



The BRIDGE Facility Investment @ UNCDF

A Dedicated Financing Facility for Least Developed Countries

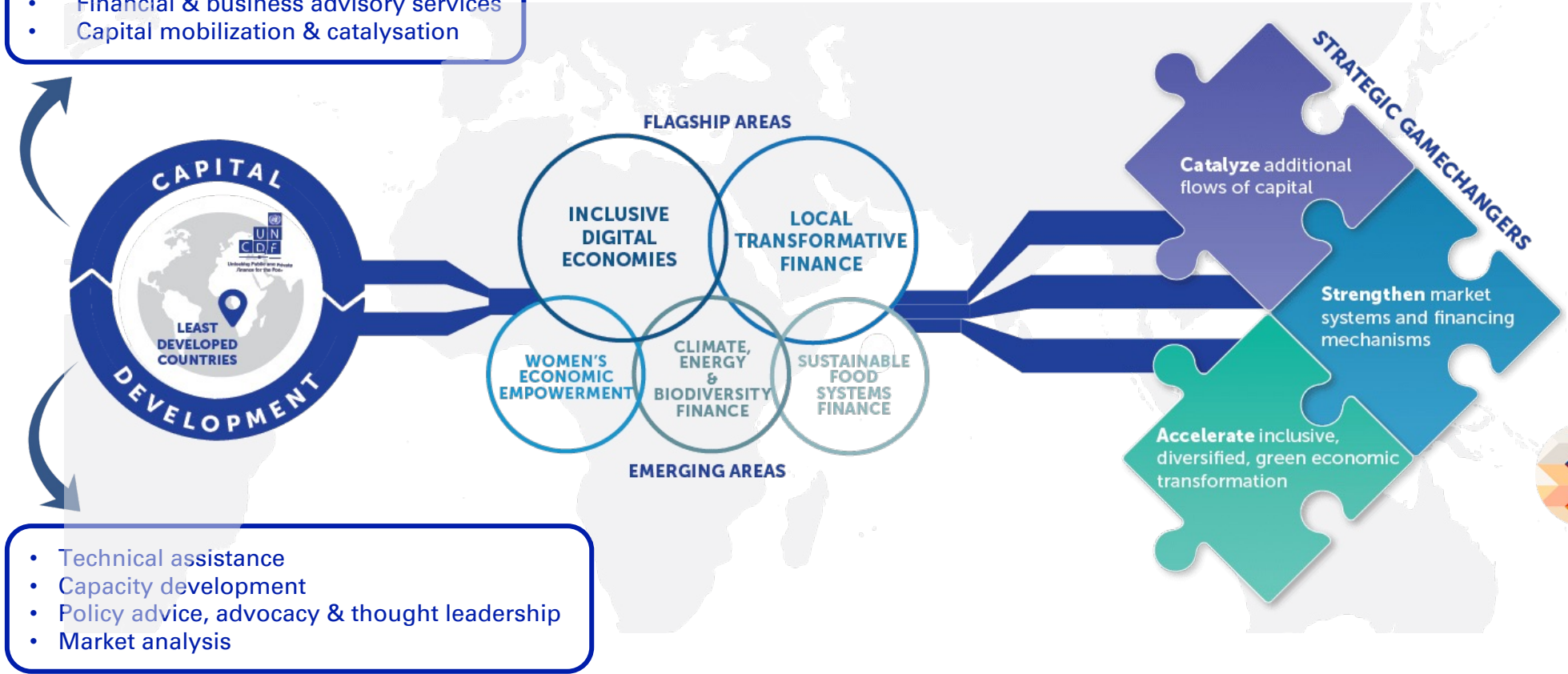


AN INTRODUCTION OF UNCDF

UNCDF at a Glance

UNCDF uses a combination of capital and development triggers applied across five priority areas to support countries to achieve three strategic game changers

- Capital deployment
- Financial & business advisory services
- Capital mobilization & catalysation



- Technical assistance
- Capacity development
- Policy advice, advocacy & thought leadership
- Market analysis



