Unlocking Public and Private Finance for the Poor

UNCDF Calls for Expression of Interest Catalytic Loans and Guarantees for Builders of Tanzania's Inclusive Digital Economy

Information Session

25 May 2022

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02 **UNCDF Investment Mandate Brief**

UNCDF target enterprises, UNCDF investment continuum, etc.

03 **Expression of Interest Information Brief**

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UNCDF Introduction

UNCDF | CAPITAL MANDATE

Unlocking Public and Private Finance for the Poor

UNCDF has a unique hybrid model at the crossroads between a development agency and a development finance institution

The UN's development finance arm, primarily for the 46 Least Developed Countries (LDCs)

From the beginning, UNCDF was given a unique capital activation mandate

UNCDF works directly with both the public and the private sectors

FINANCIAL INSTRUMENTS AND TECHNICAL ASSISTANCE

Technical Assistance

Capital Investments

Market Research

Advocacy

INCLUSIVE MARKET SYSTEMS DEVELOPMENT

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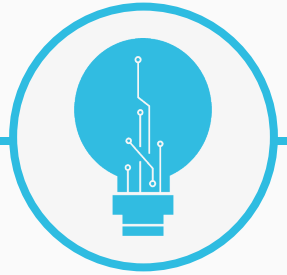
ENABLING POLICY AND REGULATIONS

Working with government to develop policies that support development of digital services for those most left behind



INCLUSIVE INNOVATION

Support local entrepreneurs, financial service providers and SMEs to promote inclusive digital service market development

EMPOWERED CUSTOMERS

Empower customers and their families to acquire the necessary skills (digital and financial) to adopt new customer-centric products

OPEN DIGITAL PAYMENT ECOSYSTEM

Support the digital ecosystem to develop physical and payment infrastructure that increase inclusion of those most left behind

KEY STRATEGIC INSTRUMENTS

- Customer Centricity
- Data and Research
- Stakeholder Engagement
- Expert Technical Advice & Training
- De-risking Financial Instruments

UNCDF in Tanzania | Accelerating Tanzania's Transition to an Inclusive Digital Economy

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Building upon the significant gains made in financial and digital inclusion over the last decade, while recognizing the potential for digital transformation to impact many more lives, UNCDF seeks to accelerate Tanzania's transition to an inclusive digital economy.

Engaging and partnering with policymakers and regulators, the private sector, and other development stakeholders to develop policies, infrastructure, tools, services that ensure all Tanzanians—especially the most vulnerable—experience increased access to and usage of digitally-enabled services that create jobs and allow them to live more productive, healthy, and resilient lives.

Designed with a view towards supporting the Government of Tanzania to realize its Vision 2025 and FYDP III objectives and contribute to the UN Sustainable Development Goals (SDGs).

TANZANIA | SOME COUNTRY PARTNERS

UNCDF
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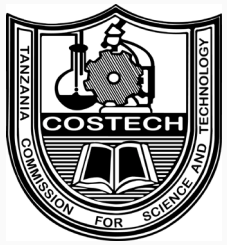

