000 cookstoves, 3,300 liquified petroleum gas (LPG) starter kits, and over 650 tonnes of LPG, serving almost 140,000 people.

In Uganda, over 170,000 clean cooking products and 24,000 solar products were sold by UNCDF supported partners in 2021.



© UNCDF in Ethiopia

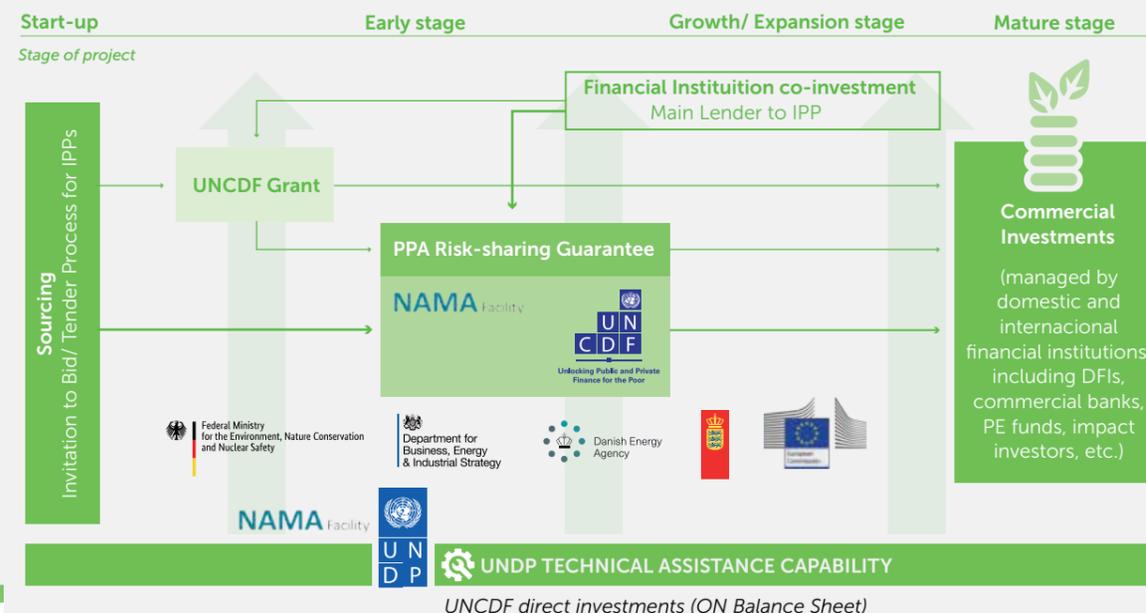
Biodiversity Finance

In 2021, UNCDF further expanded its loan and guarantee operations through its engagement with the Global Fund for Coral Reefs (GFCR). The GFCR provides grant funding and private capital for activities that prevent coral reef degradation, which jeopardizes one of the richest sources of biodiversity on Earth and the livelihoods of a billion people. UNCDF was appointed to manage the Fund's concessional lending function, called the GFCR Blue BRIDGE, an extension of UNCDF's BRIDGE Facility. US\$8.8 million in concessional capital has been awarded to UNCDF to fund coral reef protection and restoration in five countries finance. The GFCR Blue BRIDGE plans to invest more than US\$40 million in support of interventions in over 26 priority coral reef ecosystems around the world.

IN FOCUS: Blended Finance for Grid-Scale Projects

Since 2018, UNCDF and UNDP have worked together to support the building of a 10.5MW solar power plant in the Gambia, which is being supported by the NAMA Facility. UNCDF's role is to deploy a guarantee mechanism of approximately US\$10 million to de-risk private sector investment and attract commercial capital to the project. Implementation commenced in 2021 and a major milestone was achieved with the successful procurement of an independent power producer, which will deliver the project. This initiative serves as a replicable model for UNCDF-managed guarantees that help secure commercial investments in renewable energy.