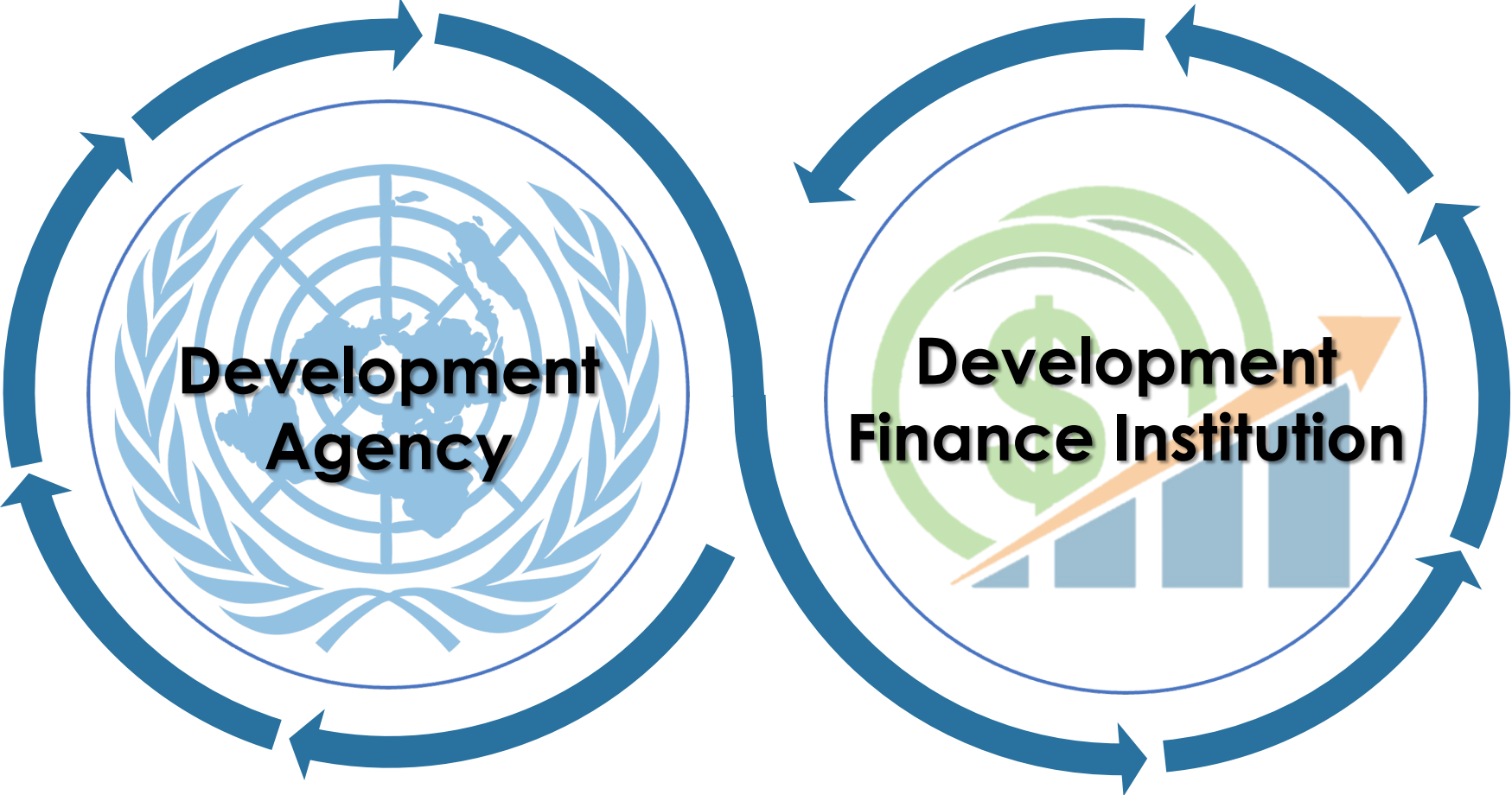
LDC5
5TH UNITED NATIONS
CONFERENCE ON THE
LEAST DEVELOPED COUNTRIES

Strategic Framework 2022-2025

UNCDF as a hybrid organization



Grants • TA • Loans • Guarantees • Blended Funds • Bonds



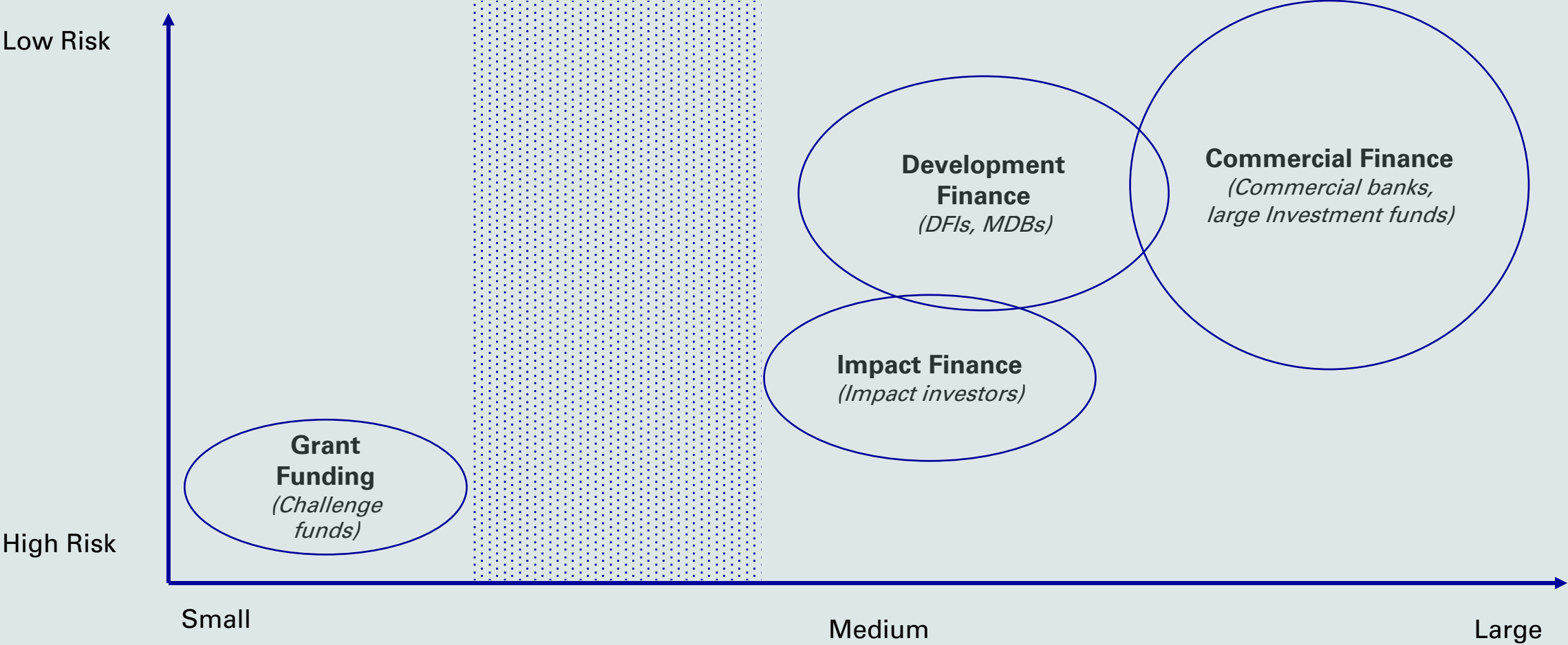
THE PROBLEM THE BRIDGE FACILITY SOLVES

The Gap in the Development Finance Architecture

There is a gap in the development finance architecture to properly address the financing shortfalls impeding the achievement of the SDGs. That gap exists between concessional capital/microfinance and commercial capital



