



Impact Capital
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1. The UN
Subnational
Financing Hub

SUCCESS STORIES

Local Transformative
Finance

Stories of 2022

ABOUT THIS REPORT

Selection of Success Stories of Local Transformative Finance

The UNCDF 2022–2025 Strategic Framework positions UNCDF as a subnational financing hub for member states, cities, and citizens, focusing on promoting local transformative finance through the Local Transformative Finance Practice (LTF) and the Loans and Guarantees Platform (LDCIP). The UN Subnational Financing Hub aims to create a global financial ecosystem that works better for regions, towns, cities, and local governments, recognizing that this is a necessary accelerator for global development goals. It does so by working on five key elements: intergovernmental fiscal transfers, own-source revenue, domestic capital markets for long-term debt financing, city and regional/local government friendly investment funds and city and regional/local government friendly guarantee facilities.

These examples illustrate how UNCDF's work focuses on three transitions: (a) the urban transition to implement the New Urban Agenda, transforming cities into inclusive, sustainable, and resilient places where everyone benefits from growth, access to transport, housing, water and sanitation, green space, and the "right to the city"; (b) the green transition to implement the Rio Conventions through sustainable city planning and zoning, urban food systems, land-use management, circular water management, and clean and smart energy solutions; and (c) the productive transition to implement the priorities of the Doha Programme of Action for the Least Developed Countries (2022–2031), increasing productive capacities through a territorial approach to local economic development and the creation of value-added urban/rural linkages leading to structural transformation.

UNCDF's work across 42 countries in Africa, Asia, and the Pacific demonstrates how UNCDF combines finance and investment instruments with sector expertise. The purpose of sharing these success stories is to generate knowledge, inspire change at the grassroots level, and promote transformative investments. Additionally, these success stories showcase the value of UNCDF's work and its profound impact on our beneficiaries.

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WEST AFRICA AND THE SAHEL



Ecotaxes on polluting goods channeled to eco-friendly community adaptation in Benin

Moussoula Gado, 47, couldn't afford a small petrol generator, so she used to struggle carrying heavy buckets of water on her head from a nearby reservoir, battling, usually unsuccessfully, to keep her crops alive through the increasingly long dry season in Komdè village, Ouaké Commune, in north-western Benin. A new solar-powered irrigation system, paid for in part with funds gathered from taxes on the importation of second-hand cars, plastics, and other 'polluting' goods, is set to be a game-changer for her community, and Ms. Gado is overjoyed.

"For a long time, we were watering our crops by hand. Oh, how our backs hurt! Oh, how our sides hurt!" said Ms. Gado in the local Lukpa language, waving her arms to emphasize the pains she suffered. "Now we have running water," she beamed, standing in front of a series of perforated tubes that, with the assistance of a solar-powered pump, shoot water high into the air, no matter the season, without her having to lift a single bucket. "With the earnings I expect to make, I'm going to pay for my children to go to school so they can advance and progress in their studies," she said proudly, adding that her eldest of eight children, who is 25, is studying mathematics at university in the second city of Parakou.

The Intergovernmental Panel on Climate Change (IPCC) delivered a stark warning earlier this year in its report 'Climate Change 2022: Impacts, Adaptation, and Vulnerability.' Human-induced climate change is causing widespread and dangerous changes to nature and impacting billions of people around the world, according to the report.

Flagship area: Local Climate Finance
Contributing SDGs: SDG 3, SDG 5, SDG 6, SDG 11, SDG 12, SDG 13
Implementing partners: UNCDF, National Environment and Climate Fund, Commune of Ouaké
Financing partners: Government of Benin, African Development Bank, UNCDF
UNCDF financial contribution (USD): USD 25,637
Other financial contributions (USD): USD 82,332



In Komdè, as in much of the forested zone of West Africa, the impacts of climate change are most clearly displayed in the changes to rainfall patterns, which makes it difficult for this agrarian community, that farms with hand-held hoes and picks, to plant, harvest and grow crops according to traditional rhythms.

"When the **Local Climate Adaptive Living Facility** team arrived, they talked to us about climate change and we saw that the problem we have in that regard is the [increasingly] long dry season," Comi Coubeou is the Head of the Technical Services Division and agricultural focal point for the mairie of Ouaké Commune. "Perhaps, we thought, this is an opportunity to address the water problem and ensure that the market gardeners have access to water for their production."

Komdè village already has a dam, that ensures the village is never completely without water. But as the reservoir retracts through the dry season, bringing that water to farmland becomes more and more difficult.

BENIN



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Those who could afford it purchased small petrol-powered generators that would thrum and churn out fumes as they struggled to pump muddy water from the edges of the reservoir onto the market gardens located more than 50 meters away. Today, a simple network of pipes delivers reservoir water to the hand-tilled land, and a solar-powered pump pushes it through perforated tubes, sprinkling the freshly dug earth with water like rain. Huge water-filled basins that stand hip-high dot the fields for easy filling of buckets and watering cans for precision watering and topping up.

This irrigation project is one of a series of investments financed through the LoCAL's Performance-Based Climate Resilience Grant system, which systematically blends nationally derived resources from ecotaxes levied by the central government with funds from donors, including the African Development Bank's Africa Climate Change Fund (ACCF).

Taking a "polluter pays" approach to tackling the climate crisis, the government of Benin levies a small percentage or flat fee against polluting imports. For example, two and three-wheeled motorized vehicles such as motorbikes and tuk-tuks incur an import charge of 300 CFA (about US\$0.50), which has to be renewed every year with a technical roadworthiness test. Taxis and small vans are subject to a similar charge of 500 CFA (just under a dollar), while heavy vehicles have to pay 3,000 CFA or US\$5. Tyres incur a 0.5% import charge while single-use plastic bags have a 0.25% charge; even tobacco products incur an ecotax levy.

The amounts might seem small, but they add up. Speaking from Benin's bustling port city of Cotonou, Appolinaire Gnanvi, the Director-General of Fonds National Pour l'Environnement et le Climat (FNEC), explained the thinking behind the government's approach.

"Why have we chosen ecotaxes? It's part of the polluter-pays approach, so that the polluters go some way towards addressing the negative impacts of their goods. The funds are used as reparations and go towards climate-compatible projects to redress the damage that they have caused to the environment," Mr. Gnanvi said.

Funds are then channeled to local governments for spending on adaptation activities identified by the communities through Performance-Based Climate Resilience Grants, which are fundamental to the mechanism deployed by the LoCAL Facility. Mr. Gnanvi also credits the development and implementation of ecotaxes with securing Benin's accreditation with the Green Climate Fund in 2019, supported by the LoCAL Facility.

"The ecotax experience is a unique one that has been undertaken by the Benin government, and the ecotax resources play a big role in the mobilization of resources, above all in the accreditation of FNEC with the Green Climate Fund," said Mr. Gnanvi. The coming together of LoCAL and the use of ecotaxes has, he added, "been a magnificent experience, a unique experience that has permitted us to regulate and rapidly address the environmental and climate problem."

“The ecotax experience is a unique one that has been undertaken by the Benin government and the ecotax resources play a big role in the mobilisation of resources above all in the accreditation of FNEC with the Green Climate Fund”

Appolinaire Gnanvi, the Director-General of Fonds National Pour l'Environnement et le Climat (FNEC)

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Promoting sustainable green practices and building climate resilience in The Gambia

The Jobs Skills and Finance for Women and Youth in The Gambia Programme uses a decentralized development approach channeling finance to local governments with the **Local Climate Adaptive Living Facility** and its system of Performance-Based Climate Resilience Grants (PBCRGs). By channeling finance to the community level, residents have the opportunity to shape how funds are allocated and help decide which investments are prioritized through community consultations. What's more, local residents can take part in making the investments a reality through **Cash for Work** initiatives that pay them a competitive daily wage in return for their labor. As well as a temporary job and a welcome boost in income, workers also have the opportunity to develop some new skills and receive training on how to set up and run a bank account or perhaps learn some small business development skills.

Fatoumatta Jallow has spent most of her life working as a small-scale farmer in the increasingly drought-prone village of Kujew, located in the Central River Region of The Gambia. Still only 43, Ms. Jallow says she has witnessed significant changes to rainfall patterns in her community, making it harder and harder to earn a living as a small-scale farmer. However, that changed when her local government received funds for a series of locally led adaptation activities that have strengthened the community's resilience to the impacts of climate change.

Flagship area: Local Climate Finance
Contributing SDGs: SDG 3, SDG 5, SDG 6, SDG 11, SDG 12, SDG 13
Implementing partners: Commune of Cobly
Financing partners: UNCDF, National Environment and Climate Fund, Commune of Cobly
UNCDF financial contribution (USD): USD 25,637
Other financial contributions (USD): USD 82,332



“I’ve helped my family with our gardens ever since I was young. Rainfall back then was more frequent and there was less [soil] erosion so we were able to cultivate more crops”
Fatoumatta Jallow

THE GAMBIA



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Regular periods of drought, soil erosion, and increasing heat waves are taking their toll on the smallholder farmers of Kujew, a village in Banni ward located about 200 km from the capital Banjul. Ms. Jallow learned to farm as a child, helping her parents. However, while the skills remain unchanged, the climate has not, and it has been making it increasingly difficult for Ms. Jallow to produce food for her family and generate an income from surplus sales, as her parents once did.

"I've helped my family with our gardens ever since I was young. Rainfall back then was more frequent, and there was less soil erosion so we were able to cultivate more crops," said Ms. Jallow, reminiscing about helping her parents farm when she was young. "Over the years, increased drought and irrigation have only made life more challenging. When I got married, I ventured into my farming for an added source of income – but it was not easy due to irrigation and soil erosion issues."

Agriculture accounts for about 25 per cent of the Gambian economy, with most agricultural production being carried out by smallholder farmers like Ms. Jallow. Increasingly erratic rainfall and rising temperatures are forcing farmers to take stock of their practices and adapt production to meet new challenges.

The Jobs Skills and Finance for Women and Youth in The Gambia Programme works to support women like Ms. Jallow through the adoption of climate-resilient ventures. The JSF Programme, which is funded by the European Union and implemented by the UN Capital Development Fund, works with local government authorities to reduce the vulnerabilities of communities, building resilience and enabling them to adapt to the impacts of their changing climate.

“Across the years, increased drought and irrigation has only made life more challenging. When I got married, I ventured into my own farming for an added source of income – [but] it has not been easy due to irrigation and soil erosion issues.”
Fatoumatta Jallow

Applying the JSF Programme's community-led development approach, Kujew community members decided to construct a solar-powered water source since the community well was climate-compromised due to limited rainfall. With improved access to a reliable source of water, local residents have increased production of high-value fruits and vegetables. The irrigated market gardens have boosted production and incomes, strengthening the ability of smallholder farmers like Ms Jallow to cope with increasingly unpredictable weather patterns associated with climate change and earn a more reliable income from her work as a smallholder farmer. Since the completion of the water irrigation project and market garden in Kujew in 2020, the mother of four, says she has sustained herself and her family living on the profits she makes from selling the produce from her garden, better enabling her to cover her children's school fees.