IMPLEMENTATION MODALITY AND FLOW OF FUNDS



Source: UNCDF

CHAPTER 12

HOW WE DID IT IN 2021

FOR LOCAL FINANCE:

LOCAL TRANSFORMATIVE FINANCE (LTF)

© UNCDF in Bangladesh

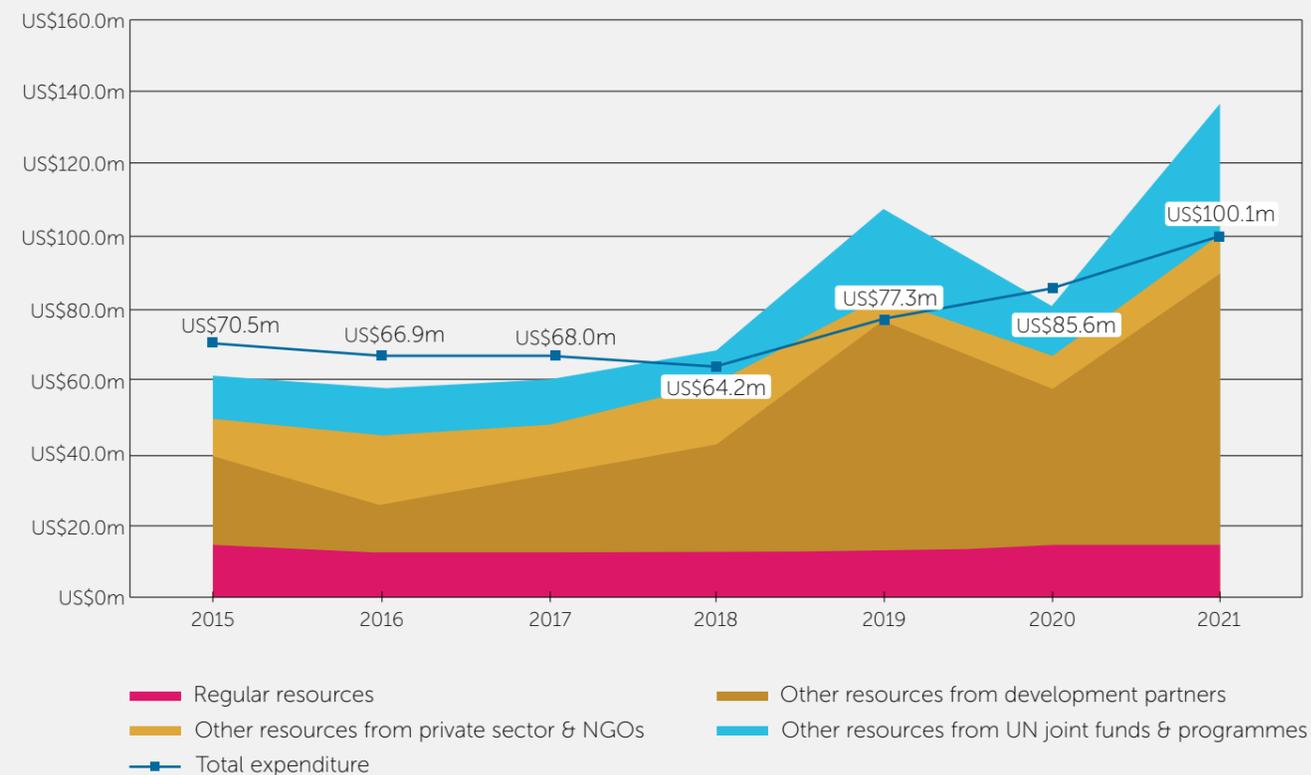


UNCDF's delivery in 2021 was US\$100 million, the highest level on record, reflecting a 17% year-over-year increase. Non-core (earmarked) funding increased year-over-year by 85%, exceeding US\$120 million.

In terms of delivery, UNCDF expenditures increased 17% from US\$85.6 million in 2020 to a record US\$100 million in 2021. The increase was due to significantly enhanced programme delivery in both the inclusive digital economies and local development finance areas of work. Since 2018, UNCDF has consistently increased its delivery with expenditures at US\$64.2 million in 2018 and US\$77.3 million in 2019.

Revenues from other resources increased by 84.8% from US\$66 million in 2020 to US\$122 million in 2021. The five main contributors of other resources were the MPTFO, the European Union, the Governments of Sweden and Switzerland, and the Bill & Melinda Gates Foundation. UNCDF has invested significant effort to strengthen cooperation with the UN Development System and as a result the resources received through the MPTFO have increased significantly and now represent around 20.5% of total resources. Contributions from the private sector and NGOs also increased by some 20% in 2021 compared to 2020.