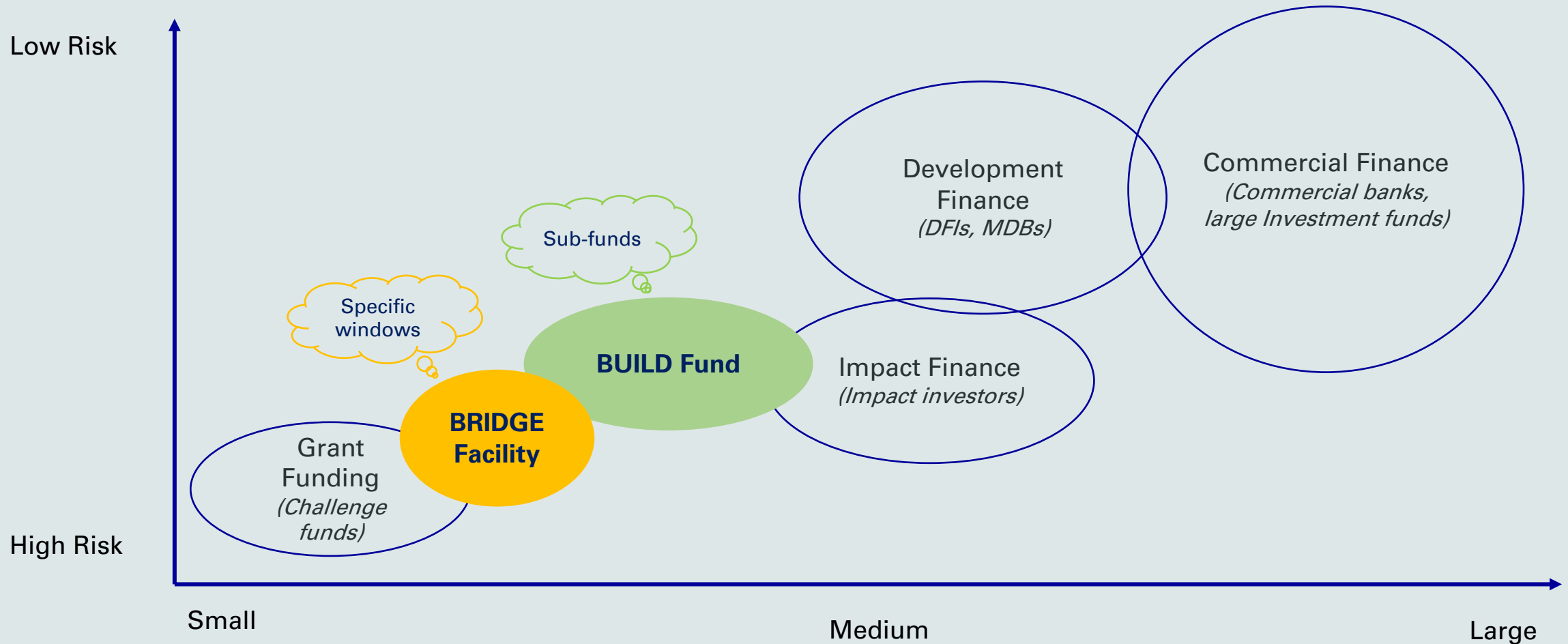
Impact Capital
for Development



Source:

How UNCDF Fills This Gap Through the BRIDGE Facility

The BRIDGE Facility is specifically designed to fill the missing middle gap for SMEs, local infrastructure projects, and financial service providers. By targeting ticket sizes between USD 100,000 and USD 1 million and larger, the BRIDGE Facility can provide financing that enables projects to be viable for commercial lenders, resulting in the opportunity to scale.



WHAT MAKES THE BRIDGE FACILITY UNIQUE?

A Unique Financing Facility

The BRIDGE Facility is among the few instruments that provide concessional revolving capital bridging the development finance gap, helping build track record and targeting companies in frontier markets & LDCs



Category	Terms
Facility Size	Initial capitalization of \$50 million for the Global Window , with possible future replenishments
Funding	Grant funding from donors (member states, foundations, other philanthropy, etc.)
Investment Instruments	Loans: Concessional loans (senior “pari-passu” or subordinated), Mezzanine debt, etc. Guarantees: Loan guarantees (senior “pari-passu” or subordinated), Portfolio guarantees, Volume guarantees, Equity capital guarantees, etc.
Key Principles	Adherence to UNCDF Strategic Framework, no risk of market distortion, contribution to market development, minimum concessionality, additionality
Eligibility Criteria	Prospect is an SME , an FSP , a Municipality , a PPP , an SPV or an Investment Vehicle . Prospect is a formally registered legal entity and must have revenue generating activity. Prospect must be creditworthy and have sound financial management practices.
Geographic Focus	Any of 46 LDCs with priority for countries where UNCDF has personnel to lead transactions and where UNCDF has programmatic presence
Sector Focus	Food security & nutrition, financial inclusion & digital innovation, green economy & renewable energy, local public infrastructure, blue economy, women’s & youth economic empowerment
Deal Size	For SMEs and FSPs, ideal is “missing middle” – between USD \$100,000 and \$1,000,000 For Municipalities, PPPs, SPVs, Investment vehicles, tickets can be larger
Currency	Both hard and local currency, with preferences for local

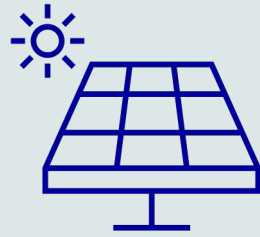
A Flexible Financing Facility

Dedicated financing windows acting as investment accounts enabled funds to be invested on the basis of the programmatic needs and development priorities of agencies and partners.