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UNCDF Investment Brief

Investment continuum for private sector

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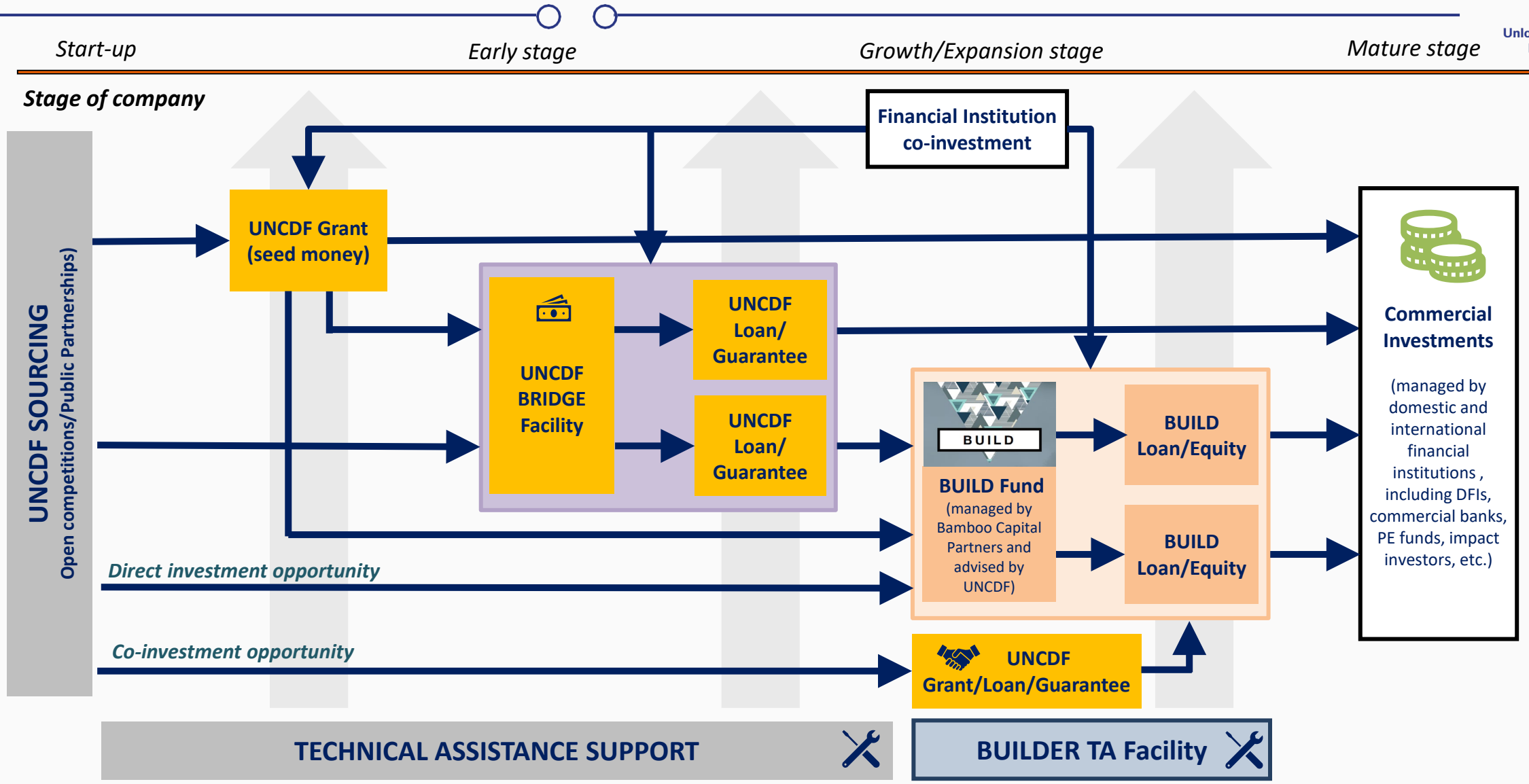

Investment principles

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As a development finance institution, UNCDF broadly adheres to the OECD DAC blended finance principles for unlocking commercial finance for the SDGs and has adopted the following principles to guide its own investment operations:

- **Alignment with UNCDF** strategic framework and programmatic objectives.
- **No significant risk of market distortion**: Ensures equal opportunity to all market players through fair sourcing process & Adheres to principle of “minimum concessionality”, i.e. minimize subsidy.
- Contribution to **market development**: Influences markets in a non-distortive way i.e. open-up markets, counter monopolies, enhance symmetry of information.
- **Additionality:** Provides financing that no other private or public financier is willing or able to provide at the required cost and conditions.

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Expression of Interest Information Brief

• Target enterprises

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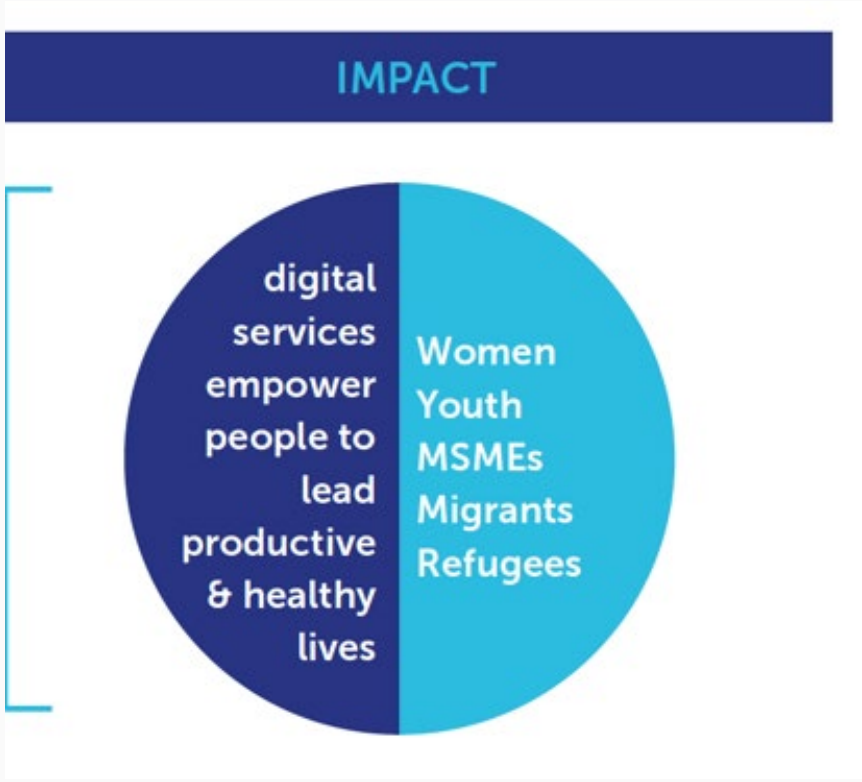
- Enterprises with tech-driven/digitally enabled business models across three sectors:
  - **Financial inclusion and digital innovation**
  - **Agriculture value chain**
  - **Green economy and clean energy**
- Financial Service Providers (FSPs) including Financial Institutions (FIs) and Non-Bank Financial Institutions (NBFIs).
- Small and Medium Enterprises (SMEs) that can leverage use of technology to improve efficiency, organizational performance and customer outreach across finance, green economy and agriculture.



Opportunities with UNCDF

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- **Concessional lending and guarantees** from the BRIDGE facility – debt and guarantee investments in the range between USD 50,000 and USD 250,000, available in local currency. Debt is offered on concessional terms including interest rate, tenor and collateral requirements.
- **Semi-commercial lending and equity investments**, through the BUILD fund – third-party managed debt and equity investments between USD 250,000 and USD 2,500,000, available in local currency.

How can we partner?

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UNCDF launches an **Expression of Interest** aimed at pipeline creation and deal sourcing. Online application through UNCDF portal to screen potential prospects:

1. Organization data (pitch deck)
2. Financial data
3. Funding requested

Eligibility criteria:

- Must be a formally registered legal entity
- Entity should offer a tech-driven/digitally enabled product or service,
- Entity should be operating in the targeted sectors
- Entity shall have min. 1 year of audited financial statements or be in process of obtaining audited financials.

Shortlisting criteria:

- Profile, Experience and team
- Social Impact
- Degree of innovation
- Impact on SDGs