UNCDF regular (non-earmarked) resources remained more or less stagnant at US\$14.7 million in 2021 and made up 10.7% of total revenues. Regular resources remained below the US\$25 million per annum target set in the Strategic Framework.



2021 DONORS TOTAL CONTRIBUTIONS, 2021 (IN US\$)

| DONOR NAME | PARTNER CATEGORY | CORE | NON CORE | JPOS | GRAND TOTAL |
|---|------------------------------------|-----------|------------|--------|-------------|
| The Multi-Partner Trust Fund Office (MPTFO) | UN Pooled Funds | – | 28,218,881 | – | 28,218,881 |
| European Union | European Union | – | 27,763,883 | – | 27,763,883 |
| Government of Sweden | Bilateral | 4,396,571 | 21,268,112 | 90,655 | 25,755,338 |
| Government of Switzerland | Bilateral | 3,278,689 | 8,043,069 | – | 11,321,757 |
| Bill & Melinda Gates Foundation | Private Sector, Foundations & NGOs | – | 7,968,210 | – | 7,968,210 |
| United Nations Development Programme (UNDP) (*) | UN Agencies | 3,924,617 | 3,677,806 | – | 7,602,423 |
| Government of Luxembourg | Bilateral | 1,201,986 | 3,437,097 | – | 4,639,082 |
| Government of United States of America | Bilateral | 1,100,000 | 3,000,000 | – | 4,100,000 |
| Government of Belgium | Bilateral | – | 3,798,103 | – | 3,798,103 |
| Government of Netherlands | Bilateral | – | 2,604,457 | – | 2,604,457 |
| Government of Norway | Bilateral | 609,533 | 1,030,876 | – | 1,640,409 |
| Government of France | Bilateral | 69,767 | 1,485,149 | – | 1,554,916 |
| JP FAO as AA | UN Pooled Funds | – | 1,197,069 | – | 1,197,069 |
| Comic Relief | Private Sector, Foundations & NGOs | – | 1,137,158 | – | 1,137,158 |
| United Nations Office for Project Services (UNOPS) | UN Agencies | – | 1,068,282 | – | 1,068,282 |
| African Development Bank (AfDB) | Multilateral | – | 997,524 | – | 997,524 |
| Swiss State Secretariat for Economic Affairs (SECO) | Bilateral | – | 810,811 | – | 810,811 |
| Visa Inc. | Private Sector, Foundations & NGOs | – | 579,208 | – | 579,208 |
| UN Women | UN Agencies | – | 560,000 | – | 560,000 |
| FMO Dutch Development Bank | Private Sector, Foundations & NGOs | – | 536,193 | – | 536,193 |
| Omidyar Network | Private Sector, Foundations & NGOs | – | 500,000 | – | 500,000 |
| JP UN Women as AA | UN Pooled Funds | – | 392,516 | – | 392,516 |
| Food and Agriculture Organization (FAO) | UN Agencies | – | 391,815 | – | 391,815 |

| DONOR NAME | PARTNER CATEGORY | CORE | NON CORE | JPOS | GRAND TOTAL |
|--|------------------------------------|-------------------|--------------------|----------------|--------------------|
| Government of Republic of Korea | Bilateral | – | 357,588 | – | 357,588 |
| United Nations Population Fund (UNFPA) | UN Agencies | – | 251,282 | – | 251,282 |
| MasterCard Worldwide | Private Sector, Foundations & NGOs | – | 250,000 | – | 250,000 |
| Government of Germany | Bilateral | – | 234,467 | – | 234,467 |
| Bamboo Capital Partners S.A. | Private Sector, Foundations & NGOs | – | 229,315 | – | 229,315 |
| Government of Italy | Bilateral | – | 29,459 | 159,843 | 189,302 |
| Tree Aid | Private Sector, Foundations & NGOs | – | 180,118 | – | 180,118 |
| Government of China | Bilateral | 27,000 | – | 130,817 | 157,817 |
| United Nations Economic Commission for Europe (UNECE) | UN Agencies | – | 155,000 | – | 155,000 |
| United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) | UN Agencies | – | 150,381 | – | 150,381 |
| Government of Austria | Bilateral | 116,279 | – | – | 116,279 |
| United Nations Children's Fund (UNICEF) | UN Agencies | – | 56,000 | – | 56,000 |
| Rabo Foundation | Private Sector, Foundations & NGOs | – | 29,675 | – | 29,675 |
| United Nations High Commissioner for Refugees (UNHCR) | UN Agencies | – | 27,460 | – | 27,460 |
| Government of Andorra | Bilateral | – | 23,671 | – | 23,671 |
| The Giving Back Fund (GBF) | Private Sector, Foundations & NGOs | – | 16,200 | – | 16,200 |
| Government of Kuwait | Bilateral | – | – | 7,268 | 7,268 |
| Government of Thailand | Bilateral | 2,500 | – | – | 2,500 |
| Government of Viet Nam | Bilateral | 2,000 | – | – | 2,000 |
| Grand Total | | 14,728,941 | 122,456,835 | 388,584 | 137,574,360 |