The Blue Bridge

Nature Assets and
Biodiversity



The Green Bridge

Clean Energy and
Zero-Carbon
Technologies



The Fintech Bridge

Digital Financial
Inclusion and Inclusive
Digital Economies



The Agri Bridge

Agribusiness and Food
Security Ventures

An Efficient Financing Facility

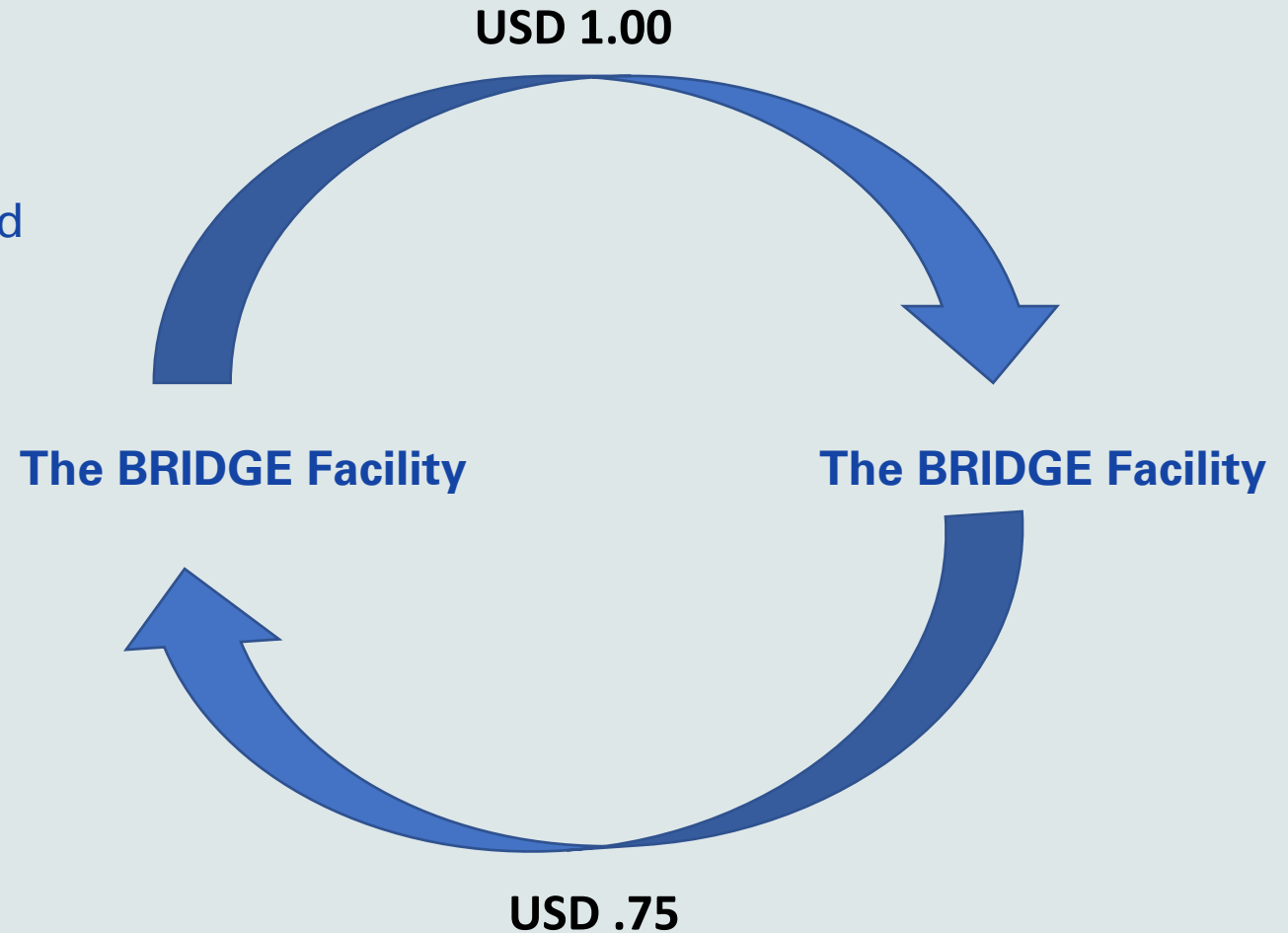
The revolving mechanism (i.e. grants for revolving instruments) allows superior “ impact for the buck” as 75 cents on the dollar are usually redeployed against 0 cent on a dollar when grants for grants. This enhances the BRIDGE Facility’s value with UNCDF Country teams, the wider UN Development System, and other development partners to finance projects.