Through the skills component of the JSF Programme, Ms Jallow has also learned how simple farming practices can help her maintain the fertility of her soil, like multi-cropping, which involves growing more than one produce to ensure nutrients are not stripped from the soil or pairing particular crops that 'feed' each other with nutrients. This has not only improved the soil health, it has led to boosted crop production meaning more profits for the Kujew native, who initially only grew vegetables but now also grows cereals and groundnuts.

As she continues to work in her garden, Ms Jallow stresses how access to water has also made life easier. Fetching water took several hours of her time—but now she has access to water right in the garden because of the new irrigation system. As part of a Cash for Work initiative, residents received a competitive daily wage for work on projects that contribute to the climate resilience of the community, including the erection of fences to keep out pests.

“Rodents and pests tend to infest local gardens and try to feed on our crops,” said Ms Jallow. “The project enabled us to also build fences around our gardens to protect our produce. This practice has led to us sustainably continue to grow crops two years after the project has ended.”
Fatoumatta Jallow

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Nature Based Solutions make economic and environmental sense for farmers in Ghana

Flagship area: Local Climate Finance

Contributing SDGs: SDG 3, SDG 5, SDG 6, SDG 11, SDG 12, SDG 13

Implementing partners: Ministry of Local Government, Decentralization and Rural Development (MLGDRD), Metropolitan, Municipal and District Assemblies (MMDAs), SNV, UNCDF

Financing partners: UNCDF, EU, Kingdom of Netherlands

UNCDF financial contribution (USD):
USD 238,997

Other financial contributions (USD):
USD 6,023,638



The **Boosting Green Employment and Enterprise Opportunities** in Ghana, known as the GrEEn Project, is a four-year initiative that's taking a whole of society approach to tackling the intertwined challenges of living with climate change, prioritising 'green' or environmentally harmonious development solutions while at the same time reducing push factors that fuel irregular migration.

Funded by the European Union, the GrEEn Project is providing GrEEn jobs and generating business opportunities in the Ashanti and Western Regions of Ghana and implementing adaptation actions with funds channeled to communities with the Local Climate Adaptive Living Facility, designed by UNCDF over 10 years ago.

GHANA

Organic pesticides, waste-based fertilisers and forest regeneration are just a few of the green initiatives being employed in Ghana to boost farming communities' resilience to the impacts of climate change. Such Nature Based Solutions work in harmony with the environment and encourage rejuvenation of ecosystems while reducing farmer's dependence on costly store-bought fertilisers.

Ghana has seen a significant reduction in the tropical rainforest cover with the expansion of farming, cocoa production and commercial logging. But as farming has intensified, soil quality and fertility has fallen making it harder for farmers to make a living from the land.

Globally, Ghana is reported to have experienced the highest rise in primary forest loss (60 percent) between 2017 and 2018. The Government of Ghana, has identified factors such as the impact of climate change, growing land degradation, low investments in agriculture and low agricultural productivity as some of the main reasons many young men decide to migrate irregularly.

Adaptation to the impacts of climate change and community-level resilience building are central to the GrEEen Project, which is rolling out Phase II of the Local Climate Adaptive Living (LoCAL) mechanism. Since the inception of the GrEEen Project in 2019, UNCDF has worked with local communities through a bottom-up, participatory approach to deploy natural climate change solutions that works best for the communities themselves.

In 2020, together with GrEEen Project implementing partner SOS Children Villages Ghana, UNCDF carried out training sessions for over 200 local farmers and GrEEen Project Cash for Work beneficiaries on the production of organic pesticides which have been proven to be less toxic and more environmentally friendly. Following the success of this initiative, in 2022, UNCDF together with SOS Children's Villages Ghana once again trained another group of 200 farmers in two separate communities on the production of organic manure using farm waste and animal waste.

The goal of this exercise was to empower farmers to effectively manage the waste from their farms thus reducing the presence of persistent organic pollutants in the environment as well as reduce their dependence on inorganic fertilizers which are known to degrade farmlands over time.

Nana Kofi Aboagye II who doubles as Semanhyiahene of Offinso traditional council, one of the communities in which the exercise was undertaken expressed delight at the training and noted that the use of locally produced organic fertilizers would revive the potency of soil and help repair degraded farm lands of farmers in the community.

UNCDF has also taken keen interest in helping Ghana restore some of its forest covers which is being lost at an alarming rate. In 2021 and 2022, UNCDF once again working under the GrEEen Project collaborated together with local and traditional authorities as well as community members to plant almost 3,000 individual tree seedlings in the Ashanti and Western Regions of Ghana.

Thanks to engagement at the local level, specific seedlings were selected based on the vegetation of the communities to ensure the growth and survival of the trees. It is hoped that as a result of this activity some forest cover is preserved and naturally replenishes leading eventually to the reduction in greenhouse gases.

UNCDF continues to carry out regular sensitization and awareness creation activities about climate change especially among vulnerable groups while deploying natural climate solutions to mitigate the effect climate change is having on local communities.

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Preventing and Reducing Irregular Migration and Promoting Inclusive Economic Development

The European Union developed a program in Guinea called **INTEGRA**, aimed at preventing and reducing irregular migration and promoting inclusive economic development. The program had a budget of EUR 65 million for a period of 48 months, with a focus on reintegration of returning migrants and sustainable socio-professional integration of Guinean youth. As an implementing partner of ENABEL, UNCDF provided technical and financial assistance to young entrepreneurs for the development of high-potential value-added projects, which will strengthen value chains and create economic opportunities along the Conakry-Kindia-Mamou-Labé axis.

UNCDF provides the methodology and tools to mitigate the risks associated with SME and PPP projects (with the involvement of the communes) to allow access to local bank financing. It is within this framework that UNCDF has carried out various activities ranging from project identification and training workshops for promoters to monitoring and scoping missions on the Conakry - Kindia - Mamou - Labé axis.

A call for projects was launched between February and April 2021 to identify projects and about fifty (50) proposals were received. These were analyzed and ranked by a selection committee based on the size of the investment, financial viability, level of preparation and impact on local development.

Flagship area: SDG Cities

Contributing SDGs: SDG 1, SDG 8, SDG 17

Implementing partners: Le Ministère de la Jeunesse et de l'Emploi des Jeunes (MJEJ), ENABEL, UNDP, domestic banks (VISTAGUI, AFIRLAND FIRST BANK), microfinance institutions (FINADEV, COFINA)

Financing partners: : European Union

UNCDF financial contribution (USD):

Other financial contributions (USD):

USD 1,455,000 Domestic Banks,

EUR 3,008,316 European Union

Thanks to the mechanism provided by UNCDF:

- 22 project holders were accompanied to better structure their projects. This process resulted in the selection of 10 best projects that received further technical assistance.
- 9 beneficiaries have been supported through catalytic grants USD 661,800, that allowed to unlock USD 1,112,100 from domestic banks, and further USD 1,224,700 from promoters' own contribution.



GUINEA



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In a country where access to finance remains a challenge for SMEs, the project has contributed to de-risk investment and demonstrate the bankability of the private sector in secondary cities and remote areas.

As an example, one of the projects supported by the program was FAPEL, a business fabricating water pumps and other metal products.

Mr. Barry is a hydraulic engineer and owner of the company FAPEL Guinea (Fabrication de Pompes en Eau à Labé Guinée). In late 2020, his project received technical and financial assistance to improve production capacity for water pumps. Mr. Barry conceived FAPEL as a research, innovation, and development center, and its innovation capacity has been materially developed with the new equipment financed by UNCDF. FAPEL has diversified its products, including furniture, handwashing systems, irrigation systems, and various pump systems. The company also entered into a PPP agreement with the government of Labé to train 200 youths in pump repair to be placed all over the country.

FAPEL's growth has had a relevant impact on job creation at the local level. In 2020, the company had 15 full-time employees and 15 subcontractors. In 2021, it doubled its full-time employees to 30 and subcontractors to 20. In 2022, the company received a contract to train 27 interns with Italian cooperation, adding to the 30 full-time employees, making a total of 43.5 ETP, while subcontracted carpenters rose to 34. Furthermore, despite the male-dominated metallurgy industry, Mr. Barry sought to have a positive impact on women's economic empowerment. By 2022, three women held key positions, including public relations, pump repair, and sales, and the company has also partnered with the Women's Empowerment Center (Centre d'Autonomisation des Femmes) to promote training and development of metal products that can be used for income-generating activities for women (food transformation systems, waste valorization equipment, among others)



Mr. Barry's vision is to be a key actor in the local development of Labé and Guinea, prioritizing local suppliers, while also including 50% women. The company has expanded from six to ten sales outlets, and the purchase of new equipment allowed it to sell over 5,000 pumps in 2021 and 2022. FAPEL's impact on local development extends beyond jobs and women's empowerment, as its water pump installations have been estimated to provide up to 250,000 households with access to drinking water. Overall, Mr. Barry's innovation, dedication to local development, and commitment to women's empowerment have made FAPEL a successful enterprise.

“I am grateful to UNCDF for being the first to believe in me. Everything FAPEL is capable now is thanks to the technical and financial support provided by UNCDF. The Labé region and the Guinean government are proud of FAPEL today and everyone wants to come see the innovations we develop here.”

Mr. Barry |

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SENEGAL, GUINEA, THE GAMBIA, GUINEA BISSAU



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Blue Peace Financing Initiative: Investing in peace and sustainable development through water

UNCDF, together with the Swiss Agency for Development and Cooperation (SDC) and the Gambia River Basin Development Organization (OMVG), have taken the unique opportunity presented by the 9th World Water Forum (the world's largest event on water) to launch the **Blue Peace Financing Initiative** on March 2022. This initiative is a concrete action that follows a specific recommendation of the Global High-Level Panel on Water and Peace on the creation of innovative financing mechanisms. The vision is to promote access to capital for non-sovereign entities by using water as an entry point for multi-stakeholder cooperation frameworks and transform them into investment platforms, leading to more sustainable economies and peaceful societies.

As a well-established River Basin Organization (RBO) with a legal framework that provides the necessary authority to raise and manage funds, OMVG is the first RBO to implement such an innovative financing mechanism and has proven to be ready to try new ways of financing. Through a technical assistance process, OMVG has been supported in the development of its master and joint investment plans, which were finalized in 2022.

Flagship area: SDG Cities
Contributing SDGs: SDG11,SDG17
Implementing partners: UNCDF, IMIF
Financing partners: UNCDF, IMIF
UNCDF financial contribution (USD):
USD 30,000.00
Other financial contributions (USD):
IMIF USD 70,000.00



SENEGAL, GUINEA, THE GAMBIA, GUINEA BISSAU



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This masterplan is an important milestone for the **Blue Peace Financing Initiative** and is the result of an inclusive negotiation process between four countries and other relevant stakeholders, as well as over four years of capacity building and technical assistance provided to OMVG by UNCDF. The projects identified in this masterplan provide the potential for direct and indirect impact on up to 6 million people in terms of providing access to water-related services, such as drinking water, energy, irrigation for agriculture and food security, and WASH.

During 2022, the OMVG Integrated Development Master Plan (PDDI) was finalized and validated by the four countries, laying the foundation for a Joint Investment Plan (portfolio) to be financed through the issuance of a Blue Peace Bond. Over 200 projects were identified through a rigorous process, resulting in a robust portfolio of selected projects proposed to the OMVG.