(*) UNDP Core Resources

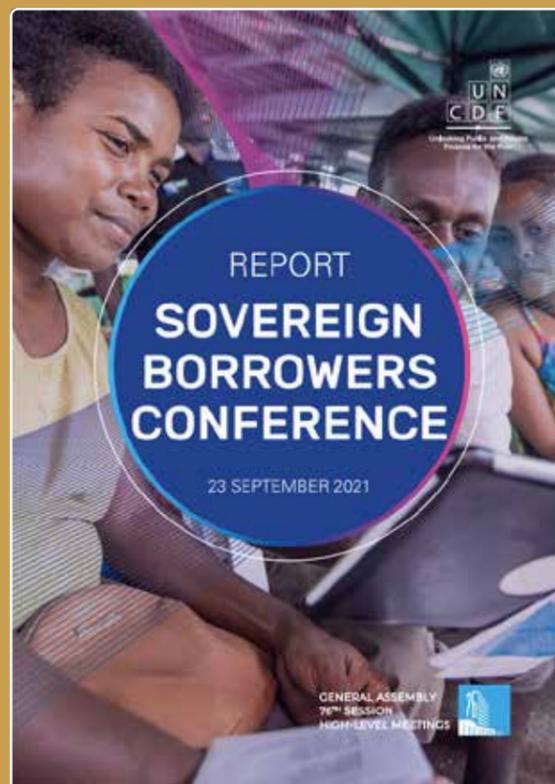
| | | | | |
|--|------------------|---|---|---|
| Institutional Budget & Programme Support | 2,641,388 | – | – | – |
| Programme support | 1,283,229 | – | – | – |
| Total | 3,924,617 | | | |

Policy Advocacy, Communications and Outreach

UNCDF policy advocacy, communications and outreach in 2021 continued to strengthen the organization's strategic positioning in the sustainable development financing space.

GISD Global Investors for Sustainable Development Alliance

UNCDF remained a recognized partner in the Global Investors for Sustainable Development Alliance (GISD), which consists of 30 leaders of major financial institutions, and corporations spanning all the regions of the world. The GISD seeks to deliver concrete solutions to scale-up long-term finance and investment in sustainable development.



UNCDF convened a two-day Sovereign Borrowers conference to explore opportunities and challenges for LDCs to access capital markets at a time of growing fiscal constraints. The convening featured representatives from such private sector entities as PIMCO, Danske Bank, and all three major credit rating agencies. It also included ministers from several countries as well as leaders within UN Development System.



UNCDF engaged proactively in the preparatory process for the Fifth UN Conference on the LDCs—convening events and providing expert inputs to LDC governments and other stakeholders. UNCDF also co-created a high-level publication outlining Good Practices for SDG achievement in the LDCs, in partnership with the UN Office for South-South Cooperation (UNOSSC) and the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (OHRLLS).

Partnerships with UNDP and the Larger UN System

UN entities continued to seek support from UNCDF in order to access its capital mandate and innovative financing toolbox in support of their objectives, resulting in several new collaborations. For example, with funding from the Joint Sustainable Development Goals Fund (Joint SDG Fund), UNCDF partnered with UNDP and other UN entities in 10 countries to support integrated national financing frameworks (INFFs) and approaches to enable mobilization, planning, and allocation of financing for the SDGs.

UNCDF does not only offer UN entities access to its unique toolbox of loans and guarantees, but also offers collaboration with its BUILD Fund, managed by the Geneva-based impact investor, Bamboo Capital Partners. Such collaboration has taken place in Malawi, where UNCDF supports the BUILD Malawi Fund, which was incorporated in 2021 and received its first investment from UNCDF, funded by the Joint SDG Fund. UNCDF works with UNDP and FAO to develop the project pipeline for the fund while undertaking due diligence of potential investments in the agriculture sector for the fund.



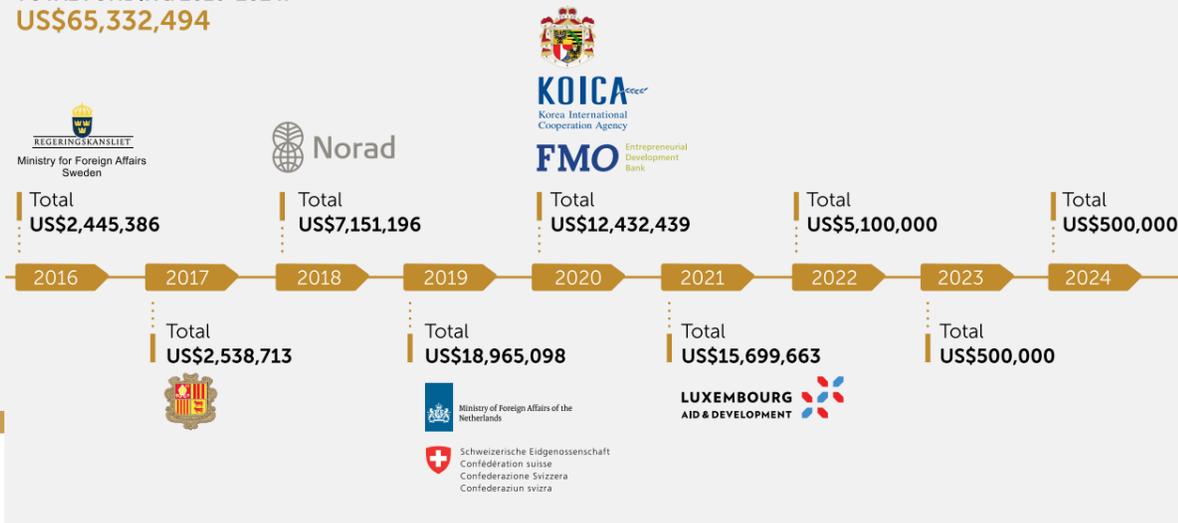
UNDP has traditionally been, and remains, UNCDF's main partner. The two organizations engaged in a total of 40 joint programmes in 2021 along with numerous other joint initiatives.



IN FOCUS: The Last Mile Finance Trust Fund (LMF-TF)

Since 2016, the Last Mile Finance Trust Fund (LMF-TF) has operated as a lightly earmarked flexible funding vehicle that pools donor funding towards shared thematic priorities. What started with one anchor donor—the Swedish International Development Cooperation Agency (Sida)—and US\$ 2.45 million has now become a fund with nine donors and over US\$ 65 million in funding. The LMF-TF has provided funding across five thematic priorities: Green Economy, Food Security and Nutrition, Economic Empowerment of Women and Youth, Infrastructure and Services, and Financial Inclusion and Innovation.

TOTAL FUNDING 2016-2024:
US\$65,332,494



CHAPTER 13 UNCDF STRATEGIC FRAMEWORK 2022-2025: OUTLINING UNCDF'S MISSION & VISION

© UNCDF in Myanmar



UNCDF launched its new Strategic Framework 2022-2025, which was presented to and noted by the UNDP Executive Board in February 2022. UNCDF's Strategic Framework 2022-2025 represents a journey built upon the many lessons UNCDF acquired over the years in unlocking public and private finance for the LDCs: developing an investment track record that matters, filling the missing middle financing gap, and investing in gender equality and women's economic empowerment for sustainable results.

The Strategic Framework 2022-2025 also outlines the mission of the organization – **to serve as the United Nations flagship catalytic financing entity for the LDCs to strengthen financing mechanisms and systems for structural transformation.**

At the center of the Strategic Framework is the new UNCDF offer. Under this Strategic Framework, UNCDF will realize its full potential as a hybrid development organization and development finance institution by fulfilling its overall financing mandate with capital deployment, financial advisory services and capital catalysation. This will be matched with expertise across thematic areas of development—promoting inclusive digital economies and partnering for local transformative finance—alongside deepened engagement in three interlocking development areas: women's economic empowerment, sustainable food systems finance, and climate, clean energy, and biodiversity finance.

UNCDF's Strategic Framework 2022-2025 also outlines the organization's vision, which will inform its work over the next four years as well as through the Decade of Action for Implementation of the SDGs: **that LDCs are able to access and leverage the development impact of capital to enable sustainable and inclusive economic growth and achieve the Sustainable Development Goals.**



CHAPTER 14 LOOKING AHEAD



A Hybrid Development Organization/Development Finance Institution

UNCDF will continue to evolve into a hybrid development organization and development finance institution by systematically combining the provision of capital and financial advisory services with capacity development, technical assistance, and policy advice in its longstanding areas of work: inclusive digital economies and local transformative finance. In the coming year, it will boost its capital markets and investment expertise at global and country levels.

Deepening Partnerships with the UN Development System (UNDS)

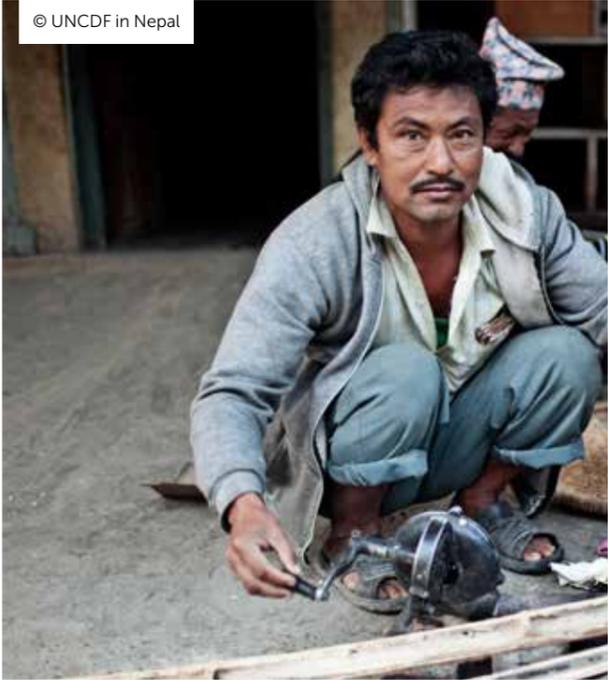
Building on the progress made in 2021, UNCDF will deepen partnerships with the UN development system, combining its financing instruments and expertise with UN development expertise to develop scalable financing solutions in key areas such as women's economic empowerment; climate change, energy, biodiversity; and food systems. UNCDF will offer its unique capital mandate and expertise as a service for the wider UNDS.

Strengthening its Engagement with **the LDCs**

To continue to enhance its relevance and responsiveness to the priorities of the LDCs, UNCDF also commits to strengthening its engagement with governments and other representatives of the LDCs themselves. It will utilize its newly established country relationship manager network to strengthen engagement with governments and UN country team activities. In doing so, UNCDF will also work closely with countries in accelerating development of pipelines of investment-ready SDG projects.

Enhancing Capacities for Results and Impact Management

UNCDF recognizes the value of strong evaluation and results management functions in order to capture and incorporate learning into scaled up programming and investment activities. In the new Strategic Framework period, UNCDF aims to strengthen its capacities and systems for results and impact management and will also endeavor to increase investment in corporate and thematic evaluations.



Leveraging its Expertise to Make Finance Work for **Last Mile Markets**

As the UNDS continues to evolve and respond to emerging global challenges, UNCDF will follow the guidance of UN member states in supporting the Secretary-General's call to action in "Our Common Agenda." In doing so, it will seek to leverage its decades-long expertise in making finance work for the last-mile to support new approaches to boost SDG investments.



Unlocking Public and Private
Finance for the Poor

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