United Nations
Capital
Development Fund

United Nations
Development
System

Other
Development
Partners

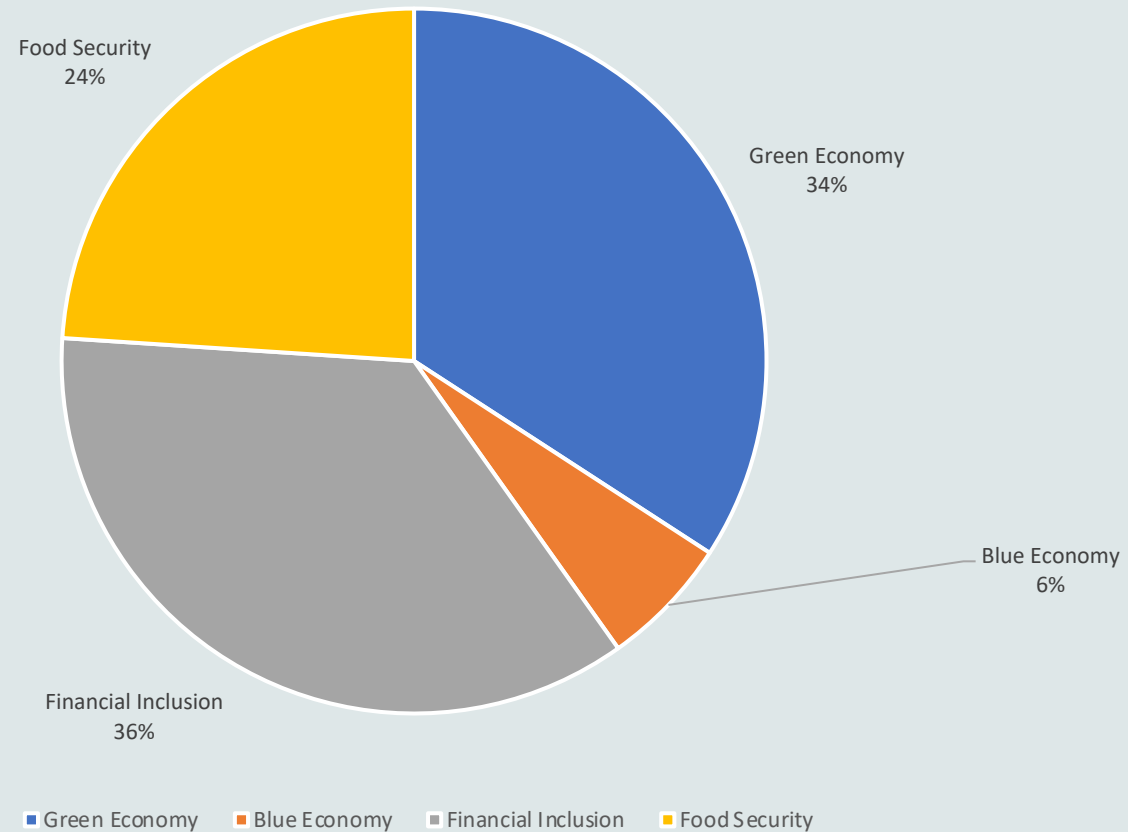


A Ready Financing Facility

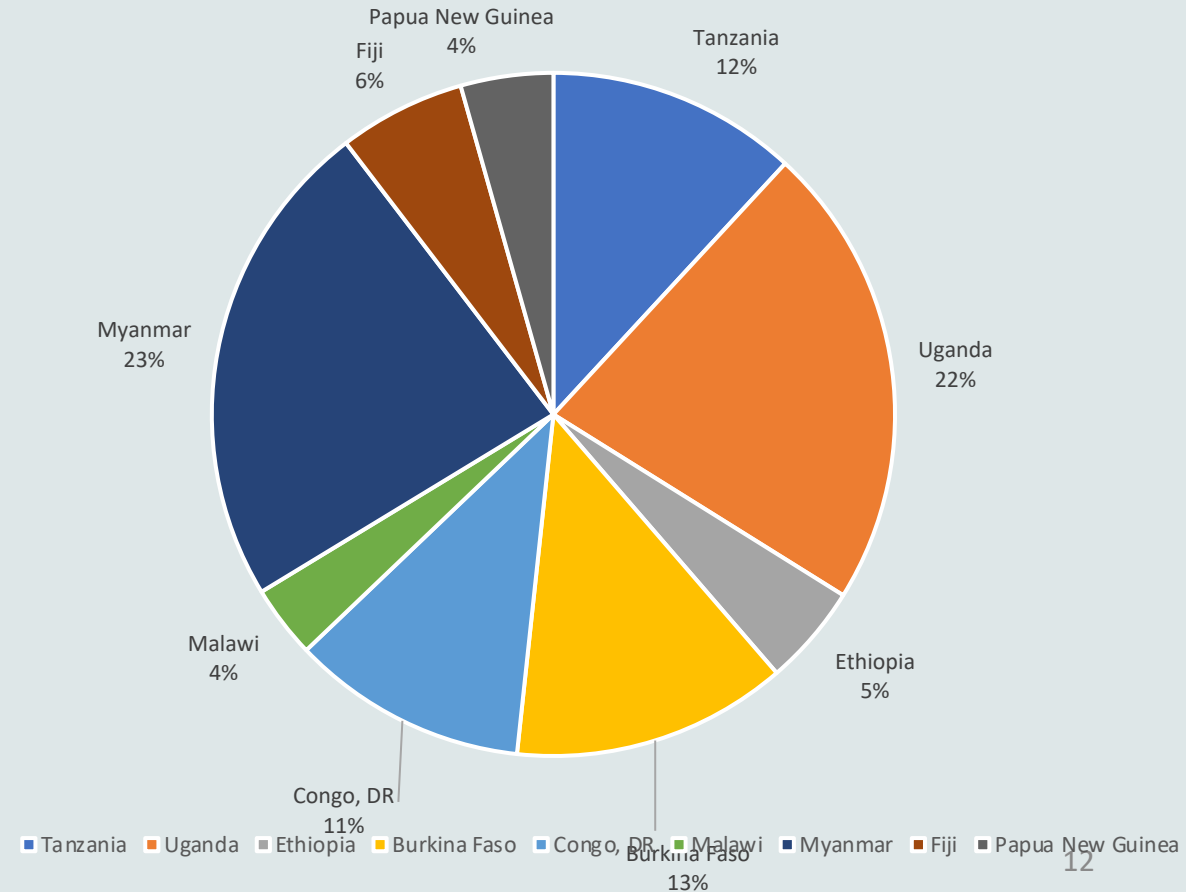
The BRIDGE Facility is already functioning and ready to fly