Expression of Interest

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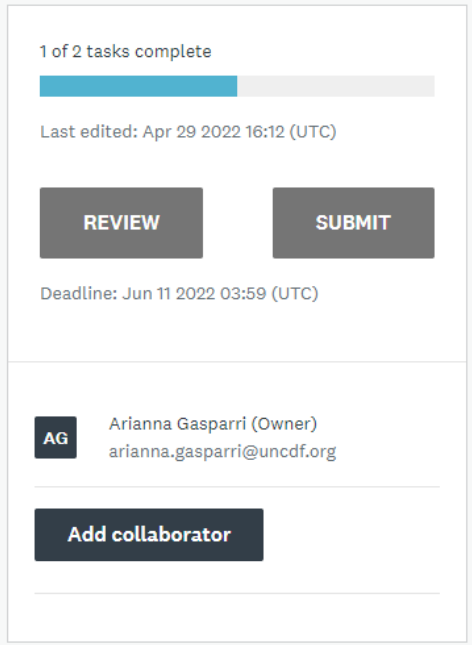
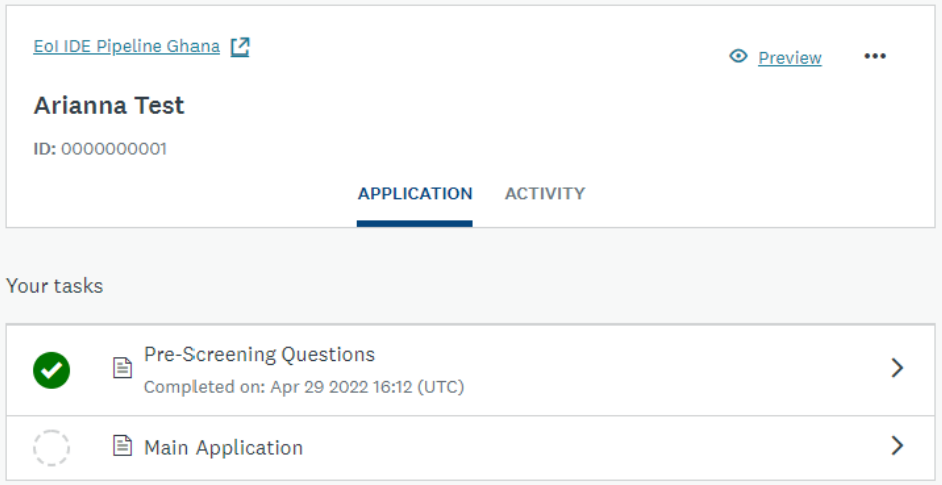
- UNCDF portal is called **APPLY** **https://apply.uncdf.org**
- Pre-Screening questions to check eligibility
- Main Application for shortlist candidates





Recurring quarterly deadlines

- ✓ June 10, 2022
- ✓ September 25, 2022
- ✓ December 18, 2022
- ✓ March 12, 2023

• UNCDF investment management process

Step	Actions
1. Sourcing	- UNCDF launches EOI - Interested firms apply through the APPLY online platform
2. Screening / Pre-assessment	2.1 Screening: - Applicant eligibility is determined through assessment of minimum criteria (see Section 4.1 and 4.2) - UNCDF evaluation team conducts shortlist screening in accordance with criteria in Section 4.3. The shortlist screening will include consideration of suitable financial instrument(s). 2.2 Pre-Assessment - UNCDF evaluation team contacts shortlisted organizations and requests additional information as needed (e.g., additional financial statements, proposed use of funds) to be evaluated according to the criteria in Section 4.4.
3. Due Diligence	Due-Diligence - The UNCDF evaluation team conducts financial assessment, due diligence, including credit scoring of highest scoring entities and selects qualifying entities - UNCDF and qualifying entities negotiate term sheet
4. Approval	- UNCDF Impact Investment Committee approves or rejects qualifying entities - UNCDF notifies approved qualifying entities of approval and both parties negotiate loan and/or guarantee agreement
5. Execution / Disbursement	Disbursements made according to amortization schedule or agreement.
6. Implementation & Monitoring	Investment monitored on set financial and impact indicators.
7. Termination & Evaluation	Investment closed and evaluated according to financial and impact indicators.

Next steps

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- Through filling out the form on the **UNCDF e-investment 'Apply' platform**.
- First an **eligibility screening** form is filled out. If eligible will proceed with filling out **main application form**, the option to fill this out will appear on the Application page if passing the eligibility screening form requirements.
- Link to the application form through the UNCDF Plug-and-Play e-investment platform
- **Submission deadline: 10 June 2022**

Q&A

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Our Vision is to Promote Digital Economies that Leave no One Behind

Our goal is to develop inclusive digital economies that foster private sector development and support those most left behind towards economic inclusion and resilience.

THANK YOU

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