The financing mechanism and portfolio of projects were also presented to and endorsed by the OMVG Council of Ministers, as well as high-ranking government officials from the Ministries of Finance of OMVG member states, underscoring the broad support for this ambitious initiative. Overall, this represents an important step in the effort to promote cross-border collaboration in the region for common and sustainable development.

SENEGAL, GUINEA, THE GAMBIA, GUINEA BISSAU



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We are a strong institution with a long-standing history and strong political will and support from member states, but we are still facing challenges when it comes to mobilizing funds. We thank UNCDF and SDC for accompanying us in exploring innovative financing mechanisms, including the Blue Peace Financing Initiative, to implement projects in the context of our master plan. This is really the way forward to build financial independence whereby we can implement projects without getting into debt," said OMVG High Commissioner Mr. Lansana Fofana.

"The implementation of this Master Plan, initiated by the OMVG High Commission, will have a positive impact on improving the living conditions of the populations of the basin areas through its programs and projects, which will allow, among other things, the realization of various infrastructures and development actions. I would therefore like to express my deep gratitude to the Swiss Agency for Development and Cooperation and UNCDF for their support in the implementation of this ambitious Master Plan," expressed Mrs. Rohey John Manjang, Minister of Environment, Climate Change and Natural Resources of The Gambia.

The OMVG Master Plan / PDDI has the potential for a direct or indirect positive impact on up to 6 million people living in the OMVG Master Plan - PDDI space, which covers about 100,000 km². The impact will be created through the development potential of 305 navigable waters, 50,000 hectares of agroforestry lands, more than 2,000 GWh of clean energy (hydro dams), and 2,000 hectares of national parks.

Achievements:

- 28 stakeholders' meetings, including regional consultations, were held to review the inception report, the diagnostic report, discuss the sectoral development plans, build integrated development scenarios, and finalize the master plan.
- A total of 185 participants, including 65 women, attended the meetings, which included representatives from the OMVG High Commission (Direction of Environment and Sustainable Development, Direction of Studies and Regional Infrastructure, Direction of Finance, Administrative and Personnel Administration), the 4 OMVG National Units, and one ministry from each country (Ministry of Energy of Guinea, Ministry of Environment, Climate Change and Natural Resources of The Gambia, Ministry of Natural Resources of Guinea Bissau, Ministry of Water and Sanitation of Senegal).
- OMVG representatives underwent 70 hours of intensive training on informed and data-based decision making in water evaluation and planning under a climate change context, using modelling tools developed as part of the organization's master plan and first investment plan. This training focused on water and integrated hydro-socio-economic modelling.
- Ten participants from the 4 OMVG member states jointly built different transboundary water resources management models specific to the 3 transboundary water basins (Gambia, Kayenga-Geba, and Koliba-Corubal) under OMVG jurisdiction. This training allowed OMVG to generate and own their first quantitative decision-making tool as a technical instrument useful to robustly turn competition over freshwater resources into collaboration in line with member states' interests and the approach of the Blue Peace Financing Initiative.
- Over 200 potential sectoral actions/projects (energy, agriculture, environment, river transport) were pre-identified for the PDDI. With respect to the Integrated Water Resource Management (IWRM) principle, between 25 to 30 will be participatively selected and structured within the first joint investment that will emerge from the PDDI itself.

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Innovative Financing Initiative Supports Increased Access to Water in Freetown

Flagship area: SDG Cities

Contributing SDGs: SDG3, SDG6, SDG8

Implementing partners: Freetown City Council

Financing partners: Swiss Agency for
Development & Cooperation (SDC) UN
Peacebuilding Secretariat Office (PBSO)

UNCDF financial contribution (USD):
USD 1,100,000 – via SDC

Other financial contributions (USD):
USD 1,500,000 – via PBSO



In order to address Freetown's dire need to improve its water and sanitation infrastructure, the ambitious Transform Freetown initiative championed by Freetown's Mayor Yvonne Aki-Sawyer prioritized "water" within the "healthy city cluster" in their Local Development Plan. According to the 2015 Population and Housing Census, Freetown has over 1 million residents, resulting in overcrowding with approximately 8,450 people living per square kilometer.

It is estimated that 60% of Freetown's residents do not have access to the main water supply from the government's Guma Valley Water Company, and only 16% of the population have access to basic sanitation services, putting them at risk of diseases. With numerous slums and settlements scattered throughout the municipality, most residents do not have access to proper toilet facilities, making the WASH infrastructure a crucial concern for both the health of residents and the development of the city. In some settlements, nearly all residents lack access to water most of the time, particularly during the dry season.

SIERRA LEONE



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To address these issues, the United Nations Capital Development Fund (UNCDF) through the Swiss Agency for Development and Cooperation (SDC) and the Geneva Water Hub provided funding for the Freetown Blue Peace Initiative to support the Freetown City Council (FCC). The aim of the Blue Peace Initiative is to introduce and implement an innovative model of financing sustainable water production and consumption in Freetown.

The intervention assessed the Freetown City Council's capacity to access public and private capital through municipal bonds and made recommendations for enhancing its capacity to access loans and other forms of financing without sovereign guarantee.

Forty water kiosks and 15 public toilets are being constructed across various parts of the city. Sustainable business models have been designed for each of these facilities to generate revenue for the city, which can then be used to recoup investments and help the city build a credit profile by developing the capacity to repay loans secured for the investment.

During engagements with communities, the project team discovered other water-related issues that could be addressed, as women in communities shared their experiences and struggles with accessing water resources. A new project called Women for Water and Peace (W4WP) was designed to build on the Blue Peace Financing Initiative, with close consultations with local NGOs to understand water-related community conflict issues, and especially their impact on women and girls who have mostly been subjected to sexual abuse to access water from sources controlled by men.

Funded by the UN Peacebuilding Secretariat Office, W4WP aims to address the inequity across the water value chain by empowering women and girls to play pivotal roles in the supply of water. An additional 25 Water Kiosks were built to be managed by women or women-led groups, many of whom would benefit from business development skills and basic literacy and numeracy training so they can sustainably run these facilities to create equitable access to water for women and girls in local communities.

So far, 36 women survivors of water-related sexual and gender-based violence have been provided with counseling services and sensitization on how they can protect and enforce their rights. Key sections of the Sexual Offences Act are being translated into local languages for women to learn more about the legal protections available for those experiencing sexual and gender-based violence.

A new project that combines the approach of both the Blue Peace Financing Initiative and the Women for Water and Peace has been designed and submitted to the Korean Development Agency, KOICA, for funding. If successful, this proposal would help the team to scale up its accomplishments in other wards within Freetown, as well as in the far east of the country where access to water for agricultural productivity presents a further challenge.

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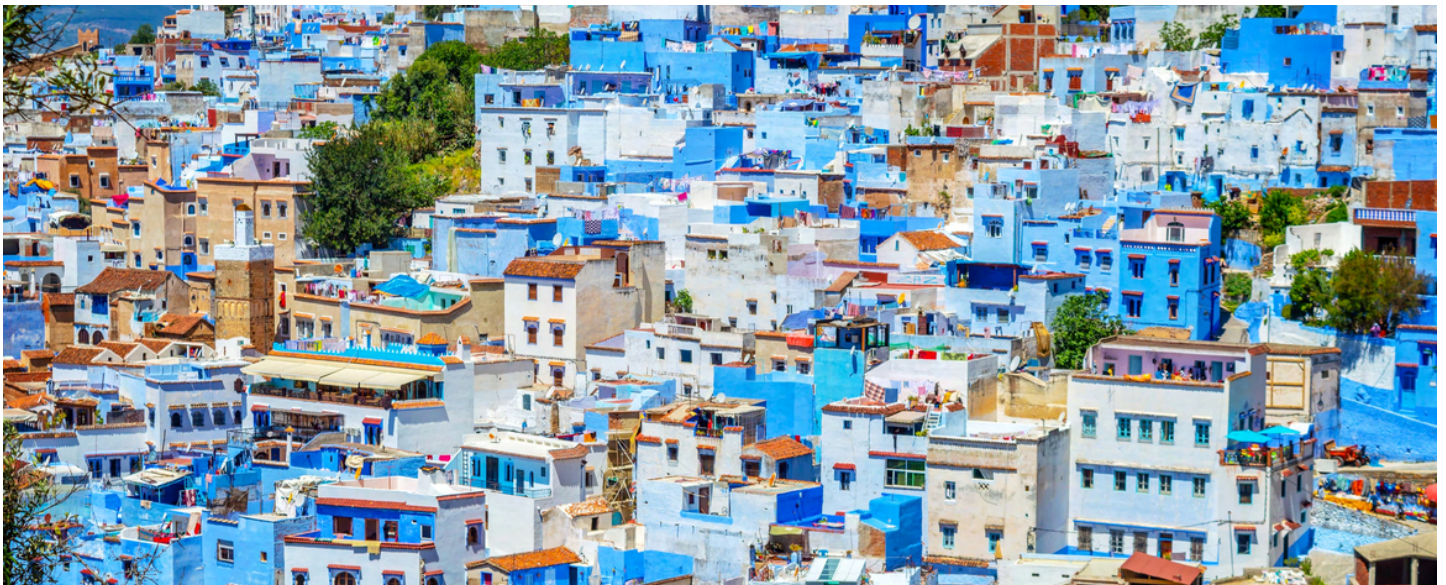
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NORTH AFRICA



Financing the Public Lighting Project in the Municipality of Chefchaouen

Flagship area: SDG Cities
Contributing SDGs: SDG 7, SDG 9, SDG 11
Implementing partners: UNCDF, Chefchaouen Municipality
Financing partners: UNCDF
UNCDF financial contribution (USD):
 USD 600,000 divided as follows :
 USD 400,000 in interest-free reimbursable financing
 USD 200,000 in grants to the municipality
Other financial contributions (USD):
 USD 400,000 from Morocco Ministry of Interior (DGCT)



The municipality of Chefchaouen has adopted an ambitious plan to modernise its public lighting system. Indeed, the high cost of energy, the significant progress made in the technology of public lighting equipment, the preservation of the environment (limitation of greenhouse gas emissions) and the significant savings are among the key factors that prompted the municipality to launch its public lighting modernisation project.

Faced with the challenge of this project, the municipality of Chefchaouen decided to call on UNCDF through the MIF (Municipal Investment Financing) programme to finance and implement the public lighting renovation activities.

The total cost of the project was estimated at USD 1.4 million. The bankability of the project was assessed by UNCDF on the basis of the technical study and resulted in a proposal for a full economic model whereby the savings made on the public lighting budget are used to pay back the investment.

Thanks to this project led by UNCDF, all the 4100 light points in the municipality of Chefchaouen will be equipped with the latest generation of LED bulbs. This investment will allow the municipality to save energy and thus reduce its expenses, reduce its CO2 emissions and offer better lighting to its inhabitants.

This unique and innovative solution provided by this partnership is intended to be extended to the regional and national levels and to be replicated in other municipalities.

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EASTERN AFRICA



Empowering Sub-National Development: Strengthening Revenue Mobilization and Inclusive Planning in Kenya

Adequate mobilization of OSR is key to sub-nationals improved ability to provide various public goods and services, eradicate poverty and achieve development goals. In the face of rising public debt and increasing expenditure needs, enhancing OSR mobilization is expected to enable Counties to bridge funding gaps occasioned by inadequate disbursements from the national government and funding from development partners. Moreover, strengthening OSR mobilization can improve fiscal autonomy through more predictable access to revenue, thereby allowing counties to have greater ownership and control over their development agenda, including a key disaster risk reduction (DRR) approach.

Devolution has opened up opportunities for women and other previously marginalized groups to participate in county level planning, budgeting and ensuring and providing an opportunity for county governments to integrate gender-responsive mechanisms in development planning and budgeting.

UNCDF in cooperation with the Kenya School of Revenue Administration (KESRA), Controller of Budget (CoB), Council of Governors (CoG) and Commission on Revenue Allocation (CRA) with support from the IMF's TADAT Secretariat have so far conducted TADAT training and assessments in three respective phases completed in December 2020 – June 2022, in 11 Counties.

Flagship area: SDG Cities

Contributing SDGs: SDG 1, SDG 5, SDG 10, SDG 11, SDG 13, SDG 16, and SDG 17

Implementing partners: UNCDF, County Governments, Controller of Budget, Intergovernmental Budget and Economic Council (IBEC), Council of Governors, Kenya Revenue Authority, Kenya School of Revenue Administration, Commission on Revenue Allocation.

Financing partners: IMF, UNICEF, UNDESA & UNCDF

UNCDF financial contribution (USD):
USD 50,000

Other financial contributions (USD):
USD 130,000 approximately

UNCDF collaborated with 7 county governments in Kenya – Isiolo, Garissa, Nairobi, Lamu, Busia, Makueni, and Kilifi – to develop revenue enhancement action plans (REAPs). These plans identified areas that needed improvement, interventions to achieve revenue targets for different revenue streams, resources required, responsibilities of different actors, agreed timelines, and technical assistance needed to support implementation.

In addition, UNCDF partnered with UN Department of Economic and Social Affairs (DESA) and United Nations Office for Project Services (UNOPS) to provide capacity development activities on Infrastructure Asset Management (IAM) in 9 counties. The aim was to maximize the value of public infrastructure investments and use them to finance sustainable development for future generations.



UNCDF endorsed a collaboration with the Office of the Controller of Budget based on a proposal which fits in the own source revenue (OSR) component of the UN Joint Programme on Devolution in Kenya implemented by UNCDF. In May 2022, the Controller of Budget submitted a report on the own source revenue enhancement in relation to pending bills during the 17th Ordinary Session of the Intergovernmental Budget and Economic Council (IBEC) and chaired by the Deputy President William Ruto. As part of the policy reforms, the Controller of Budget issued a circular recommending that all the 47 County Governments adopt TADAT as a strategy and more targeted action for enhancing Own Source Revenue (OSR).

UNCDF developed an inception report developed through a series of stakeholder consultations and document content analysis, including initial meetings between UNCDF, the Commission on Revenue Allocation (CRA), the Controller of Budget (CoB), the Kenya Revenue Authority (KRA) and the Council of Governors (COG) on revenue enhancement issues and possible actions.

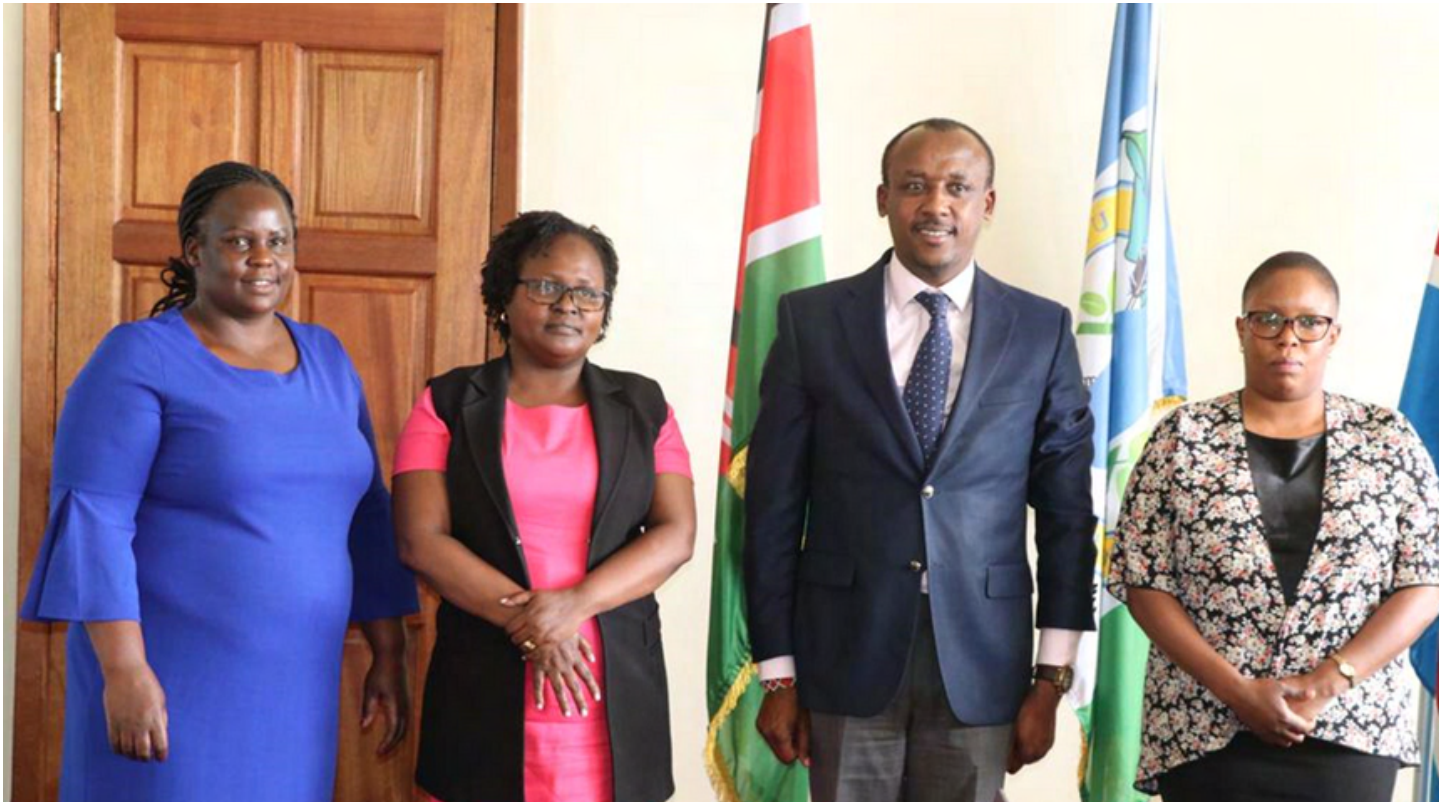
Consequently, a framework for OSR enhancement was developed to highlight the roles of various partners in County governments OSR initiatives and close relationship with County creditworthiness. UNCDF developed a methodology comprising a step-by-step analysis of the county revenue administration environment, history, resources, strategy, transformation processes, outputs and monitoring mechanisms of the revenue administration system. The methodology is designed to give county officials a structured approach to identify deficiencies that lead to the inadequate realization of the OSR potential.

UNCDF developed a concept note and design of a national conference which will provide a forum where heads of county revenue administration and other keynote speakers can come together to share their experience and network on asset management and revenue enhancement. Counties that have gone through credit rating academies to access the bond markets shall be required to share their experiences.

KENYA



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UNCDF in collaboration with the Council of Governors and UN Women prepared a report on the impact of devolution on women and girls in select Sectors thus; Education, Health, Agriculture, Water and Sanitation, and Urban Planning across the 14 counties namely Busia, Garissa, Isiolo, Kajiado, Kilifi, Lamu, Mandera, Marsabit, Narok, Samburu, Tana River, Turkana, Wajir and West pokot.

The report has documented the story of the gains of devolution and presents a balanced perspective from an independent analysis, resulting from and in-depth interviews with county representatives and conversations with women and girls on the progress in meeting set out expectations, unfulfilled ambitions and opportunities for the future. The assessment was commissioned by the Council of Governors with the support of UN Women and UNCDF and was undertaken through technical backstopping provided by a multi-agency team comprising of officers from line ministries, independent commissions, research and academia.



UNCDF in partnership with UNDESA and UNOPS team conducted comprehensive phase one of in-county diagnostic assessments in 9 County governments (Uasin Gishu, Nandi, Kakamega, Kisumu, Laikipia, Migori, Bungoma, Makueni and Nakuru) using the UN Asset Management Diagnostic Tool. This paved way for implementation of highly customized capacity development activities including training of trainers and preparation of Asset Management Action Plans (AMAPs).

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Enhancing Land Governance and Tenure Security in Northern Uganda through Customary Ownership Certificates

The United Nations Capital Development Fund (UNCDF) is implementing the designated components of the Development Initiative for Northern Uganda (DINU) Program funded by the European Union (EU) under the 11th European Development Fund (EDF). With a budget of around EUR 26 million, this flagship program was designed to consolidate stability in Northern Uganda, eradicate poverty and under-nutrition, and strengthen the foundations for sustainable and inclusive socio-economic development in Northern Uganda.

UNCDF is implementing a specific Activity 3.1.7 (FA): to improve land governance and facilitate the registration of Certificates of Customary Ownership, which was implemented in three pilot local governments of Agago, Apac, and Maracha in northern Uganda. Before the intervention of UNCDF, the three pilot local governments and the northern region at large experienced land tenure insecurity due to conflict and a rise in population that resulted in land conflicts, land fragmentation, and the emergence of poor land use systems for agriculture.

UNCDF implemented titling of customary land to improve land tenure security, curb land disputes, and enhance the use of land to increase food security and stability in selected communities. This helped to protect and manage customary land rights in accordance with the law, thus increasing tenure security in three districts.

Flagship area: SDG Cities

Contributing SDGs: SDG 15

Implementing partners: Ministry of Lands Housing and Urban Development (MoLHUD)

Financing partners: European Union

UNCDF financial contribution (USD): N/A

Other financial contributions (USD):

USD 471,428

- Registration of Certificates of Customary Ownership system were established and operationalized in three districts of Agago, Apac, and Maracha to protect and manage customary land rights in accordance with the law, thus increasing tenure security.
- An overall total of 4,109 CCO land parcels were titled and issued, surpassing a target of 3,000 land parcels. Total beneficiaries were 9,473 (36% female ownership and 64% male ownership).
- Own-source revenue generated from land registration application forms was about USD 10,701.20. This added to new local revenue sources generated for the three pilot local governments, contributing to local fiscal space efforts.
- Provision of infrastructure - a total of six central registry rooms constructed, two per lower local government for the six sub-counties in the three pilot local governments.
- A mechanism for land dispute resolution was designed, established, and operationalized in the three local governments.
- Increased opportunities for productive use of land and access to financing from financial institutions with recognition of CCOs as collateral security.

UGANDA



“Women are victims of conflict, so titling establishes peace and minimizes conflicts. Women benefit more from titling, additionally Land registration contributes to marriage legalization and stability”

Vice Chairman-Maracha District Local Government

“With the CCO at least now we have the confidence of a sense of land ownership with evidence of the documentation”. Before family heads used to abuse their power by misusing land for example by selling, giving land out. Now all family members have to be consulted in any activity related to the land”

Woman beneficiary-Apac district

“Women have never seen titles and even never thought of getting titles, this now gives women right over land, before it was seen as a thing for men. Now women as main cultivators of land have confidence with their names on the titles together with the husbands”

Collins Inziku-CCO focal person-Maracha District

“Now manufacturing of land disputes by word of passing rumors about land selling have ended the due to the confidence of existing certificate of ownership”

Alex Labeja-CCO coordinator Apac district



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SOMALIA

UNCDF Improving Economic Opportunities for Somali Women

UNCDF's interventions in Somalia have left a profound impact, as most communities can recognize its presence through Local Development Fund (LDF)-funded investments in any of the 36 districts where it operates. As part of the Joint Programme on Local Governance (JPLG), UNCDF has invested nearly USD 18 million in 198 projects over the past five years, benefiting millions of Somalis. Moreover, UNCDF's investments have catalyzed over USD 6 million in public, community, and private funding. The project range is extensive and includes infrastructure such as roads, streetlights, markets, education, and health facilities, which have a significant and positive impact on the lives of many Somalis.

Although the LDF is the most significant capital investment mechanism in Somalia, with clear rules, allocation criteria, eligibility criteria, and performance measurement, it has never systematically mainstreamed gender or adapted to enhance opportunities for women. The gender gap in Somalia is acute, and women continue to be pushed to the bottom of the queue for. Economic opportunities for women are also far apart, making it difficult for them to escape poverty and close the wide gender gap. Women lack access to finance/capital to start businesses, as most financial institutions regard them as risky borrowers unless they are supported by male guarantors.

In Somalia, infrastructure grants (such as the LDF) can be a valuable mechanism to address gender imbalances. In 2022, UNCDF contributed to changing the status of Somali women by constructing a women's market in Baidoa, the capital of the South West State.

Flagship area: SDG Cities

Contributing SDGs: SDG 1, SDG 2, SDG 5, SDG 9, SDG 10, SDG 12

Implementing partners: UNCDF, ILO, Southwest State government, Baidoa Municipality

Financing partners : UNCDF, Southwest State government, Baidoa Municipality (Land donation)

UNCDF financial contribution (USD):
USD 121,476

Other financial contributions (USD):
Southwest State government- USD 3,757
Baidoa Municipality (Land)



UNCDF invested in constructing a market dedicated to female traders only, the first of its kind in Somalia. The market is located in the Central Business District, providing easy access to traders and their clients. The US\$121,476 investment from UNCDF LDF, coupled with the SWS government's \$3,757, resulted in additional stalls that benefited 21 women selected from the local community.

The market has elevated the standard of living for women and put them on a path to economic freedom, independence, and prosperity. As some women are breadwinners, they can now meaningfully contribute to their families from the incomes they generate through market activities.

SOMALIA

The market provides a secure and conducive environment for female traders, as one of them attested: "There is adequate security for us in this new market, and the new building has boosted our business. We can conduct our business freely and securely; we are now able to close our business for lunch and prayer time without worries."

One of the goals of this investment was to enable the city to generate much-needed revenue for service delivery. The city council is benefiting from additional revenue by taxing each stall owner. Each trader contributes USD 50 per month, some of which is allocated to the building's maintenance, while the remainder goes towards the municipality budget. The extra revenue has helped the city improve its service delivery and systems. As Mayor Abdullahi Ali Watiin of Baidoa noted, "The newly established Baidoa market has encouraged and connected the local government with the community and small businesses. The market is secure, centrally located, and generates at least USD 1,400 per month for the district to improve service delivery."

This investment supports the State and district development plans of Southwest State, as well as the government's drive towards promoting small and medium enterprises and addressing gender disparities. The Director General of the Southwest State Ministry of Interior, Mr Mustafa, stated that the new market investment would help build trust in the government, encourage people to shun radicalization, and enhance state legitimacy.

The DG added, "The newly built market is a welcome development, thanks to the development partners. It has created trust between the community and the state government and improved the city's local government revenue base. In the long run, it would contribute to social integration, peace, and stability."

Under the successor Joint Programme on Local Governance, UNCDF will strive to scale up the mainstreaming of gender in the LDF mechanism and contribute to closing the gender divide.



“—
The newly established Baidoa market has encouraged and connected the local government with the community and small businesses. The market is secure, centrally located, and generates at least USD 1,400 per month for the district to improve service delivery

Mayor Abdullahi Ali Watiin of Baidoa | —”

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UNCDF and IMF Partner to build capacity for Enhanced Revenue Mobilization in Somalia

One of UNCDF's mandates in Somalia is to develop local revenue mobilization strategies to create adequate fiscal space for effective and sustainable provision of public goods and services, and to support an equitable and inclusive growth pathway. However, limited capacities and systems to mobilize and manage revenues efficiently and effectively are major impediments to optimal revenue mobilization, along with poor revenue administration capacity, revenue leakages, and underdeveloped systems.

To enhance local government revenue administration, UNCDF has partnered with the International Monetary Fund (IMF) Tax Administration Diagnostic Assessment Tool (TADAT) Secretariat to: (i) Train state and local government officials on best revenue administration practices and the use of the Tax Administration Diagnostic Assessment Tool. (ii) Provide financial technical assistance for the piloting of the TADAT in three Somali cities (Baidoa, Hargeisa, and Garowe). (iii) Provide financial and technical assistance to develop and implement the Revenue Enhancement Action Plans.

This intervention aims to provide local governments with a shared view and create a clear picture of the weaknesses and opportunities for local revenue enhancement in both the short and medium term. Combined with more comprehensive and accurate forecasting techniques, local governments can develop their own Revenue Enhancement Action Plans that,

Flagship area: SDG Cities

Contributing SDGs: SDG11,SDG17

Implementing partners: UNCDF, IMF

Financing partners: UNCDF, IMF

UNCDF financial contribution (USD):
USD 30,000

Other financial contributions (USD):
IMF - USD 70,000

among other things, spell out clear revenue mobilisation reform actions, establish the most promising sources of revenue, and set specific revenue mobilisation targets.

The TADAT is a global instrument developed by the IMF that acknowledges proper and efficient tax administration is as important as revenue generation. It is undertaken to assist in identifying the relative weaknesses and strengths in tax administration, thus enabling stakeholders to reach a shared view on the state of tax administration and to establish a well-coordinated, evidence-based reform agenda that provides clarity on who does what and when. It also ensures efficient monitoring and evaluation of reform progress at regular intervals. For this exercise, UNCDF invested USD 30,000 and leveraged USD 70,000 worth of IMF's technical assistance to train and provide diagnostic assessments of municipal revenue administration. A total of 109 officials (49 in Somaliland, 39 in Puntland, and 21 in New Federal Member States) were trained, with 10% being female. IMF seconded six international TADAT-certified trainers and assessors who supervised subsequent municipal assessments.

After the training, UNCDF and IMF piloted the application of the tool in three districts: Bosaso (in Puntland), Hargeisa (in Somaliland), and Baidoa (in the Southwest). The TADAT was used to assess the weaknesses and strengths of local tax administration in the three districts, involving evaluating local government compliance with good international practices along the revenue management chain.

SOMALIA



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In all three cases, the diagnostics became a real eye-opener for the local governments as they discovered that their revenue potential was hindered by incomplete taxpayer data or inadequate and outdated systems. The diagnostics revealed severe compliance issues, such as incomplete and unreliable taxpayer data, inadequate risk management systems, problematic accounting practices (e.g., unreconciled suspense accounts), and revenue administration segmentation and fragmentation. They identified the most viable revenue streams, conducted factor and sensitivity analyses, and developed action plans with revenue forecasts.

The diagnostic analysis also gave local governments a clear picture of the weaknesses and opportunities for local revenue enhancement in the short and medium term. All three districts generated Performance Assessment Reports (PARs), which will inform their revenue enhancement action plans (REAPs).

With the assistance of UNCDF, Baidoa has developed its own REAP, which is more comprehensive than traditional REAPs, as it combines revenue generation (the traditional approach) and revenue administration (the approach informed by the TADAT) strategies. The generation of the Baidoa REAP was participatory and inclusive, as it involved various relevant stakeholders, not just a few officials in municipal or district offices.

The Baidoa REAP recommended digitizing the taxpayer database and billing systems and raising population awareness to improve voluntary tax compliance. In a short time, Baidoa municipality has already started digitizing its taxpayer base and revenue collections. The benefits of using mobile technologies in Baidoa are evident: improved revenue collections, enhanced accountability, compliance, transparency, and efficiency, to name a few. In the long run, this will likely translate into improved service delivery and trust in the district government.

In the short to medium term, UNCDF will provide technical assistance to scale up TADAT assessments to cover stable and functional districts in Somalia. Afterwards, UNCDF will offer technical advice and financial assistance to implement REAPs. In the long run, UNCDF will provide performance-based matching grants for REAPs."

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One off-grid box, a multitude of benefits to remote Ikungi villagers

Flagship area: SDG Cities

Contributing SDGs: SDG1, SDG5, SDG7, SDG8

Implementing partners: UNDP

Financing partners: UNDP & UNCDF

UNCDF financial contribution (USD):

USD 10,000

Other financial contributions (USD):

USD 150,000



Tanzania's economy has continuously been one of the fastest growing in Africa over the last decade, registering a solid growth rate on a regular basis. This has gone hand in hand with a voracious desire for energy to propel the progressive industrialisation of a predominantly agrarian economy.

While the country has in place some commendable rural electrification projects, such as the Julius Nyerere Hydroelectric Power Plant (JNHPP), still many communities of the vast country, particularly in the rural interior are excluded from the national grid. As a result, micro, small and medium-sized enterprises (MSMEs) and a wide range of economic activities are hampered by a shortage of power. Without electricity, communities lose access to services that support a dynamic rural and peri-urban lifestyle, such as grain mills, health facilities, small shops, schools, and water supply.

Solar power for Ikungi communities:

Ikungi is an 8,486 square kilometre district in Singida with most of its dwellers engaged in agricultural production. As the district struggles to lift its residents out of poverty, agricultural processing, particularly semi-processing by micro, small, and medium-sized enterprises (MSMEs), is viewed as a way out. Once again, the issue of affordable and reliable power supply comes to the fore.

With this in mind, Ikungi district worked with UNCDF on piloting off grid solutions for rural electrification. This included the installation of an off-grid solar box that integrates supply of electricity and supports water filtration and then distribution to rural communities. These boxes are small, mobile and installed on location.

TANZANIA



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Mungaa is a 30-minute drive from Singida municipality. Their off-grid box is installed close to the village primary school. The solar-powered box collects energy from the sun and stores it before supplying it to important recipients in the village. Apart from the school, the box filters water for distribution to villagers at a small fee. Also, water is piped to the village dispensary and a tree nursery.

Villagers can buy solar lights and power banks that can supply their households with necessary lighting. They can also use the power banks to charge their mobile phones and computers. The village off-grid box charges mobile phones of villagers at a smaller fee compared to what they used to pay.

Helena Masiga is the caretaker-cum-operator of the Mungaa off-grid solar box. "I work here. I serve my people. My responsibility is selling water, power banks, charging mobile phones, and villagers' power banks. People from the district came here, installed the box, and then told me what to do. I have been doing it since then." Helena is also in charge of creating community awareness and marketing products from the off-grid box. She has impressive mastery of her work, dealing every day with mobile phones, power banks, and rechargeable lights.

Helena adds, "People get clean and safe water here. They get the power banks charged here and take that necessary power with them. Water from here also nourishes the tree nursery in the village, which will distribute seedlings to villages during the rainy season."



Prisca Joseph Ntuh is a housewife and farmer. She produces sunflower and millet. "Getting water right here has made our life easy. I can do a lot of things compared to the past. Now I have started a small garden where I grow bananas. I am really relishing this project since the tap is just across from my house. The most important thing for me is getting water near my house. It has really made my life better."

At the Mungaa primary school, the headteacher, Pascal Mollel describes what having water and electricity in his school means. "We have a power problem here. We need electricity in the whole school and in teachers' houses. We only have electricity in just one class. It is not enough. Our children could benefit more if we had electricity in all classes, especially during the examination period. Here we have ten (10) classes, and five (5) teachers' houses. They all require electricity. We would love to start offering computer classes to our children but without electricity, that cannot happen."

Amina Jumanne Selemani is the caretaker and in-charge of the village tree nursery in Mungaa. She leads a handful of other workers in growing and nursing thousands of tree seedlings that will later be distributed to villagers.

"I grow trees. That is my work. This off-grid box is helping us a lot in supplying water for our work. We use this water for irrigating our seedling beds and also for domestic use. We don't sell these trees. We will distribute them freely to villagers."

TANZANIA



Impact Capital
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Supporting Healthcare

The Mungaa off-grid box also supplies piped water to the village dispensary, which is the only healthcare facility in the village. Mercy Maselele is the medical doctor at the Mungaa dispensary.

"The availability of water here has greatly improved our services at the facility since all our patients need water at some point. More importantly, water is crucial for the health facility's cleanliness. A few days ago, we were renovating one of the hospital buildings so we can later move there. The off-grid box helped us a lot with water supply. In that new building, there are water taps very close to the building. We will start delivering pregnant women right here because water is vital for that."



The Off-Grid Future in Ikungi

The Ikungi District Executive Director, Mr. Justice Kijazi, is optimistic that the future is bright. He says, "We thank our development partners, UNCDF, for facilitating this initiative. We welcome more investment and collaboration in these off-grid technologies to unlock the economic potential of our district. There is so much potential here, thus more investment in alternative power generation will propel our industrial production and help improve the lives of our people."



“ I grow trees. That is my work. This off-grid box is helping us a lot in supplying water for our work. We use this water for irrigating our seedling beds and also for domestic use. We don't sell these trees. We will distribute them freely to villagers.
Amina Jumanne Selemani | ”

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TANZANIA



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A rural Kigoma man harbouring ambitions to feed the African Great Lakes region

Flagship area: SDG Cities

Contributing SDGs: SDG1, SDG2, SDG3

Implementing partners: United Nations in
Tanzania

Financing partners: Norway, UNCDF

UNCDF financial contribution (USD):
USD 50,000

Other financial contributions (USD):



Kigoma is largely an agricultural region with one of the most fertile swathes of land in Tanzania. This westernmost administrative country is the gateway to the Great Lakes hinterland, providing access to Tanzania's roadways and railways to the port of Dar es Salaam for Burundi, DR Congo and Rwanda. Despite its potential, this region, which has a population of 2.8 million people, is among the poorest in the country, with a per capita income of just TZS 1.5.

Poverty in Kigoma, as in other economically challenged regions of Tanzania, is exacerbated by several challenges in the agricultural economy, such as a lack of timely and affordable agro-inputs, financing for agro-activities, post-harvest solutions, and a stable market that supports well-developed crop value chains with processing capacity.

Aaron Kahitila Mwimo is a shining example of a successful agro-entrepreneur in Kigoma, Tanzania. Despite the challenges faced in the agricultural economy, he has taken charge of his agribusiness and is finding solutions for growth. At 48 years old and a father of 12, Mwimo is leading Kigoma's transformation into a high-potential agricultural processing region. His mission is to feed people, particularly in neighboring countries of Burundi, DR Congo, Rwanda, and even as far as South Sudan. Mwimo's success story is an inspiration to other agro-entrepreneurs who are looking to make a difference in the agricultural sector and transform their communities.

"I love food businesses because they always have a stable market," he says, as he punishes a small Toyota Starlet while we drive to Rugunga Village, his birthplace and where he started his early days as a crop trader. He adds, "I learn a lot from people all the time and later started exporting my foodstuffs before I even travelled outside the country."

In his hometown district of Kibondo and even beyond the borders in neighboring Kigoma, he is popularly known as Joti, after a popular Tanzanian comedian. Aaron started Nabuhima Foods as a sole proprietorship in 2008 before growing and later formalizing it under the current name as an enterprise in 2017. He started as a small cassava and maize trader in Kibondo.

Aaron started in 2008 with one small warehouse in his home village where he traded in crops. As a result of his hard work and vision, Aaron was earmarked for business growth support from UNCDF that included expanding his warehousing capacity and other key value chain aspects. Now he boasts five warehouses with a combined capacity of 2,800 MT and two maize and cassava flour mills in his village and Kibondo town. In 2020, he exported up to 3,850 MT of cassava and maize flour to DR Congo, Burundi, and Rwanda, in addition to supplying the local market.

"There is such huge potential here. In Tanzania, we consume lots of maize flour in the first quarter of the year. Then it is followed by a period from May to October for export to neighboring countries. The remaining part of the year is for cassava flour milling and export. That is my cycle almost every year," says Aaron.

The support from UNCDF enabled him to strengthen his business and obtain various bank loans which he used to further expand his commercial operations.

"There was a time just a year or two back when the demand for quality flour was so big that it outpaced my processing, supply of raw materials, storage capacity, and quality demands. That is when I knew expansion was the only solution. I was introduced to UNCDF at quite an opportune time," he says.

Aaron received a UNCDF seed capital award, which funded more than a quarter of his business's development plans, in addition to bank loans. The funding supported many critical growth areas, including the provision of water to the plant in Nabuhima village, and the modernization of facilities. "I was introduced to UNCDF by the District Executive Director (DED) after struggling so much with establishing this business. It was the DED and the District Commissioner (DC) who brought these people to me. They trained me and linked me up with financial services – from a paltry TZS 3 million to TZS 400 million. I currently operate with two factories, and a third is being constructed in Sumbawanga," says Aaron.

A growing business grounded in its community

With its recent capacity, Nabuhima Food Supplies is transforming cassava and maize production and unlocking Kigoma's potential as a key player in food processing in the gateway to the Great Lakes hinterland. Nabuhima Food Supplies started as a very small venture, but now the company employs more than 12 people in Kibondo and 15 in the Rugunga factory, in addition to hundreds of laborers hired seasonally at the farm and production facilities. "If I started with a license of TZS 30,000, and now I have a license that allows me to export, I see that as growth, and I forge ahead," remarks Aaron as he speaks on his company's growth.

Aaron values his community and does what he can to support those around him. At the Nabuhima facility, he has installed water taps where community members can access clean and safe water free of charge for two days a week. Mariam Mawazo Karimanzira is a young woman in Kitahana, Kibondo, who benefits from the free water services at the Nabuhima factory.

"Before this service here, we used to fetch water very far up the hills. We used to go in the morning and return during the afternoon. One bucket of water takes about three hours to get home. But nowadays we easily get all the water we need right here in the community. We really appreciate what Mzee Joti has done for us. He has helped our households a lot with this water service."

TANZANIA



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Matokeo Suzu Thomas, the manager at Nabuhima flour factory in Rugunga village, previously worked as a farmer where he had very little capacity to make ends meet. Aaron brought him on board as a manager when he got funding to start his cassava processing facility.

"This work benefits me hugely. My family gets food. I have built a small house, and it helps finance my farming activities. My biggest dream is to one day open a factory like Joti. I know it will help me a lot in my life" says Matokeo.

“—
| "This work benefits me hugely. My family gets food. I have built a small house, and it helps finance my farming activities. My biggest dream is to one day open a factory like Joti. I know it will help me a lot in my life"
—”

Matokeo Suzu Thomas |

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ASIA AND THE PACIFIC



Crab farms offer a climate resilient income for marginalised indigenous women in Bangladesh

Belonging to a poor and marginalised community, life has long been harsh for the Indigenous Adivasi Munda community in the village of Horihorpur in Koyra Upazila, Khulna district of Bangladesh. Situated adjacent to the riverbanks of Shakbariya, near the Sundarbans mangrove forest, the population of Horihorpur village has recently grappled with a series of natural disasters that have pushed their existence to the very brink.

Flagship area: Local Climate Finance

Contributing SDGs: SDG 3, SDG 5, SDG 6, SDG 11, SDG 12, SDG 13

Implementing partners: UNCDF, Khulna and Satkhira districts

Financing partners: Local Government Division of the Ministry of Local Government, Rural Development, and Cooperatives, United Nations Development Programme (UNDP), European Union (EU) and Sweden

UNCDF financial contribution (USD):

N/A

Other financial contributions (USD):

USD 40,000



BANGLADESH

"I have never seen disasters of this magnitude, which was Cyclone Amphan and Aila, ever before in my life. Never seen so much flood either," lamented 60-year-old Bashonti Munda, from Horihorpur village.

"I used to work on a crab farm where I earned a monthly wage of Taka 2000-3000 on which my family and I survived. The two deadly cyclones followed by floods, salinity intrusion in water and more, have left us with nothing and I struggled to provide three meals to my family," added Shunil Munda, also from the community.

To ensure that such climate vulnerable communities have a steady revenue stream, The Local Climate Adaptive Living Facility, which in Bangladesh is implemented through the Local Government Initiative on Climate Change (LoGIC) project, is promoting locally-led climate-adaptive livelihoods. A Community Resilience Fund has been set up to provide climate-vulnerable women with capital for sustainable and resilient income investments. The women also received training in how to raise and care for the crabs.

LoGIC is a joint initiative led by the Local Government Division of the Ministry of Local Government, Rural Development, and Cooperatives, supported by the United Nations Capital Development Fund (UNCDF), United Nations Development Programme (UNDP), European Union (EU) and Sweden.

Of the total 45 indigenous communities in Bangladesh, there are about 6,000 people of the Munda community living in the plains with a smaller community of some 1,200 families in the six upazilas of Khulna and Satkhira districts in the low-lying delta Sundarbans. Living on the coastal edges of the country these delta Adivasi Munda families are one of the most climate vulnerable and marginalised communities in all of Bangladesh.

About 50 families of the Adivasi Munda community, which traces its roots back to India, live in Horihorpur village and all of them struggled to make ends meet.



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“The economic condition of the people living in this area is grim,” says Mohammed Rokunnuzzaman who is the Upazila Nirbahi Officer of Koyra Upazila. Even in normal times, the Adivasi Munda community members are barely able to make ends meet. Now, with shrimp and crab cultivation work drying up due to such disruptions in the climate, they have no work, he added.

“Long before, at one time this community owned land in Bangladesh but lost it bit by bit to natural calamities, and now almost all the [Adivasi] Munda families are entirely landless, which makes them even more vulnerable to such natural disasters. These families live on ‘khas land’ that is land controlled by the government,” says local Chairman of Uttar Bedkashi Union, Sardar Nurul Islam.

LoGIC profiled the most climate-vulnerable marginalized communities in Horihorpur village, who are largely women. The women were divided into smaller groups where each member received a community resilience fund of approximately BDT 29,000, or around US\$ 280, as direct support to undertake climate adaptive livelihoods with immediate benefits for their income. LoGIC then supported these groups through every step to develop a profitable climate-adaptive business model such as planning, financing, pond leading for cultivation. The project also provided training, creating access to financial institutions, and establishing market linkages for them.

“I used to work on a crab farm where I earned a monthly wage of Taka 2000-3000 on which my family and I survived. The two deadly cyclones followed by floods, salinity intrusion in water and more, have left us with nothing and I struggled to provide three meals to my family”
Shunil Munda

The groups chose to remain with crab cultivation because they had prior expertise with it. Long before the present methods of crab farming were introduced, the old “Gher” or ponds used by the Adivasi Mundas in coastal areas to raise crabs. But this type of crab farming saw a severe fall due to the salinity of the water trapped in the pond. So, the women, with their community resilience funds, were taught the process of farming crab by building “Pata” or bamboo-framed structures with nets around the crabs instead, at a cost of BDT 14,000 or US\$136. The women are also taught to check the water regularly so the crabs don’t get affected by a virus or die.

With this new learning using climate-resilient farming techniques, 35 women in Horihorpur village are now employed in crab cultivation. They invested a total of BDT 350,000 or US\$3,400 and by working together as a group for a month, they made a total profit of BDT 385,000, or about US\$3,740, earning each woman approximately BDT 11,000 or US\$106.



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Improving Food Security in Bangladesh: Strengthening the Micronutrient-enriched Crop Value Chain to Reduce Post-Harvest Loss

Flagship area: SDG Cities

Contributing SDGs: SDG 15

Implementing partners: GUK Inclusive Enterprises Limited)

Financing partners: Jamuna Bank Limited of Bangladesh

UNCDF financial contribution (USD): •

Reimbursable grants USD 45,294 and Grants USD 28,235

Other financial contributions (USD):

USD 124,688



According to the Household Income and Expenditure Survey (HIES) 2016, the poverty rate in Rangpur Division is 47.2 percent, which is higher than in other divisions of Bangladesh. Among the districts of Rangpur Division, Gaibandha is the most vulnerable. The Bangladesh government is working to reduce the undernutrition situation and trying to achieve the targets for nutrition-related SDGs. The diversity of the diet is not accessible and affordable for most of the population in Bangladesh, especially.

Biofortification is a cost-effective approach to address micronutrient deficiency. Biofortified OFSP (orange-fleshed sweet potato) is now an important root crop with great potential for adoption as a regular diet for the population to improve their vitamin A deficiency, especially for the most vulnerable people. Due to tropical and subtropical climates, a variety of fruits and vegetables are grown in Bangladesh. Unfortunately, a considerable proportion of the harvested produce is lost, with post-harvest loss of fruits and vegetables ranging from 23.6% to 43.5%.

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Background:

Local farmers usually sell OFSP in the local market where they cannot get a reasonable price. If they could get a reasonable price, they would be encouraged to produce OFSP on a large commercial scale. Therefore, GUKIEL intends to strengthen the marketing systems of OFSP by establishing a Storage, Packaging, and Marketing Value Chain HUB so that farmers can get a reasonable price and be encouraged to produce more. The Food and Agriculture Organization (FAO) of the United Nations conducted a rapid assessment of the food and nutrition security situation in Bangladesh during the COVID-19 pandemic.

Two key recommendations on post-harvest loss are: 1) Promote the use of technology to reduce post-harvest losses, and 2) Ensure the safe movement of food.

UNCDF's Food Supply Financing:

To address the issue, UNCDF Bangladesh explored social enterprises. With UNCDF's assistance, GUKIEL established a storage facility in Gaibandha district at a cost of USD 198,217. The project unlocked debt financing from a bank of USD 19,118 and received grant funding from UNCDF of USD 28,235 and Reimbursable Grants-UNCDF of USD 45,294. The project also received a grant from LGI of USD 4,117 with an equity contribution from GUKIEL of USD 101,453. Thanks to this storage facility, 5,000 small-scale poor farmers (3,000 female, 2,000 male) can now store 600 MT of OFSP. Farmers are getting a satisfactory price, and they are more encouraged to produce it.

Food supply chain:

In 2020, GUKIEL sold 8,200 kg of OFSP to Dhaka-based online marketing platform Parmida.com at a rate of BDT 45/kg. GUKIEL has also communicated with other mega shops, shopping malls, and online marketing platforms like Agora, Mina Bazar, Shwapno, and Valokini.com in Dhaka about marketing OFSP. Farmers are now benefiting more and encouraged to produce OFSP commercially.

The GUKIEL had struggled for a long time to access capital from commercial lenders due to a lack of credit history, despite having sufficient collateral and a track record in the industry. However, in 2022, GUKIEL was able to secure a commercial loan of USD 19,118. With the support of UNCDF, GUKIEL also secured approximately USD 4,118 from LGI.

Nevertheless, the enterprise required long-term financing for mechanization and improvement of off-farm activities to enhance the quality and price of its products. Unfortunately, local commercial banks typically prefer financing short-term working capital needs, and GUKIEL could not secure the funds required to improve its primary production, processing, and marketing value chain. UNCDF's reimbursable grant made this project possible.



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Key Results:

- Storage Hub: Construction of an OFSP storage hub to address harvest loss.
- Value Addition at the Farm and Beyond: Worked with over 5,000 contract farmers in Gaibandha to support them with good agricultural practices (GAP), including harvesting and storage.
- Value Addition by Installing Labeling and Packaging Machines: Used digital packaging equipment and branding materials.
- Value Addition in Transporting from Hub to City/Town: Procured a new pick-up van.
- Value Addition at Processing: Distributed transplanting machines and harvesting equipment to poor contract farmers.
- According to the Reimbursable Grant Agreement, GUKIEL has paid the full amount of the reimbursable grant (USD 45,294) to UNCDF in a timely manner.



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From Cox's Bazar to the World: CoxsBazarshop.com Boosts Local Dried Fish Production

Flagship area: SDG Cities

Contributing SDGs: SDG5

Implementing partners: CoxsBazarshop.com

Financing partners: Netherlands Embassy of
Bangladesh, Bank Asia Limited of Bangladesh

UNCDF financial contribution (USD):

USD 15,247

Other financial contributions (USD):

USD 70,929



Cox's Bazar, a town in Bangladesh, boasts the world's longest natural sea beach, making it a highly sought-after tourist destination. Throughout the year, the town experiences a massive influx of tourists from local and international locations. Visitors to Cox's Bazar often take home a special souvenir, the locally produced organic dried fish known as 'SHOUTKI', which is not commonly found elsewhere. The Asadgonj Dry Fish Merchant Association (ADFMA) has reported that dry fish worth USD 30 million is exported annually from this area alone, and this figure continues to grow. However, local production is unable to keep up with the increasing demand for dried fish, both domestically and internationally.

According to a report by the World Food Programme, Bangladesh has one of the highest rates of malnutrition in the world, and dry fish is a popular and affordable source of protein in the country. In response, local producers in Cox's Bazar have begun producing organic dried fish. Dry fish is a rich source of protein and has become an important source of nutrition for many Bangladeshis. However, local production has been unable to keep up with the increasing demand for dried fish, both domestically and internationally. To address this, Bangladesh has been importing dried fish from India, Myanmar, and Pakistan to meet domestic needs.

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The UN Capital Development Fund (UNCDF) recognizes the challenges faced by dry fish producers in Cox's Bazar, including a lack of consumer trust, difficulties in selling products, reduced profit margins, and a lack of appropriate marketing strategies. In response, UNCDF decided to invest in CoxsBazarshop.com. They made a blended finance investment of a USD 15,247 grant, along with unlocked total funding of USD 70,929 in concessional bank finance and equity contribution.

CoxsBazarshop.com is an SME led by women that has been operating in this sector for more than 12 years. This investment has created an opportunity for CoxsBazarshop.com to capacitate 206 dry fish producers, including 86 men and 120 women, on dry fish production and business development.

This has included training on safe dry fish production, proper marketing strategies, and better management practices to improve human resources and management effectiveness. Additionally, CoxsBazarshop.com has provided training to 120 female dry fish producers on how to prepare ready-to-eat (RTE) dry fish products, particularly Balachao, made from various fish species. This is an innovation in the dry fish production line. They have an online business platform, web page, Facebook page, and app. It is worth mentioning that they now have a total of 200,000 followers.

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Rokomari Handicrafts: Empowering Women and Reducing Unemployment

Flagship area: SDG Cities

Contributing SDGs: SDG 5

Implementing partners: Rokomari Hostoshilpo

Financing partners: Netherlands Embassy of Bangladesh, IDLC Finance Limited of Bangladesh

UNCDF financial contribution (USD):

USD 33,945

Other financial contributions (USD):

USD 274,644



Mrs. Salma Islam, known as the owner of 'Rokomari Handicraft', is a successful businesswoman in Bangladesh who achieved economic success through hard work and dedication. Her story has inspired many women and young girls to be self-reliant. However, her journey to success was full of obstacles and tragedies.

Despite having a dream of academic education and a strong desire to help the poor and helpless people of her country, she got married at the age of 13 while in the 8th grade, according to her parents' wishes. After marriage, she had to fight hard to complete her secondary school education, as there were no opportunities for institutionalized higher education in her area. With her own efforts and the help of her husband, she learned needlework and tailoring in 1994 through 'Samaj Kalyan Sanstha' and 'Singer.'

Since 1994, she has been involved with handicrafts. However, in 2013, a terrorist attack targeted her family, and her husband was seriously injured and later died while receiving treatment. He left behind three young daughters, a son, and many financial debts.

Mrs. Salma's new journey began with the responsibility of her family and children, along with her miserable condition and the grief of losing her husband. After her husband's death, she restarted her handicraft business, and with the help of Grameen Bank, she established 'Rokomari Handicraft.'

BANGLADESH

After much hard work, Mrs. Islam was able to establish a showroom for her company 'Rokomari Handicrafts' in the heart of Jashore city in 2020, which played an unprecedented role in the further development of her business. Currently, Rokomari Handicrafts has a plan to set up the "Rokomari Handicrafts Mini Garments Factory" to reduce unemployment and empower women.

The WING programme in Bangladesh supports initiatives designed to unlock the flow of domestic and private sector capital to invest in SME projects, which are necessary to accelerate local economic and private sector development. Through this investment, UNCDF is also working with women-led SMEs and NGO-led social enterprises. They plan to target women-led SMEs and SEs that have graduated from the start-up to the scale-up phase and provide targeted technical support, such as development grants, credit enhancements, and guarantees that advance gender-responsive investments for women's and girls' economic empowerment.

Rokomari Handicrafts is already a running business and plans to train and engage an additional 100 women as handicraft workers after setting up the new factory. The WING project investment grant fund is being used for the construction of the mini garment factory building and machinery.

The primary additionality provided by UNCDF is technical and financial advisory for the project, including project development, planning, financing, and structuring gaps. UNCDF also provides investment grant/risk capital, enabling the SMEs to increase their capacity and diversify their portfolio of businesses through growth of the businesses and sectors. Furthermore, UNCDF helps mobilize and facilitate external financing. Overall, UNCDF increases technical capacity and proper business documentation to develop a bankable project of the women SME.

On November 9th, Mrs. Salma Islam achieved one of her biggest accomplishments as she won the Joyeeta Award in Bangladesh, which recognizes women who have achieved economic success. The ceremony was held at the Khulna District Art Academy, and the Honorable Minister of State for the Ministry of Women and Child Affairs was present as the chief guest. Mrs. Salma Islam was awarded as one of the best Joyeetas in the Khulna Division, making her the first woman from Jashore district to achieve this honor.

The event showcased Mrs. Salma Islam's journey to success through stills, inspiring all those present. As the best Joyeeta, Mrs. Salma Islam received a crest, Joyeeta Sanad, and Tk 25,000. The annual Joyeeta Awards in Bangladesh have helped raise awareness about women's empowerment in society.

After receiving the award, Mrs. Salma Islam quoted that she wants to work for women as long as she lives.



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Paving the way to improved sanitation in 'Gratitude Village'

A new stone path enables 80-year-old farmer Ms Dema to visit her adult children with less chance of a fall but also covers a new rainwater run-off drain and sewage system that promises to protect the health of her and the residents of some 100 homes in Drinchengang, which means 'Gratitude Village' in Bhutan's local Dzongkha language. Less than two hours from the capital Thimphu, the residents feel they have much to be grateful for in this nationally recognized heritage village and tourist favorite.

Small-scale, locally identified infrastructure projects can be transformative, just as here in Drinchengang, where the UN Capital Development Fund, through the **Local Climate Adaptive Living Facility**, delivered this sanitation solution and footpath with just under US\$ 25,000 in funds from the European Union.

"It was very uncomfortable to walk. It was slippery. It was always muddy," said Ms Dema, sitting her front-step, a buffalo skull hanging over her front door to ward against evil spirits. "Now with the walking path, it is much better. Before with the mud on the walking path, we would slip and fall."

The ISO standard, ISO 14093, issued by the International Standard Organization and launched at COP27, offers an internationally recognized country-based mechanism to increase local government access to climate finance for adaptation and is based on LoCAL experience. In Bhutan, the LoCAL mechanism is currently being integrated in the country's budget planning system as the primary means of implementing adaptation at the local level across the country.

Flagship area: Local Climate Finance

Contributing SDGs: SDG 3, SDG 5, SDG 6, SDG 11, SDG 12, SDG 13

Implementing partners: UNCDF, Department of Local Governance and Disaster Management, Ministry of Home Affairs.

Financing partners: EU

UNCDF financial contribution (USD):

Other financial contributions (USD):

USD 25,000



“With the project, we now have the footpath with stone slabs. We made it like a two-in-one kind of thing where we have the drainage system going underneath and above it we have the pavement with the footpath and the stones slabs. It has immensely benefited the public.”

Sarita Gurung
Gewog Administrative Officer in Thedtsho Gewog

Across the world, countries battling with some of the most severe impacts of climate change are taking action at the local level with LoCAL. Across Bhutan, climate-related changes to rainfall patterns have seen a rise in periodic bursts of heavy rainfall, overwhelming traditional pathways used for rainwater run-off and, in Drenchengang, flooding walkways with untreated sewage.

BHUTAN



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“Before the mud-path was not safe for the people to walk around. During the monsoon season it was very slippery and it was not very friendly for the elderly people and the kids,” said Sarita Gurung, Gewog Administrative Officer in Thedtsho Gewog, or Commune.

Sarita Gurung, Gewog Administrative Officer in Thedtsho Gewog

“With the project, we now have the footpath with stone slabs. We made it like a two-in-one kind of thing where we have the drainage system going underneath and above it we have the pavement with the footpath and the stones slabs. It has immensely benefited the public.”

For Tshering Penjor, the LoCAL Coordinator for UNCDF in Bhutan, the investment is a success, not just for the ease of moving through the steep mountain streets, but due to the improved health and sanitation provided by the sewer and drainage system that lies underneath the walkway.

“You see these are traditional toilets extruding from the houses. The waste from all these houses is now collected in the drain – the path is clean and safe and now [the community has] improved sanitation,” said Mr Penjor.

The residents of Drinchengang and the surrounding villages, live mostly as farmers, growing rice in artfully constructed terraced paddy fields that swirl across the green mountainsides. Though their status as a national heritage village and relative proximity to the capital, mean that Drinchengang, is also firmly on the tourism map. Visitor number have dropped of lately, and with them additional earnings, due to strict COVID19 travel restrictions.

“In regard to households we have 100 houses [with residents] living here and they mainly depend on paddy cultivation. As you can see, things are very green right now and the unique thing about this village is that they do that [rice] cultivation twice a year and so their main livelihood depends on the paddy,” said Ms Gurung.



The Gewog, or local government, has many aspirations for the village now that it has a clean path and improved sanitation system. Villagers hope to soon be welcoming returning visitors following the September 2022 lifting of COVID19 travel restrictions, which prevented tourists from entering the mountain nation for over two years. Known for its natural beauty and ancient Buddhist culture, tourists are now returning to Bhutan and Drinchengang residents expect to benefit economically as a result.

“—
| “You see these are traditional toilets extruding from the houses. The waste from all these houses is now collected in the drain – the path is clean and safe and now [the community has] improved sanitation”

Mr Penjor | —”

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Bringing Private Finance into the Climate Adaptation Equation in Cambodia

Tackling water supply issues came to a head last year when a deluge of heavy rain resulted in a burst dam and widespread floods, shocking residents with their force and devastation. A decision by the Cambodian Department of Water Resources Management to renovate and upgrade the dam was widely welcomed, but it didn't solve a longstanding problem for the community: accessing clean, reliable and affordable drinking water.

"Up to now, this area does not have safe water," said Ms Klang Sina as she sits in front of her community shop, which stocks an array of safe-to drink but small and relatively expensive bottled water.

The Local Climate Adaptive Living Facility, or LoCAL, is a mechanism for financing locally led climate adaptation that was launched in Cambodia in 2011. To date almost half of the Cambodian population have benefitted from LoCAL climate adaptation actions, with more to follow as LoCAL rolls out nationwide. LoCAL uses an innovative system of Performance Based Climate Resilience Grants to channel finance to local governments for locally led adaptation and, in a first for LoCAL, the Bassac Commune water infrastructure project uses a public-private partnership to boost available funds for more ambitious and resilient adaptation investments.

"Before 2000, there was no road and development – so water wasn't an issue since there were only a few people," explains Ms Sina whose family was one of the first to move to the area, which is experiencing unpredictable rainfall patterns linked to climate change. "But now there are a lot of farmers putting chemicals in fields along the canal – the water pollution has led to many health issues."

Flagship area: Local Climate Finance

Contributing SDGs: SDG 3, SDG 5, SDG 6, SDG 11, SDG 12, SDG 13

Implementing partners: UNCDF, NCDD (National Focal Point), K-Water (Water Management Technical Advisor)

Financing partners: Ministry of Environment of Korea, UNCDF

UNCDF financial contribution (USD): USD 700,000

Other financial contributions (USD): USD 1,500,000



The situation is more dire in the dry season, when even the few families fortunate enough to have access to a well struggle to pump enough of the murky and muddy water to meet their household's needs. Then, the entire community is forced to rely on a private supplier delivering water by truck – but it's expensive and the water has to be boiled before drinking.

"The project will take the water from the reservoir, [and it] is going to be filtered so that you can use it directly," explained Mr Sea Sy, Chief of Bassac Commune, which lies in Rukh Kiri District. "People will spend less and they will save a lot of time. They will not be waiting and wondering if or when the water truck will come. This will also reduce water-related illnesses. It will reduce poverty."

CAMBODIA



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“—
| “People will spend less and they will save a lot of time. They will not be waiting and wondering if or when the water truck will come. This will also reduce water-related illnesses. It will reduce poverty.”

Mr Sea Sy, Chief of Bassac Commune | —”



The ‘Innovative Decentralized Water Solutions to Provide Safety and Resilience for Residential Water Systems’ project is a joint action from Cambodia’s National Committee for Sub-National Democratic Development Secretariat (NCDDS), the Ministry of Environment of the Republic of Korea, The Korea Water Resources Corporation, (K-Water) and UN Capital Development Fund operating through LOCAL. Launched in 2021, the project has a budget of US \$1,5 M from Korea with technical assistance provided jointly by K-Water and UNCDF.

The project builds on the asset of the newly renovated dam by adding a water filtration station and pumping system to deliver clean water direct to the nine villages in Bassac Commune, home to some 1,865 families.

To ensure long-term sustainability, the project is both public- and community-owned and operated, with the potential to generate cashflow through water tariffs and user fees. Water prices are to be fixed by the government at around 2,600 riels or 55 US cents per cubic meter. Residents are looking forward to massive savings, as water delivered by truck costs as much as US\$ 7.50 per cubic meter.

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Local government representatives welcome the project and the benefits foreseen for the local community but are aware that their private sector partners need to turn a profit to make the investment work. They’re determined that through good coordination, all parties can work together and be satisfied with the project outcomes.



“Until now our people faced the challenge of just finding water on a daily basis, let alone having safe water to drink. So it is a great opportunity for the local government to pilot this project. We look forward to the prospect of being able to provide clean water to the people,” said Mrs Baen Bolin, the newly appointed governor of Rukh Kiri District. “For the government, there is no interest to make profit; but the private investors are here to make profit. Since it is the first time [that we engaged in a project like this] it is important to have good coordination.”

“—
| “Until now our people faced the challenge of just finding water on a daily basis, let alone having safe water to drink. So it is a great opportunity for the local government to pilot this project. We look forward to the prospect of being able to provide clean water to the people”

Mrs Baen Bolin Governor of Rukh Kiri District | —”



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The United Nations Capital Development Fund (UNCDF) is the United Nations' flagship catalytic financing entity for the world's 46 Least Developed Countries (LDCs). With its unique capital mandate and focus on the LDCs, UNCDF works to invest and catalyse capital to support these countries in achieving the sustainable growth and inclusiveness envisioned by the 2030 Agenda for Sustainable Development and the Doha Programme of Action for the least developed countries, 2022–2031.

UNCDF builds partnerships with other UN organizations, as well as private and public sector actors, to achieve greater impact in development; specifically by unlocking additional resources and strengthening financing mechanisms and systems contributing to transformation pathways, focusing on such development themes as green economy, digitalization, urbanization, inclusive economies, gender equality and women's economic empowerment.