Total Coverage: 30 Transactions With a Collective Value of Approximately USD 6 Million

UNCDF BS Portfolio: Sector Splits



UNCDF BS Portfolio: Country Splits



Case study: APTECH (unlocking of additional finance)

**BRIDGE
Facility**
(ON Balance
Sheet)



Renewable Energy Company



Aptech (Uganda)



Renewable energy off-grid (PV systems and solar water pumps)



UNCDF support 2018-2021

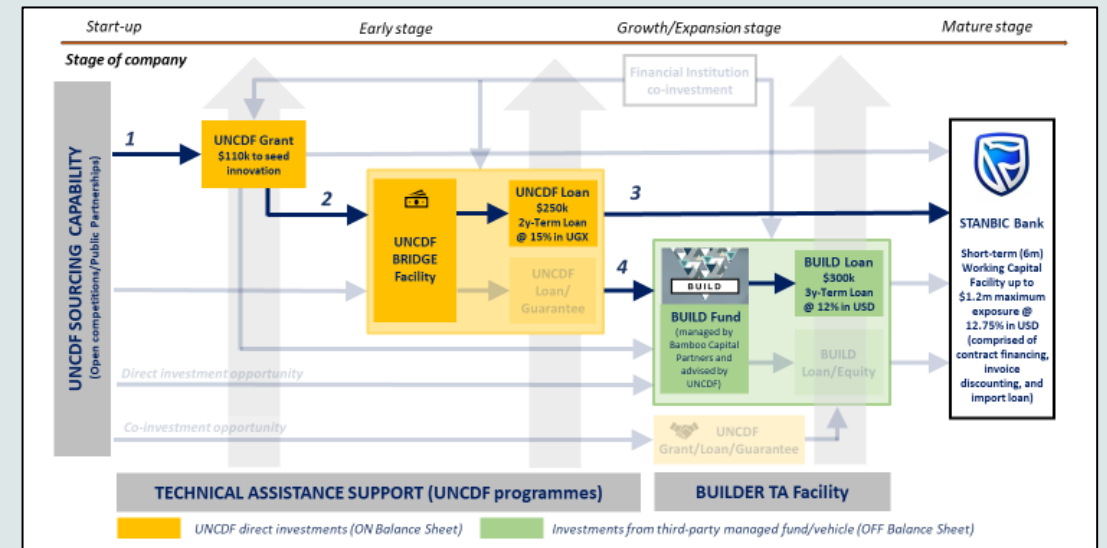


Blended Finance in Action

1. UNCDF provided US\$110k innovation grant (H1 2018)
2. UNCDF provided first loan ever (H2 2018)
 - 2-year unsecured senior loan for working capital
 - US\$250k in UGX at 15% p.a. concessional interest rate
 - Loan fully repaid in February 2021
3. UNCDF support unlocked US\$700k follow-on financing from Stanbic Bank, then increased to US\$1.1m (short-term working capital facility, multiple instruments)
4. BUILD Fund considering new US\$300k long-term loan for financing capital expenditures



$$\frac{\text{US\$ 1.4m}}{\text{US\$ 360k}} = 3.9x$$



Case study: Gambia Solar Power Plants (UNCDF-UNDP joint project implementation)



Impact Capital for Development

BRIDGE Facility
(ON Balance Sheet)



Renewable Energy Power Production



Independent Power Producers (IPPs)
(The Gambia)



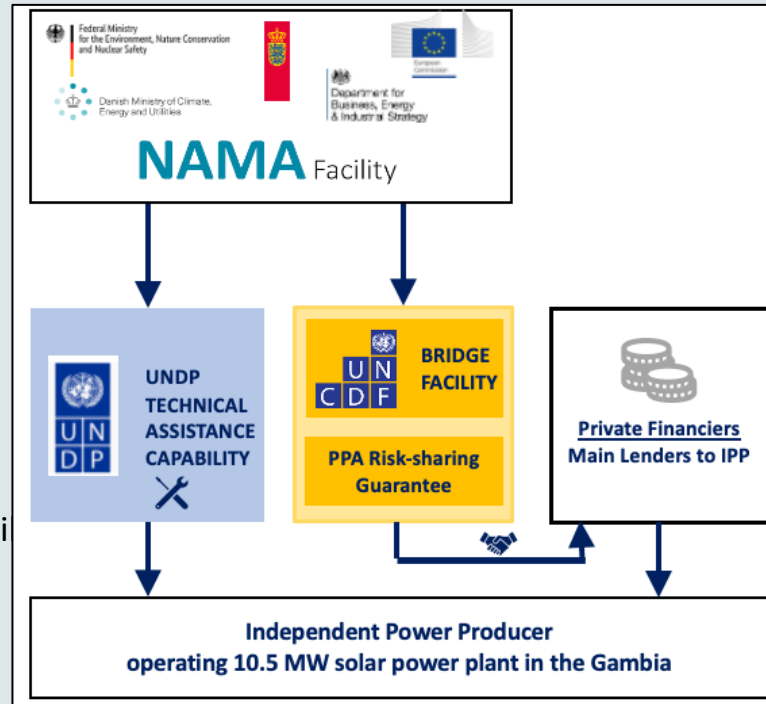
Renewable energy
(10.5MW solar plants)



UNCDF-UNDP support through NAMA facility from 2020-2025



Blended Finance in Action



Project members discuss around a grid-connected solar PV system.

1. The UNDP and UNCDF partnership supports the Solar Power project through a 10.6M EUR NAMA Facility grant. Project sourcing was led by UNDP and financial structuring was led by UNCDF.
2. The PPA Guarantee administered by UNCDF is the core foundation of the project as it de-risks IPPs' investments into solar power plants and is expected to attract financing from external stakeholders.
3. National stakeholders to contribute 1.3M EUR
4. Private sector expected to contribute 9.8M EUR

322,019 tCO₂e

of greenhouse gas emissions abated across a 26-year lifetime

144,500

people gaining improvements in quality of life (e.g. sustainable energy supply to grid connected households)

THE PEOPLE AND SERVICES OF THE BRIDGE FACILITY

The Investment Platform Team

The UNCDF Team That Manages the BRIDGE Facility



Anders Berlin
LDCIP Director
New York



Fabrizio Cometto
Deputy Director
New York



Ryno Byleveldt
Portfolio Manager
New York

Portfolio Management (incl. legal)



Amine Bennis
Legal Specialist
New York



Maryann Miranda Cuenca
Portfolio Analyst
New York



Florence Knop
Programme Associate
New York

Investment Specialists HQ (Project Mgt & Risk)



Charulata Singal
Investment Specialist
New York



Mattias Granqvist
Senior Investment Specialist
New York



Benjamin Midberry
Investment Specialist
New York



Marjolaine Chaintreau
Investment Specialist
New York

Investment Specialists Africa (Inv. Advisory UNDS)



Tracy Kroner
Investment Specialist
Senegal



Mamadou Barro
Investment Specialist
Benin



Mounir S. Ezzeddine
Investment Specialist
Kenya



Omon Ukpoma-Olaiya
Investment Specialist
Rwanda

Technical Assistance



Nelly Toute-Elimbi
TAF Manager
New York

UNCDF's Turnkey Investment Management Services

UNCDF puts its investment deployment capabilities at the service of the UN agencies from the transaction assessment to technical support to projects/enterprises to increase bankability and creditworthiness.



Impact Capital
for Development



Due Diligence and Structuring

- Help ensure public resources are used prudently through a borrower assessment process
- Appraise creditworthiness and structure transaction in a way that meet recipient's cash-flows capability
- Recommend mix and terms of loans and guarantees to an Investment Committee for approval

Concessional loans and guarantees and loans from third-party managed vehicles

- Targeting early-stage businesses and projects
- Loan sizes determined by UN agency program budget, typically USD 100k to USD 2.5mm
- Repayments will be recycled through new loans in the future

Technical Assistance

If the due diligence borrower assessment process identified issues that need to be addressed before a loan can be approved, UNCDF can administer technical assistance to help prepare for a loan in the future.

UNCDF Suite of Financing Solutions

UNCDF's investment architecture and suite of financing solutions enables access to private finance for MSMEs, FSPs, and municipal projects in developing economies.



	BRIDGE Facility <i>(ON Balance Sheet)</i>	BUILD Fund <i>(OFF Balance Sheet)</i>	IMIF Fund <i>(OFF Balance Sheet)</i>
WHAT?	Concessional Loans, Guarantees, Quasi equity	Loans, Quasi-equity, Equity	Equity
FOR WHO?	SMEs, FSPs, Municipalities, Project developers	SMEs, Financial Services Providers	Municipalities, sub-sovereign local governments
POTENTIAL FOR SUB-WINDOWS?	Yes- Thematic/ Geographic	Yes- Thematic/Geographic	Not for the moment
VEHICLE POSITIONING	First lending facility for early-stage companies; warehouse for BUILD.	Early-growth fund to prepare companies to attract private funding in future.	Support local governments to achieve the SDGs and the Paris Agreement.



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for Development

Thank You

Source: