



Impact Capital
for Development

Results Reporting

LMF -TF

Last Mile Finance Trust Fund

Post-Presentation
Version

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I. So, Why the LMF-TF

The Last Mile Finance Trust Fund (LMF-TF) was launched in June 2016, with the generous support of its anchor donor, the Swedish International Development Cooperation Agency (Sida). The LMF-TF was created as a flexible funding vehicle to pool lightly earmarked resources from various donors towards thematic priorities. The Fund was also intended to serve as a platform to test new models, innovate solutions, de-risk investments, and catalyze follow-on financing to help achieve the SDGs in the world's Least Developed Countries, the LDCs.

Today, the LMF-TF features six full years of impactful results spanning a variety of development themes, a donor pool that has grown to nine partners, and a growth curve from its original US\$ 2.2 million disbursement to exceed US\$ 80 million.

Given all these milestones, one question may still persist among prospective (and, maybe even, current donors) considering the fund as a vehicle to achieve their respective development agendas: why choose the LMF-TF?

One significant answer should emerge from the results shared in this year's result report, which reflects the value proposition of the LMF-TF. But there are specific reasons for why the LMF-TF has been, and will continue to be, an effective and attractive financing vehicle for sustainable development in the world's toughest geographies.



A Vehicle for Funding That is Tied to Development Theme and Not Programme:



Donors often look to finance initiatives based on specific development themes (e.g. climate, women's economic empowerment) and not a specific programme or country. The LMF-TF is intentionally designed to attract such "lightly earmarked" funding so that it can be deployed and optimized, notably by being pooled with funding from other donors to achieved shared development goals.

Funding that Specifically Supports Piloting and Innovating:



Most earmarked funding goes to programmes with well-established track records focused more on scaling than piloting. The LMF-TF provides a financing vehicle for "lightly earmarked" funding that can be used to pilot and innovate financing solutions, so that they can attract greater amounts of funding in the future.

Entry Point for New Donors into UNCDF:



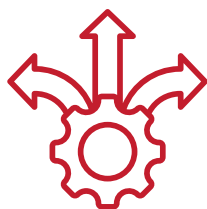
For prospective donors interested in supporting UNCDF, the LMF-TF provides an ideal entry point to determine if there is a long-term fit. Even a relatively modest contribution can be made into LMF-TF and also optimized because it can be pooled with other contributions towards a shared development goal. Because the LMF-TF is practically perfectly aligned with the priority areas of the UNCDF Strategic Framework, the Fund operates as direct funding entry-way into UNCDF workstreams.

A Financing Vehicle Dedicated to Last Mile Markets:



The LMF-TF is a financing vehicle that is dedicated to disbursing capital to projects in least developed countries among other last mile markets. The LMF-TF ensures that public sector finance is supporting the areas with the greatest development needs, the areas where the success of the 2030 Agenda will be determined.

Flexibility in How Funding Can Be Used:



Ever since the inception of the LMF-TF in 2016, the hallmark of the trust fund has been the flexibility by which donors can deploy their funding. Specifically, there are several funding scenarios that donors can take advantage of to maximize the impact value of their funding.

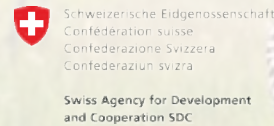
Funding Across Multiple Windows:

Over the lifespan of LMF-TF, Sida has deployed its funding allocations into all of the thematic windows, enabling the organization to support the complete breadth of UNCDF's development priorities.



Funding Interlinked Programmes Through a Single Window:

SDC over the years has financed multiple UNCDF programmes that are thematically connected—namely, the Municipal Investment Financing programme and the Blue Peace Financing Initiative—through the Infrastructure and Services window (now, the Local Transformative Finance window).



Funding Global Programmes Through a Single Window:

The LMF-TF also enables single window funding to support multiple global programmes, as proven with The Netherlands funding the Investment Advisory Initiative and the Making Access Possible programmes



Continuing Flexibility Enables Future Innovation:

New sub-windows within the LMF-TF can be created, while also integrating existing platforms. This ensures that the LMF-TF can continually evolve as necessary to development priorities in order to support innovative approaches.



Financial Innovation



INTRODUCTION

FINANCIAL INNOVATION

UNCDF provides innovative financial instruments and mechanisms, strategic investments, and financial advisory services to help catalyse capital flows in favour of investments into last-mile settings, primarily in the LDCs, which will contribute towards the Sustainable Development Goals. UNCDF financing and investment support will be deployed across all priority areas and programmes. UNCDF also provides financing instruments and expertise across the United Nations development system to structure and implement approaches that engage the private sector and leverage additional capital for investments in the Goals.

Additionally, UNCDF provides strategic investments and facilitates creditworthiness for investments across the “investment continuum” ranging from early stage to more mature enterprises and projects. UNCDF uses its programmatic work, in-country presence and relationships with national Governments and development partners to source investment opportunities and provide pre- and post-investment advisory support to improve bankability and business development. Its aim is to create powerful demonstration effects that pave the way for additional follow-on investments by larger capital providers.

UNCDF achieves its financing and investment mandate in the following three ways.

Through its capital deployment, financial advisory services and support to establish financing mechanisms and systems, UNCDF will mobilize additional public and private, international and domestic finance into SDG-positive investments in the LDCs. UNCDF also aims to have broader effects that catalyse additional resources for investments and markets on an ongoing basis beyond direct interventions by UNCDF.

UNCDF will fulfil its mission by applying its financing capabilities in combination with sector development expertise through programmes that support LDCs to move to higher-productivity economic activities. Its development support is focused around: (a) technical assistance; (b) capacity development; (c) policy advice, advocacy and thought leadership; and (d) market analysis.

The UNCDF capital and development triggers will be used to support countries in two well-established flagship areas and three emerging areas—local transformative finance, inclusive digital economies, women’s economic empowerment, sustainable food systems finance, and climate/clean energy/biodiversity finance. UNCDF works across these areas using an integrated approach to create solutions to interlinked development challenges.

» RESULT 1:

Six Transactions Completed For US\$3.7 Million Through the BRIDGE Global Facility in 2022

The BRIDGE Global Facility is UNCDF's on balance sheet concessional loan and guarantee facility. The facility continued to deploy and revolve its donated capital, while introducing new financial instruments like portfolio guarantees in support of vulnerable and underserved target users in frontier markets.

In 2022, UNCDF completed six transactions for a total value of US\$3.7 million including four guarantees to the value of US\$621,000, one loan to the value of US\$270,000 and one investment (beneficiary unit subscription) into the BUILD fund to the value of US\$2.87 million. In addition, two further transactions were approved and in contract negotiation phase as of the end of 2022 for a total value of US\$510,000. Three of the UNCDF loan and guarantee investments, valued at a combined US\$621,000, mobilized a combined total of US\$930,000 in direct co-investments and parallel finance.

In one of the transactions, UNCDF in collaboration with UN Women and UNDP in Papua New Guinea established an innovative financing solution through a 25% first loss loan portfolio guarantee of US\$225,000 in favor of Women's Micro Bank Limited (WMBL) to mobilize up to US\$900,000 in support of up to 600 women vendors and entrepreneurs.

The portfolio guarantee aims to address the barriers to access financing for the female market vendors, as it eases the financial burden for the borrower by reducing the collateral requirement from 50% to 15%, while also reducing the applicable interest rate by up to 12%.

Similarly, a guarantee to the value of US\$200,000 in favor of the financial institution FINCA Zambia Limited was established to provide US\$333,333 in funding to MS-MES owned and led by women within the cross-border trade sector.

Over the lifespan of the BRIDGE Global Facility, UNCDF has issued 28 loans, seven guarantees and three 'beneficiary units', with a total value of US\$ 14.9 million, in the thematic areas of green economy, food security and nutrition, financial inclusion and innovation, and blue economy, benefiting ten countries.

Three of the UNCDF loan and guarantee investments, valued at a combined **US\$621,000**, mobilized a **combined total of US\$930,000** in direct co-investments and parallel finance.

IN FOCUS: The UNCDF Blue BRIDGE Facility Provided US\$500,000 Seed Grants for Coral Reef Positive Projects

As part of the Global Fund for Coral Reefs, UNCDF manages the grant and concessional lending window called the Blue BRIDGE Facility to catalyze private capital for projects that prevent coral reef degradation. **In 2022, this Facility provided a \$500,000 seed grant to create the Global Fund for Coral Reefs Investment Fund, managed by Pegasus Capital Advisors.** The grant supported early-stage development of the fund, which ultimately secured a \$125 million investment from the Green Climate Fund (GFC). This \$125 million investment is subordinated to attract a further \$375 million in investment into the fund from private investors.

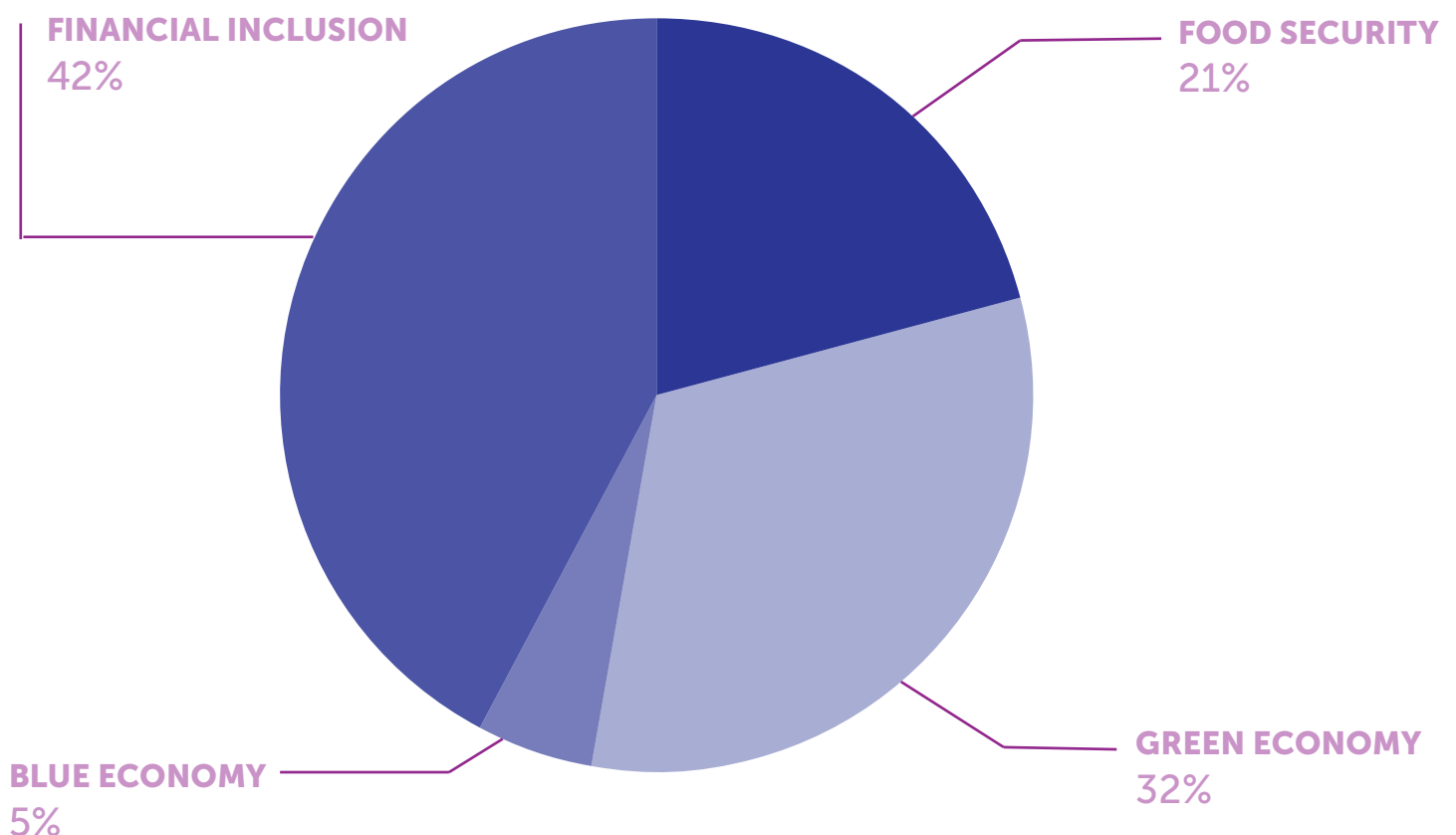
In addition, the Blue BRIDGE approved \$4.45 million in grants and loans for seven sustainable enterprises working in support of coral reef restoration.



GLOBAL FUND FOR
CORAL REEFS

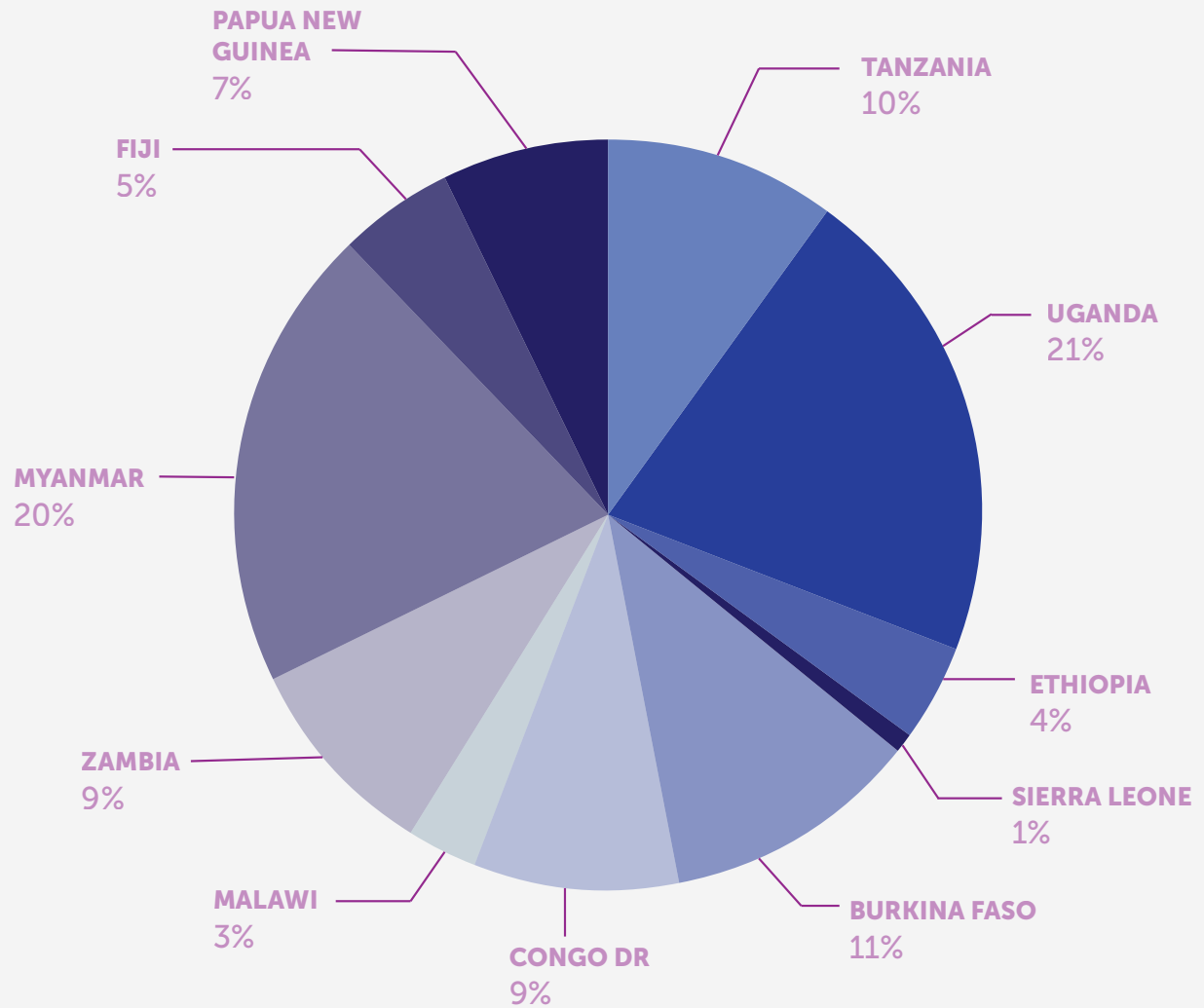
UNCDF BRIDGE Facility Portfolio: **SECTOR SPLITS**

Data is as of May 2023.



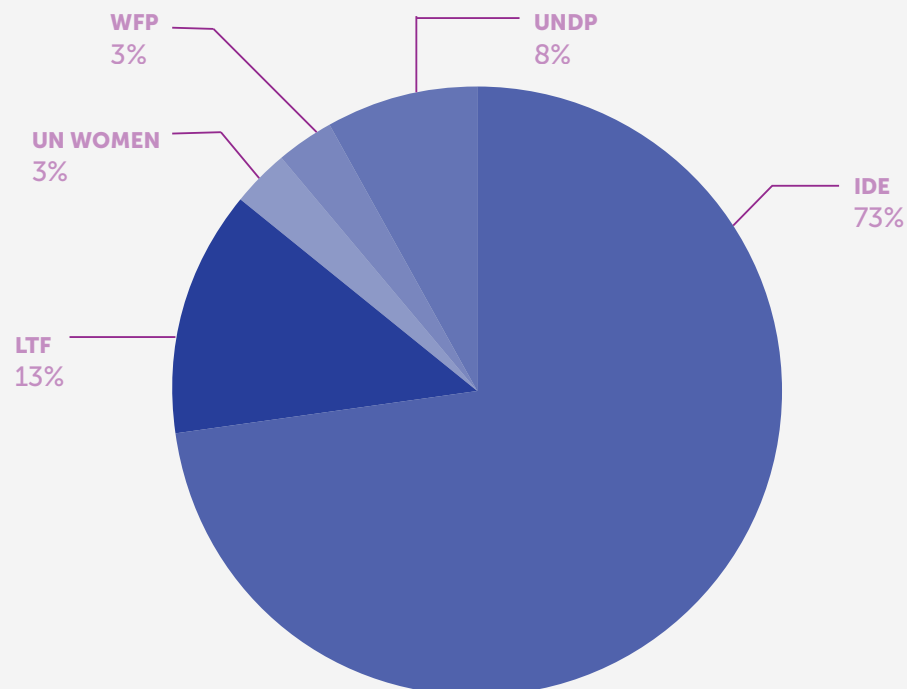
UNCDF BRIDGE Facility Portfolio: COUNTRY SPLITS

Data is as of May 2023.



UNCDF BRIDGE Facility Portfolio: PRACTICE SPLITS

Data is as of May 2023.



» RESULT 2:

72 SDG finance Initiatives with 17 agencies from the UNDS in 12 Countries Supported Through UNCDF's Investment Advisory Initiative

Since 2021, UNCDF has deployed its flagship Investment Advisory Initiative (IAI) which aims at putting UNCDF's investment mandate, expertise, and advisory capacity at the service of the UN Resident Coordinators (RCs) and the wider UNDS. IAI operates in line with the "ONE UN" principle and the new UNCDF's strategic framework 2022-25 which envisions UNCDF as the "UN's flagship catalytic financing entity for the UNDS". The project places UNCDF Investment Advisors in country to work with the UNDS on SDG finance related matters, both at the transactional and policy level. Such support includes providing development finance policy advice, identifying, and supporting sustainable investments, and exploring innovative financing initiatives.

The IAI works with the different UN agencies on the ground to develop, implement and deploy new development finance initiatives to help them mobilize additional SDG-positive capital, primarily from the private sector, to support their target beneficiaries and achieve their development goals. The initiative also leverages UNCDF's unique capital mandate and ability to deploy revolving financial instruments (loans, guarantees, etc.) from the different investment vehicles it manages (BRIDGE Facility, BUILD Fund, IMIF) to drive further capital catalyzation through blended finance approaches.

After opening 4 countries in 2020-21 (Senegal, Benin, Rwanda, Ethiopia), eight new countries were opened in 2022 (Burkina Faso, Kenya, Ghana, Niger, Ivory Coast, Nigeria, Uganda, Mali), with the total number of covered countries growing to twelve. Across these twelve countries, 17 different UN agencies have now been engaged by UNCDF's in-country Investment Advisors, and 65 innovative SDG finance joint-projects are now active while 7 have already been implemented and concluded (for a total of 72 active or concluded, up 70% compared to the previous year).



» RESULT 3:

Entered into Global Agreement with the World Food Programme

In 2022, UNCDF signed a global agreement with the World Food Programme to jointly fund, develop and deploy concessional financing for underfinanced and innovative food systems businesses through the UNCDF BRIDGE Facility. The first such collaboration was designed for Rwanda and is targeting capitalization of \$2.5 million with implementation foreseen in 2023.

Both agencies are interested in scaling up programmes that support the goals of the coalitions that emerged from the 2021 UN Food Systems Summit. These include coalitions focusing on school meals, the Humanitarian-Development-Peace Nexus, climate-resilient food systems, social protection, the zero hunger pledge, healthy diets, resilient local food supply chains, women and girls in food systems and people with disabilities.





IN FOCUS: Cross-Window Collaboration Highlights

Because the LMF-TF aligns with the priority areas of UNCDF's Strategic Framework 2022-2025, the Fund also facilitates collaboration on impact and results across LMF-TF windows. Additionally, because UNCDF's LDC-IP provides investment and financing capability across the organization's priority areas, the LMF-TF is positioned to support cross-window collaboration. Below are a couple of illustrative examples.

Financial Innovation & Climate/Energy/Biodiversity Finance

As part of its work in promoting investments, UNCDF Energy has worked to deliver pipeline to the BRIDGE Global Facility. At the end of 2022, a major guarantee project was put in place in Zambia, a new country in the portfolio. The guarantee to the value of US\$200,000 in favor of the financial institution FINCA Zambia Limited was established to unlock US\$333,000 in funding to businesses owned and led by women within the cross-border trade sector.

UNCDF through the BRIDGE Facility also provided a concessional loan of US\$278,000 to PEACE MFI in 2020 to enhance its lending to households for acquisition of solar energy products. In 2022, PEACE MFI financed 1,880 units of solar home systems and benefited 9,400 people living in rural areas.

[The units sold through PEACE MFI will be included in IDE Clean Energy results as a result separate from the provision of the concessional loan.]



Inclusive Digital Economies



INTRODUCTION

INCLUSIVE DIGITAL ECONOMIES

UNCDF promotes digital economies that leave no one behind. It aims to equip people to use innovative digital services in their daily lives that will empower them and contribute to achieving the Sustainable Development Goals. By 2025, UNCDF plans to support 25 countries on their paths to inclusive digital transformation, directly reaching 14 million people.

The fund will address market-system constraints and gender inequalities that prevent the emergence of inclusive digital economies, working closely with private and public partners and civil society to create demonstration effects and an enabling environment that drives digital transformation, both in finance and real economy sectors critical for the SDGs

The UNCDF approach to market systems development creates a conducive environment via combined interventions in four areas: (a) policy changes; (b) modern digital infrastructure and open payment systems; (c) private sector innovation; and (d) development of skills for the digital era. UNCDF will engage with policymakers and regulators to accelerate the development of enabling legal frameworks for inclusive market systems that harness innovations and digital solutions and promote financial inclusion.

The UNCDF finance and investment tools are embedded into the programming approach through market scoping to identify investments in: (a) last-mile connectivity infrastructure; (b) technology companies providing digital solutions; (c) digital innovations that help catalyse domestic and international capital; and (d) MSMEs embracing digital transformation to receive and make payments, increase their access to capital and boost their business models.

» RESULT 1:

Navigating an Updated Lens for Financial Inclusion Enabling Inclusive Growth

The financial inclusion landscape has evolved substantially since the start of the Making Access Possible programme, with policies now largely in place. A growing focus on the domestic finance agenda to enable investments to stimulate growth in the real economy for local communities is emerging at country level. Engaging with MAP's extensive livelihoods database, the programme was able to reflect on market evolution in its key regions, and thus respond to the updated context of Government policy to inform engagements with the private sector, particularly domestic investors.

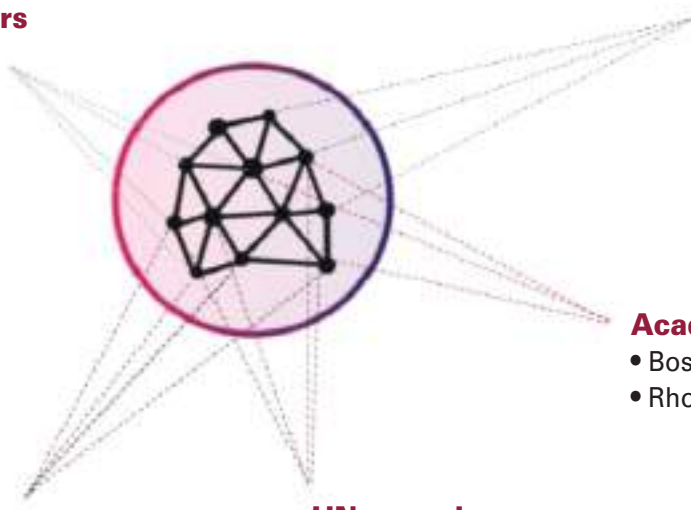
As the programme narrowed its focus, the strategic nature of natural neighbouring (private and public sector) partners and regional cohorts became increasingly important to create the enabling pre-conditions for market-based financing for the low-income segment, which could accelerate the benefits of the implementation of financial inclusion policy. Working in concert with partners, MAP focused on the foundations for financing, drawing on its extensive database to understand the basis of real-economy activity that can leverage the transformational potential of technology. This includes a notably strong focus on domestic financing, with the explicit objective of targeting investments towards the low-income in fundamental inclusive growth pillars: basic services (clean energy), entrepreneurship (micro and small businesses at household level), unemployment and income inequality (vulnerability - women, youth, and refugees), reflecting the MAP needs and usage framework.

REGION	SADC	WAEMU	ASEAN and Nepal
Number of MAP countries	9	4	5
Number of NFIS1 policies	8	3 (2 adopted)	3
Countries with structures for coordination/implementation	8	3 (MAP), 6 total	5 (but Myanmar disbanded)
Countries participating in regional M&E	MAP, 5 countries	BCEAO, 8 countries	MAP, 9 countries
Countries with implementation ongoing	8	2 (MAP), 4 total	5 (but Myanmar paused)

Table 1: MAP Implementation and coordination of NFIS policies: progress summary

Financial service providers

- FMO
- Rabobank
- Naspers Lab
- Standard Bank (domestic/in-country)
- Retailers (Shoprite Checkers/Telco`s)



Multi-lateral partners

- IMF (data and market environments)
- World Bank (data & policy)
- IFC (financial inclusion/sustainable finance, ESG Framework)

Academic partners

- Boston University (GDP Centre)
- Rhodes and Wits University

Government partners

- Ministry of Finance/Central Bank
- Regional institutions (SADC, SADC CISNA, BCEAO, ASEAN)

UN agencies

- UNDP (multi-country operations, GPN)
- UNHCR (vulnerability)
- UN Global Compact (sustainable finance/SDGs)

Figure 1: Collaborative partnerships to enable long-term commitment to inclusive growth

The MAP programme is a complex inter-related mix of technical innovation, iterative operational testing for successful proof of concept and multi-partner implementation to leverage learnings that partners can take forward to scale. The below reflects the core pillars supporting MAP's contemporary financial inclusion approach and consequent engagements:



Results Breakdown



Strong technical frameworks with collaborative partners to drive results on the ground:

The MAP programme built on its tried and tested conceptual framework for financial inclusion, focussing on building and testing new technical pillars for the next phase of financing the low-income market:

- **Focussing on making finance more sustainable by leveraging the natural synergies and building the links between sustainable finance and financial inclusion:** Utilising its financial inclusion database and its inclusive growth framework, MAP defined linkages between financial inclusion and sustainable finance, in contribution to the SDGs. By engaging IFC and the Sustainable Finance Banking Network (SBFN) to leverage insights for practical application, a second phase will be initiated in 2023 to apply the research with partners that also include the SADC Bankers Association, and the Governments of Eswatini and Lesotho.
- **Building the real-economy from the ground up - Extending finance to households and SME's at community level, leveraging technology:** MAP has defined the technical parameters that digital finance can play in the informal economy. In consultation with the UNDP country offices in Lesotho and Eswatini within the UNDP Strategic Framework, Signature Solution 1 - Inclusive growth and livelihoods, a digital financing framework was developed to cooperate more deliberately to enable private sector financing for the low-income. This will feed into implementation projects for UNDP country offices, linked to informal traders, youth and farmers to catalyse

increased financing, and inform the Government of Lesotho's green value chain project, particularly through informing practical training to farmers to leverage technology and access finance.

- **Shaping domestic finance markets - Understanding how price affects product take-up:** Building on MAP's continuing collection of bank pricing data covering 35 countries across 3 regions (from 2017 to 2022), MAP evaluated the domestic financial sector's response to supporting financial inclusion for growth, within an affordability lens. This work will feed into ongoing engagements with the IMF to further develop the role of financial inclusion in domestic finance within the Integrated National Financing Frameworks (INFFs).
- **MAP financial inclusion and vulnerability framework:** MAP data identified vulnerability in women, youth and refugees and a gap in technical solutions to address access to finance for the vulnerable at country level. Building on the 2021 engagements with UNHCR, MAP developed a financial inclusion diagnostic methodology focusing on refugees and internally displaced persons in Mozambique, financed by UNHCR with technical input from MAP, to assess the economic and financial inclusion context of forced displacement in the country.

- **Partnership and data collection innovation:** Working within the context of the 2018 “United Nations-World Bank Group Strategic Partnership Framework For The 2030 Agenda”, MAP partnered with UNDP Mali, the National Statistics Office (INSTAT) and the World Bank to undertake a new methodology for financial inclusion data collection and a diagnostic for an evidence-based NFIS, which also supports UNDP’s Insurance and Risk Finance Facility (IRFF) focus areas.
- **The role of inclusive financing, to address inequality:** MAP is engaging with Boston University’s Global Development Policy Center (GDP Center) to ensure there is a contribution to the broader academic field of economic inclusion and inclusive growth, leveraging the data, findings and conceptual thinking of the MAP work.





Multi-stakeholder forums to support collaboration and initiatives to unlock financing

MAP has increased stakeholder engagements to validate research and identify partners for the next steps in country level implementation, which included:

- **The SADC Financial Inclusion Forum:** MAP co-hosted the SADC Financial Inclusion Indaba with the SADC secretariat, SADC Bankers Association and FinMark Trust (FMT). The forum hosted representatives from MoF and Central Bank to share learnings on financial inclusion policy implementation and determine financing and stakeholder mechanisms within national and regional institutional structures, including bringing on board new sustainable finance frameworks into financial inclusion.
- **Sustainable finance online event:** MAP hosted an online event with key stakeholders that included the IFC, IMF, World Bank, FMO, UNDP and financial service providers to validate and strengthen the new sustainable finance and financial inclusion framework, garnering valuable feedback, informing stakeholder engagement and practical application for Phase 2 in 2023.
- **Digital finance validation forums (Lesotho & Eswatini):** Two new digital finance diagnostics on the informal economy were validated through online events with implementation stakeholders from the respective countries. A one-on-one workshop was also held with the Ministry of Finance's Centre for Financial Inclusion (CFI) in Eswatini, responsible for implementation of the NFIS.

- **West Africa M&E consultation and online event:** The validation of the West Africa Scoping report involved extensive engagement with key government stakeholders from each Member State during 2022, pointing to demand from country level for specific assistance on data, research and implementation. A proposed stakeholder meeting to obtain Government buy-in to undertake a guidance note for a financial inclusion M&E framework in the region had to be cancelled due to internal operational complexities at UNCDF.





Laying the ground for an investment environment attractive for the low-income in LDCs

Investors play a pivotal role in shaping society and can positively impact low-income communities by investing capital and resources in businesses likely to bring significant, sustainable economic gains to these communities. The programme therefore laid the groundwork to make investment and investors a more central pillar of programming interventions:

- **MSME Investor Toolkit:** Considering what it would take for SMEs to start firing on all cylinders and fulfil their potential as the engines of economic growth they are commonly assumed to be, identifying common ground and mutually beneficial opportunities for investors, policymakers and entrepreneurs to work together to shape a better society.
- **Clean Energy Investor Toolkit:** Provides insights into the realities of energy usage and consumption, linked to livelihoods and thus considers the investment case for expanding energy inclusion to improve livelihoods of low-income households and MSMEs. Energy stakeholders are provided with both the business case and the infrastructure investment requirements for expanding energy inclusion.
- **Integrating financial inclusion into the INFFs:** Working within the context of the G20 roadmap on sustainable finance to increase the viability of the domestic finance environment, MAP developed a guidance note to embed financial inclusion in the INFFs, thus ensuring a coherent technical framework for the low-income to be included in the financing environment via financial inclusion.

» RESULT 2:

Policymakers from 25 Countries in Africa, Asia and the Pacific Have Improved Information to Drive Inclusive Digital Transformation

The Inclusive Digital Economy Scorecard (IDES) is a strategic performance and policy tool that has been developed to help countries in better understanding and monitoring the status of their digital transformation, with a view to making such transformations more inclusive. The IDES identifies the key market constraints hindering the development of an inclusive digital economy and helps governments to set the right priorities with public and private stakeholders, to foster accelerated development of a digital economy that leaves no one behind.

» RESULT 3:

Digital Transformation Community of Practice Meeting organized, attended by Government Partners from 15 Countries

In November 2022, 70 participants from 15 countries across Asia, Africa and the Pacific attended the first-of-its-kind community of practice meeting of UNCDF's Inclusive Digital Economy Scorecard (IDES) in Zambia. During the event, experiences of using the IDES framework for a holistic policy implementation were shared by several countries such as Uganda and Malawi. In addition, successful stories of digital transformation were shared by countries such as Ghana and Bangladesh.

In 2022, IDES data has been collected and updated with government partners in 25 countries across Africa, Asia and the Pacific. Countries such as Solomon Islands, Burkina Faso, Niger, Uganda, Zambia, Sierra Leone and Malawi are using this data-driven tool and process to inform digital transformation strategies and policies. As an example, Zambia has started drafting its first digital economy strategy and updated its ICT policy.





» RESULT 4:

Consultations and Research with 60+ Global Stakeholders on Migrant Financial Resilience, Resulting in Three Technical Papers and Five Case Studies

Over the last 1.5 years, UNCDF has conducted extensive research and consultations with more than 60 global stakeholders on migrant financial resilience, resulting in three technical papers and five case studies across Asia and Africa. The insights from the exercise are detailed in the article, Insurance and Pensions: Charting the path for migrant financial resilience, published in August 2022 on UNCDF's Migrant Money website (<https://migrantmoney.uncdf.org>).

The article highlights the scope of innovations across the social security (including insurance and pension) ecosystem that may help reduce risks and improve migrant financial resilience via policymaking, regulations, payments, and nudging the relevant market-based players. Further, it links to the following three detailed technical papers published simultaneously:

- Scaling the Next Frontier in Migrant Money: The case of insurance and pensions.
- Migrant Financial Resilience: Where are we in preparing the building blocks?
- Migrant Insurance and Pension: Gazing through the future

The findings emphasize the need for tailored insurance and pension products for migrants, particularly women, and highlight opportunities for scaling up services and digitizing wages. UNCDF has also engaged with the private-sector entities and held consultations to address challenges and explore collaborative solutions. Long-term thought partnerships for collective advocacy and stakeholder mobilization have been established with IAIS, A2ii, Microinsurance Network, Insurance Development Forum, Munich Re Foundation, Arab Monetary Fund and Ministry of Expatriates' Welfare and Overseas Employment, Bangladesh. In August 2022, UNCDF has launched a request for applications to onboard private sector entities for financial and technical support, with three applicants shortlisted. Technical assistance to these entities will focus on various aspects of service design and market network creation.

» RESULT 5:

Onboarded 1,200 New MSMEs to Eight E-Commerce Platforms in Rwanda

As part of its COVID-19 response and recovery plan, and in alignment with the Inclusive Digital Economies strategy, UNCDF Rwanda partnered with the Ministry of ICT and Innovation and ICT Chamber to launch the “MSMEs Go Digital” project in 2020, which aims to support Rwandan MSMEs increase their revenues through their presence in digital marketplaces, with a focus on women-run businesses.

1200 MSMEs were onboarded to eight e-commerce platforms in 2022, reaching MSMEs in Kigali, Rwanda’s main urban center, as well secondary cities and rural areas in the country.

UNCDF also provided the necessary one-on-one assistance that businesses need to adopt e-commerce and digitalization by leveraging MINICT’s ‘Digital Ambassadors’ programme and the ICT Chambers field-based iWorkers. UNCDF also commissioned an independent assessment of the pilot to catalogue challenges, lessons learned, and successes as well as to make recommendations for any future phases or iterations of the project.



» RESULT 6:

Supported Two Apps Focused on the Ready-Made Garment Sector in Bangladesh

In December 2021, UNCDF, with the support from the LMF-TF published the publication “Ready Made Garment Sector Digital Market Assessment: Bangladesh,” which details opportunities across ESG sustainability aspects to improve the decency of work and livelihoods of millions of people employed in the RMG sector in Bangladesh.

In 2022, UNCDF leveraged the learnings from this publication to support two private sector partners (Wagely and Quizrr) on sustainability in the Ready-Made Garment sector as well as digitization (beyond wages).

The support to Quizrr focused on promoting digital financial literacy and sustainable reporting, benefiting 13,608 garment sector workers (54% women). With UNCDF’s support, Quizrr developed app-based gamified digital and financial literacy content in local language, which covered training on workers engagement, equality, occupational health & safety, social compliance, financial inclusion, sustainability reporting, and digital wages among others.

Wagely, on the other hand, piloted advanced earned wage access for the garment workers in Bangladesh benefitting more than 27,451 garment sector workers (of which, 32% are women). Using this facility, workers can claim salary in advance at any point of the work-month in situations where they have a need for urgent cash, thus providing them with an alternative to expensive informal channel financing.



» RESULT 7:

Supported a Business Management Platform Solution Ensuring Access to Finance for the MSMEs Leveraging Business Transaction Data in Bangladesh

Kiu Global is a digital bridge connecting people, communities, countries, and banks with SMEs and MSMEs to help businesses to access capital. UNCDF supported and brought Kiu Global to Bangladesh, to develop and pilot the Kiu business management platform, which is used by small-holder farmers and small businesses in the fisheries sector to record their day-to-day transactions, leading to the creation of a credit history that can then be used to access formal finance.

During the pilot, more than 3,000 MSMEs in Khulna region registered on this digital platform (of which 81% are women beneficiaries). Kiu has onboarded MSMEs on their digital platform with a special focus on women MSMEs, trained all their app users with digital and financial literacy, supported them with recording transaction data in Kiu Solution, generating basic income, expense, and P&L (Profit & Loss) Reports. Kiu's app supports the automatic generation of credit scoring to apply for and avail loans from within the App. 567 MSMEs (76% women) received financing support from Kiu's partner Micro-Finance Institution KMSS.



IN FOCUS: Piloting and Innovation

One of the traditional functions of the LMF-TF has been to serve as a source of financing to pilot and innovate solutions in last mile markets. The LMF-TF is one of the few funding vehicles that exists to support such piloting and innovation.

In 2022, UNCDF leveraged the learnings from this publication to support two private sector partners (Wagely and Quizrr) on sustainability in the Ready-Made Garment sector as well as digitization (beyond wages). The support to Quizrr focused on promoting digital financial literacy and sustainable reporting, benefiting 13,608 garment sector workers (54% women). Wagely, on the other hand, piloted advanced earned wage access for the garment workers in Bangladesh benefitting more than 27,451 garment sector workers (of which, 32% are women).

UNCDF partnered with Nabil Bank to pilot merchant loans based on QR (Quick Response) cash flow to enhance access to finance for those who could not meet collateral requirements, particularly women and youth. Through this intervention, merchants were provided with contactless payment methods--QR codes--as an entry point to open bank accounts for unbanked women and youth MSMEs, to digitize their transactions, and to pilot loans based on QR cash flow.

Kiu Global is a digital bridge connecting people, communities, countries, and banks with SMEs and MSMEs to help businesses to access capital. UNCDF supported and brought Kiu Global to Bangladesh, to develop and pilot the Kiu business management platform, which is used by small-holder farmers and small businesses in the fisheries sector to record their day-to-day transactions, leading to the creation of a credit history that can then be used to access formal finance. During the pilot, more than 3,000 MSMEs in Khulna region registered on this digital platform (of which 81% are women beneficiaries).

The LMF-TF has also supported the piloting of the IncluCity Initiative, which aims to combat growing inequalities in cities through local capacity building, high impact infrastructure projects, technical expertise and funding, especially under the context of climate change and rapid urbanization. The IncluCity tools build on UNCDF's experience in inclusive local transformative finance and women's economic empowerment, and prioritize a local approach for lasting systemic change, with a focus on the economic empowerment and well-being of women and marginalized groups. The program contributes to the commitments under SDGs 1, 5, 9, 10 and 11, with a particular focus on alleviating poverty among the most vulnerable populations. A pilot period is being carried out in three countries – Mbale City, Uganda; Narail City, Bangladesh; and Commune Gueule Tapée – Fass – Colobane, Senegal.

With regards to domestic capital market reform, UNCDF was requested by the Ministry of Finance and Planning in Tanzania to support the Tanga Water Authority issue a sub-national bond. This will be the first local currency infrastructure bond and will have green bond status. The project aims to enhance water extraction, treatment, and distribution capacity for the residents of Tanga and nearby townships. Upon completion, the project is expected to double water production capacity, ensuring adequate supply for households, commercial, and institutional customers, projected to benefit over 410,000 people.



Local Transformative Finance

IV.

INTRODUCTION

LOCAL TRANSFORMATIVE FINANCE

Achieving the Sustainable Development Goals, the objectives of the Rio Conventions, and recovery from the COVID-19 pandemic requires localized approaches as well as transforming towns and cities into inclusive, resilient and sustainable growth centres. This is particularly the case in LDCs, which are among the world's most rapidly urbanizing countries, but also holds true for urban centres in lower- and middle-income countries. The lack of productive, service-oriented infrastructure in urban and rural areas is a key obstacle to local development and economic transformation. Yet, flows of public and private development and climate finance reaching local governments in LDCs remain scarce. Strong domestic capital markets, local fixed-capital formation and expanded local fiscal space are instrumental for the critical transition to higher productivity and green and inclusive local economies.

To deliver on its mission, UNCDF is reorienting its local development finance work to “local transformative finance”, becoming a technical and financial partner for local transformation. Clients will encompass local and regional governments, cities as agencies of local transformation, domestic capital market participants and regulatory and budgetary authorities. UNCDF combines finance and investment instruments with sector expertise across all aspects of subnational public and private finance.

UNCDF will deepen and expand its role as the United Nations hub for Subnational Finance by strengthening its long-standing collaborative relationships and converting them to solution-driven services. Partners include the United Nations development system, Governments, networks of local governments such as the World Congress of United Cities and Local Governments and the International Council for Local Environmental Initiatives, and international non-governmental organizations (NGOs). This provides a new conduit of development financing post-pandemic that can be scaled up through engagement with relevant domestic, regional and global financial institutions. With these partners, UNCDF will design, create and test scalable financing vehicles, develop subnational capacities and foster enabling policy environments. Examples include debt and equity funds; subnational bonds; securitization platforms to free up balance sheets for subnational finance; guarantee schemes to defray sovereign and local government liabilities; subnational windows in sovereign wealth funds; local development funds; fiscal decentralization; vertical climate finance; own-source revenue mobilization and public finance and asset management.

» RESULT 1:

53 Investments Approved by the Dual Key Investment Committee

The “Dual Key” Investing with Impact is the centerpiece facility of the Local Transformative finance Practice of UNCDF. The Dual Key is a flagship and award recognized approach that determines the financial feasibility and sustainability of investments (financial key) as well as the development impact associated with each investment (technical key) especially in relation to local economic development, women’s economic empowerment, ESG or food security to name a few. The Dual Key approach is also instrumental in unlocking domestic, regional, and international capital to its pipeline of investments.

In 2022, the Dual Key investment committee approved 53 investments. The approved projects had an accumulative ticket size equivalent to USD 8,703,654 of which USD 5,572,576 of various blended finance instruments were needed, of which UNCDF committed USD 2,831,779 in grants and reimbursable grants to unlock and leverage additional domestic, regional, and international finance.

One example is the UNCDF-supported municipal investment in a green public lighting system in the city of Chefchaouen, Morocco. This was a 0% loan rate investment comprising of a US \$200,000 grant and a US \$400,000 reimbursable financing agreement to support an innovative model that relied on savings from the electricity bill, generated through the improvement of the energy technology of the public lighting system, for repayment of the principal. The objective is to pilot a model that could be replicated in other cities through a revolving fund.

UNCDF supported the city of Kumasi, Ghana, which plans a Bus Rapid Transit project aimed at addressing congestion. The estimated cost of the project is US \$125 million, to be potentially funded through equity and debt and to be implemented through public-private-partnerships. UNCDF provides technical assistance in the pre-investment phase, including business case development, assessment of development and financial impact, as well as project structuring and de-risking. This project not only promises financial sustainability but will also contribute to improved access to a safe, environmentally responsive, affordable and accessible transport system.

In Somalia, UNCDF intensified its efforts of supporting local governments to build a solid infrastructure base for sustainable service delivery, improve local revenue generation and strengthen the country’s fiscal transfer mechanism. **Through the Local Development Fund, UNCDF disbursed US \$5.2 million in performance-based grants for 81 primarily infrastructure projects in 36 local governments across Somalia.** Evidence shows a marked improvement in government delivery of services and own source revenue generation, especially in Somaliland and Puntland where the governments have adopted UNCDF-supported mechanisms for intergovernmental fiscal transfers. **performance-based grants for 81 primarily infrastructure projects in 36 local governments across Somalia.** Evidence shows a marked improvement in government delivery of services and own source revenue generation, especially in Somaliland and Puntland where the governments have



53 investments

approved by Dual Key

USD \$2.8M

in grants and reimbursable grants
through the Dual Key Approach.

USD 2,831,779

committed by UNCDF in grants
and reimbursable grants

» RESULT 2:

Launch of the Blue Peace Financing Initiative at the 9th World Water Forum in Dakar

The Blue Peace Financing Initiative has been successfully launched at the 9th World Water Forum in Dakar, following which UNCDF has received official requests from other regions to implement the Blue Peace Financing Initiative. Furthermore, at the Building Bridges Summit, the Blue Peace Financing Initiative was presented to financial stakeholders, including institutional investors and asset managers, who have expressed their interest in investing in Blue Peace Bonds once on the market.

The European Fund for Sustainable Development (EFSD+) will provide US \$50 million for the first loss of the partial credit guarantee under the Blue Peace financing structure.

» RESULT 3:

US ~\$600,000 Contribution from the Peacebuilding Fund into the Freetown Blue Peace Financing Initiative

The Peacebuilding Fund is contributing US \$608,000 to expand UNCDF's project for water kiosks and public toilets under the Freetown Blue Peace Financing Initiative, allowing UNCDF and the Freetown City Council to mobilize one construction firm to build 25 additional water kiosks, in addition to the 40 under the initial Blue Peace Financing program.

The Freetown Blue Peace Financing Initiative was jointly launched by United Nations Capital Development Fund (UNCDF), the Freetown City Council (FCC), and the Swiss Agency for Development and Cooperation (SDC) in December 2020. The vision of the initiative is to leverage innovative finance to construct reliable water, sanitation, and hygiene facilities (WASH) as an extension of delivering safe, affordable, sustainable water to the residents of Freetown. At the same time, the initiative demonstrates a successful model for financing sustainable water production and consumption in LDCs.

The Peacebuilding Fund is contributing US \$608,000 to expand UNCDF's project for water kiosks and public toilets under the Freetown Blue Peace Financing Initiative, allowing UNCDF and the Freetown City Council to mobilize one construction firm to build 25 additional water kiosks, in addition to the 40 under the initial Blue Peace Financing program.

» RESULT 4:

Managing the Technical Assistance Facility for the International Municipal Investment Fund, with First Investments Planned in Five Countries

In the area of city-friendly investment funds, the International Municipal Investment Fund is an initiative established by UNCDF and the United Cities and Local Governments in collaboration with the Global Fund for Cities Development, to support transformative investments that build resilience and productivity. The equity approach of the fund mitigates against rising borrowing costs and LDC debt levels. Capitalization of the fund closed in 2022 at 150 million Euros, including commercial and first loss capital.

UNCDF manages the technical assistance facility for this fund. The first investments are expected in Mauritania, Belize, Gambia, Uganda and Ghana.

» RESULT 5:

Development and Approval of the Joint Investment Plan for River Basin Financing with the Gambia River Basin Development Organization

A joint investment plan has been developed with the Gambia River Basin Development Organization (OMVG) under the Blue Peace Financing Initiative, which will be financed through the future issuance of a Blue Peace Bond. The underlying financing structure for the Blue Peace Bond as well as the most investment-ready projects for the Joint Investment Plan have been identified and amount to a portfolio in the size of USD 2 billion. Both, the underlying financing structure and the portfolio have been presented and were approved by the OMVG Council of Ministers and therefore its member states. This positions OMVG to be the first river basin organization to implement an innovative financing mechanism through Blue Peace Financing, while a new market in the sustainable finance field is being created.



» RESULT 6:

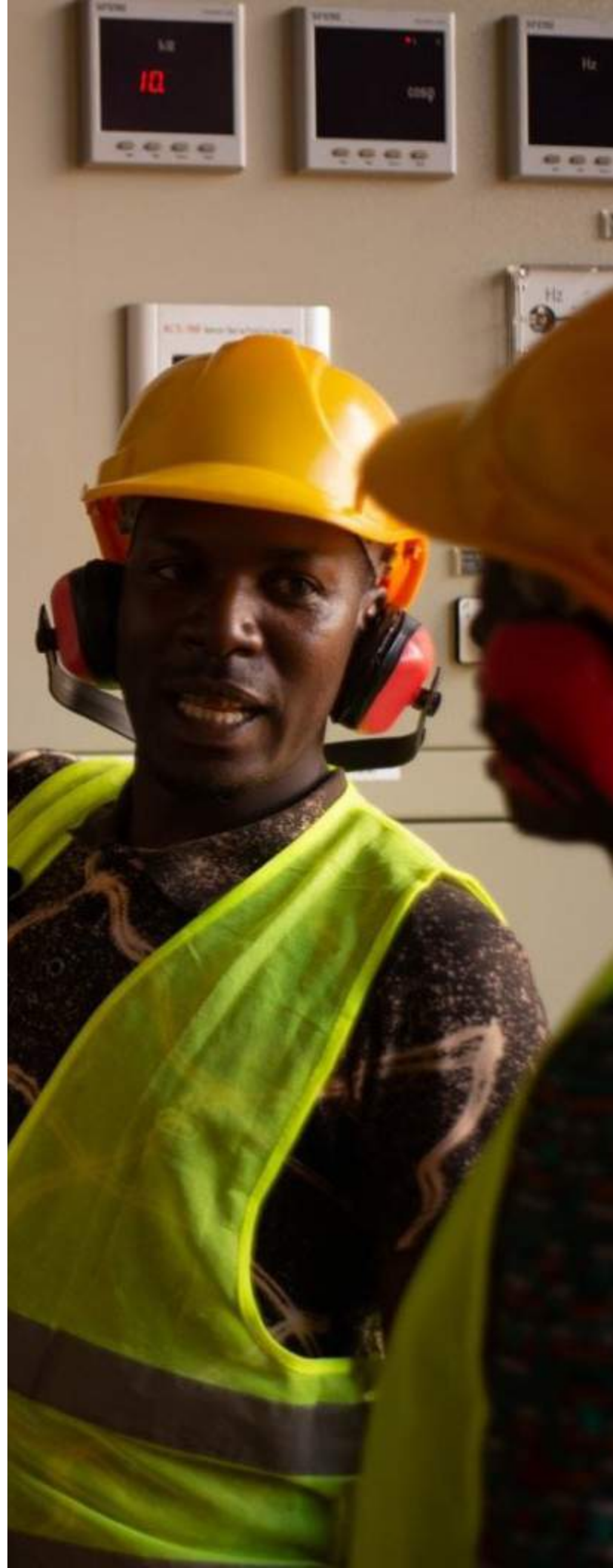
Supported the First Local Currency Infrastructure Bond in Tanzania

With regards to domestic capital market reform, UNCDF was requested by the Ministry of Finance and Planning in Tanzania to support the Tanga Water Authority issue a sub-national bond. This will be the first local currency infrastructure bond and will have green bond status. The project aims to enhance water extraction, treatment, and distribution capacity for the residents of Tanga and nearby townships. Upon completion, the project is expected to double water production capacity, ensuring adequate supply for households, commercial, and institutional customers, projected to benefit over 410,000 people.

» RESULT 7:

Piloting a Joint Working Modality with UN DESA and UNOPS to Strengthen Infrastructure Asset Management in 15 Municipalities

UNCDF in partnership with UN DESA and UNOPS established a joint working modality to strengthen Infrastructure Asset Management (IAM) in 15 pilot municipalities. Out of which six pilot municipalities prepared infrastructure asset management action plans on selected critical municipal assets. An infrastructure inventory mapping framework was piloted to advocate for an integrated approach to infrastructure asset management for improved service delivery.



IN FOCUS: Charting the Journey through the LMF-TF: Altech

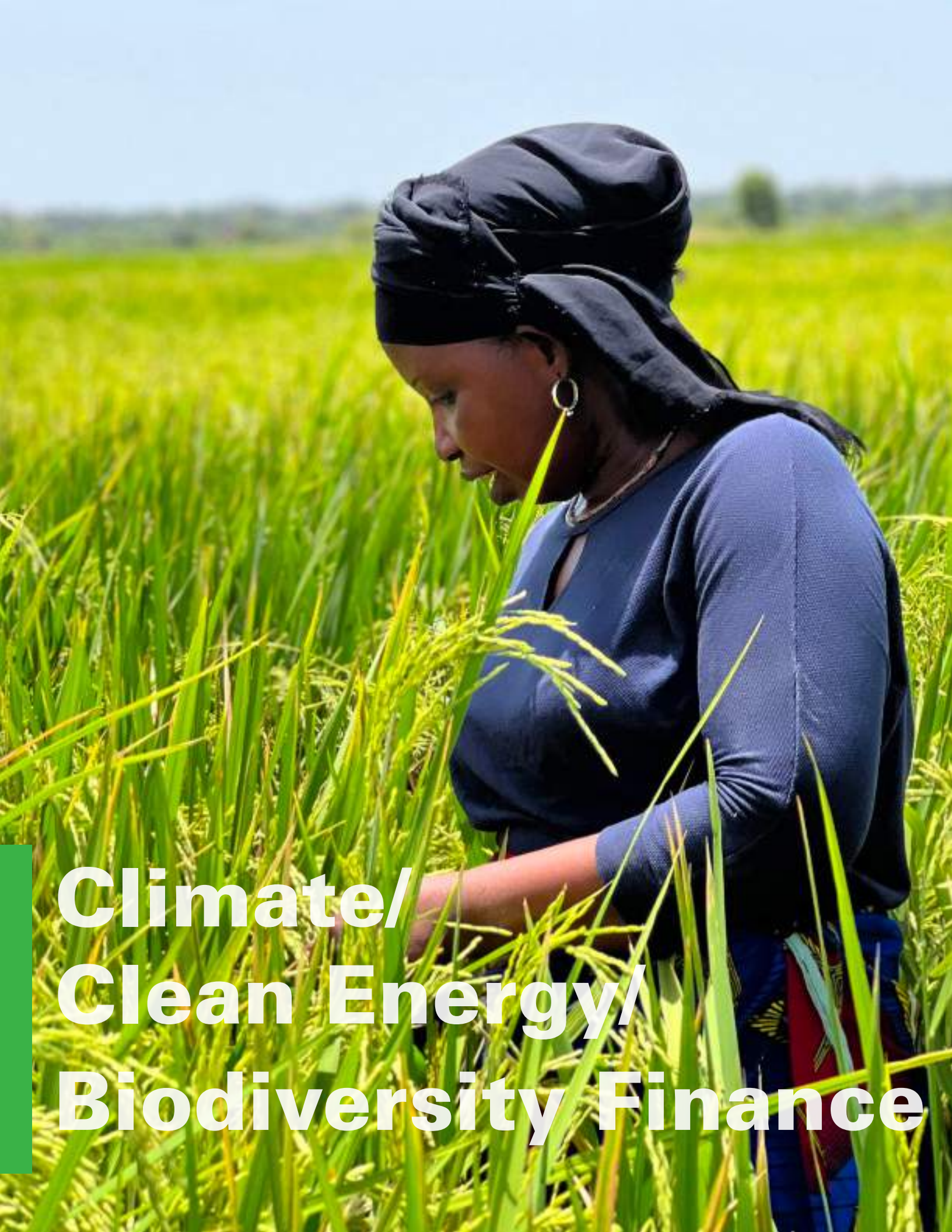
An essential reason for why the LMF-TF has been an effective tool is because it enables donors to support SDG-positive ventures across their business life cycle, from providing early capital to bridge the missing middle finance gap to being properly positioned for commercial capital to achieve scale. More specifically, the LMF-TF has proven to be well aligned with the investment continuum model of UNCDF, where the organization can deploy concessional and commercial financing across the business cycle.

A powerful example involves Altech, a clean energy company based out of the Democratic Republic of Congo. As a company in UNCDF's energy portfolio, Altech was initially receiving support as part of the organization's effort to finance the clean energy value chain in last mile markets—a portfolio that has relied on LMF-TF support since the inception of the fund in 2016.

Support from the LMF-TF through the Green Economy window was essential in UNCDF being able to provide a US \$350,000 grant as well as technical assistance support to Altech in 2019. This financing enabled Altech to increase the number of product offerings that would support clean energy sales in a challenging market.

In 2020, UNCDF's engagement with Altech shifted to loan financing; once again, with the support of the LMF-TF. The BRIDGE Facility—UNCDF's on balance sheet concessional loan and guarantee facility—has also benefited from LMF-TF support for nearly as long as the fund has been in existence. With support from the LMF-TF, UNCDF provided a \$350,000 direct loan (not that the funding was rolled over from the LDFGR-Booster fund into the LMF-TF).

Altech in 2023 announced that it had raised in total USD 18 million in debt financing and grants to support its successful geographical growth in the DRC and continue expanding in new areas. Altech deserves all of the credit for navigating the same difficult path that many promising businesses in LDC markets embark upon: where they are able to achieve "start-up" but are unable to access the financing to consolidate and scale. The LMF-TF has proven that it can support ventures on this difficult path.



**Climate/
Clean Energy/
Biodiversity Finance**



INTRODUCTION

CLIMATE / CLEAN ENERGY / BIODIVERSITY FINANCE

Climate finance. With scarce resources and overreliance on climate-sensitive activities and sectors, such as rain-fed agriculture, LDCs are disproportionately affected by and particularly vulnerable to the adverse effects of climate change, which are most dramatically experienced at the local level. Local governments are often responsible for managing sectors and areas which are climate-sensitive and critically important for successful adaptation, including land use, water management, natural resource management and infrastructure.

UNCDF designed the Local Climate Adaptive Living Facility (“LoCAL”) in 2011 to promote climate change-resilient communities and local economies. It provides a standard and internationally recognized country-based mechanism to channel climate finance to local government authorities in LDCs, contributing to countries’ implementation and achievement of the Paris Agreement commitments. It supports participatory, youth-sensitive and gender-transformative planning, financing, implementation and monitoring of nationally determined contributions and national adaptation plans at subnational level, thereby increasing capacities and financing for local responses to climate change.

Clean energy finance. UNCDF will increase resilience in LDCs by supporting an energy transition agenda that emphasizes decentralized, renewable and clean energy projects and products that drive green growth. Net-zero emissions energy solutions that expand energy access and value addition are key elements of this approach. UNCDF promotes access to finance across energy value chains, from customer to enterprise to larger investments. UNCDF helps fill the energy SME financing gap through use of its financial instruments. It increasingly supports both solar and improved cooking business models with digital and other technologies to increase their bankability and to reach excluded populations. By 2025, UNCDF aims to support investments that allow 6 million people in at least 10 countries to access and benefit from clean energy. UNCDF investments will also contribute to wider energy market development, with an increased focus on productive use and local economic resilience and with strong connections to other key sectors.

Biodiversity finance. Although nature provides up to 38 per cent of climate mitigation solutions, nature-based climate solutions receive only 3 per cent of global climate finance. UNCDF will support innovative initiatives that catalyse finance for integrating biodiversity conservation into business models and economic development. This includes the blended finance Global Fund for Coral Reefs, which supports business approaches to marine biodiversity protection. UNCDF will support instruments such as nature performance bonds or debt-for-nature swaps, including through blue or green blended finance schemes that leverage additional financing. UNCDF will continue to work closely with UNDP in defining, piloting and scaling up these types of biodiversity and ecosystem-based financing solutions.

UNCDF will engage closely with UNDP and the wider United Nations development system to provide financing expertise and innovative solutions as part of integrated United Nations approaches to environmental crises, including to address the “triple planetary crisis” - the interlinked and cascading effects of climate change, biodiversity loss and pollution, as called for by the Secretary-General in “Our Common Agenda”.

» RESULT 1:

+US\$21 million delivered in support of local climate action through the Local Climate Adaptive Living Facility (LoCAL)

The Local Climate Adaptive Living Facility (LoCAL) provides a standard and internationally recognized country-based mechanism for accessing and channeling climate finance to local governments and their communities in the least developed countries and other developing countries. LoCAL applies a whole of society approach to financing and promoting locally led adaptation and is currently being implemented or designed for implementation in 34 countries across Africa, Asia, the Caribbean, and the Pacific. Since 2014, LoCAL has overall engaged with 350 local governments across its portfolio, reaching an indirect beneficiary population of over 16.27 million.

In 2022, LoCAL delivered

USD \$21.2M

across regions and countries in the form of:

Grants,
Capacity-building
Operational support

at the national and subnational levels.

In 2022, 308 climate change adaptation interventions were financed across five countries – Bangladesh, The Gambia, Mozambique, Niger and Lesotho – using performance based climate resiliency grants (PBCRGs). This brings the number of climate change adaptation interventions delivered by LoCAL since 2014 to 2,103. Approximately 941,300 direct beneficiaries – including some 474,600 women – benefited from LoCAL investments.



Breakdown by Country

611 Hectares of Degraded Land Being Restored in Niger

Approximately half of the portfolio was devoted to land restoration initiatives to combat desertification and erosion through cash for work schemes. Some 611 hectares of degraded land are being restored using bioengineering techniques. Climate resilience of rural livelihoods was addressed through support to diversified income generating opportunities for women, including market gardening and provision of livestock, as well as food supply to communal cereals banks for the most vulnerable communes. Overall, 23 interventions were undergoing in 9 communes for an amount of approx. US \$431,000.

34 Adaptation Investments in The Gambia

34 adaptation investments were delivered in 32 wards for a total value of US \$720,000. These include solar-powered boreholes; integrated horticulture gardens; poultry and animal husbandry; tree nurseries; and climate-proofed road infrastructure. LoCAL investments implemented through Cash for Work schemes, created some 5,086 temporary jobs - 26 per cent filled by adult women and 76 per cent by youth.

216 Interventions in Bangladesh

216 interventions were financed for US \$2.98 million, approximately 11 per cent of which was provided as co-financing to LoCAL allocations. More than half of the 72 parishads deploying PBCRGs are in coastal areas, and a considerable part of the investments (57 per cent) were focused on (i) providing access to drinkable water through climate-resilient water infrastructure able to withstand salinity intrusion, and (ii) improved irrigation schemes through re-excavation of canals for better water catchment and/or solar-powered pumps.

Disaster prevention measures using a mix of engineering and nature-based solutions (e.g., protection walls combined with reforestation and wetlands preservation for flood prevention) were also explored through a partnership with the Bangladesh University of Engineering Technology and the Centre for Natural Resource Studies.

~\$3 Million Worth of Climate Resilient Infrastructure in Mozambique

US \$2.97 million worth of climate resilient infrastructure was delivered in three provinces. Twenty-eight climate-proofed water, sanitation, education and health facilities were built to provide reliable access to services for approximately 665,000 people in climate disaster affected areas.

7 Water Supply Infrastructure Projects in Lesotho

Seven water supply infrastructure projects were finalized, benefitting with improved access to water some 4,900 people. Main activities in the projects include installation of glove valves and standpipes, erection of spring catchments, construction of silt boxes, stone walls, excavation of trenches and pipe laying and donga crossings.

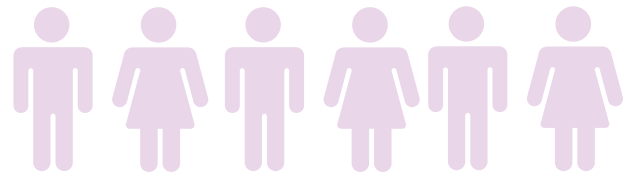
» RESULT 2:

420,000 People Served Through the Sale of 86,000 Clean Energy Products From UNCDF's Clean Energy Portfolio Companies with Climate Impact in 2022

The portfolio companies that comprise UNCDF clean energy portfolio served 420,000 people in 2022, through the sale of over 86,000 clean energy products. Since programme activities commenced in the countries of Uganda, Ethiopia, Burkina Faso and the Democratic Republic of Congo, UNCDF has served 9.5 million² people, through the sale of 1.9 million energy products that enabled access to energy solutions, having offset 2 million tonnes of CO₂ and saved over 620,000 tonnes of firewood. Clean energy solutions also reduce deforestation, improve air quality, improve food security and support economic growth. UNCDF continues to support energy companies to scale towards investment readiness.

In 2022, UNCDF clean energy portfolio served **420,000**

Since programme activities commenced it has served **9.5 million people**, through the sale of **1.9 million energy products**



Breakdown by Country



Democratic Republic of Congo: 57,000 Clean Cooking Solutions, With Four New Cohort Companies Approved for US\$350,000 in Funding

With funding from the Central African Forest Initiative (CAFI), UNCDF launched the Challenge Fund and Incubation for Clean Cooking Solutions in the Democratic Republic of Congo in 2020. In 2022, 9 of our 12 partners completed their performance-based agreement deliverables with many of them over-achieving their set out targets. The DRC portfolio companies include briquette producers, cookstove manufacturers/distributors, biogas, and LPG distributors.

In 2022, the companies sold over **57,000 improved cookstoves**, LPG stoves and gas kits, and 350 tons of briquettes for cooking with a value of over **US \$900,000 in energy products**.

Since the Challenge Fund launch, over 85,000 cooking units have been sold.

In 2022, 28 full-time jobs (11 women) and 76 commission-based agents (42 women) **over 70% of agents are youth**.

The DRC programme adopted an in-person and online technical assistance approach to reinforce manufacturing capacity as well as improve knowledge across clean cooking value chains. This includes study visits, in-person workshops with technical experts, and online training modules, with the idea of supporting companies to increase sales and become more investment-ready. **A fourth Challenge Fund Cohort was launched in 2022 to support more diverse energy technologies for clean cooking for institutions, such as biogas and efficient ovens, and microcredit for larger LPG systems. Four local DRC companies were approved to receive US \$350,000 in funding.** Two partners have also received loans from the LDCIP Bridge Facility and are progressing on their loan repayments. In addition, one of our partners has been able raise over US \$18m in external funding since receiving UNCDF support.





Uganda: 23,000 Cooking and Solar Units Sold

Uganda's Renewable Energy Challenge Fund (RECF) programme ended in June 2022. **In 2022 alone, the RECF portfolio companies sold over 23,000 cooking and solar units, as per reporting requirements to the programme. Perhaps most importantly, the RECF programme ended in 2022, the portfolio companies have matured, are further growing sales, and are ready for additional financing from UNCDF network (the BRIDGE Facility and BUILD Fund) and other local and international investors.**

Over its lifetime, the 22 clean cooking and solar PV partners with the Uganda RECF programme sold 807,694 units and 8,246 tonnes of briquettes improving the lives of more than 4.3 million people. The people reached via the programme were benefited through **access to clean energy solutions that produced financial savings; helped generate income; reduced indoor air pollution; and alleviated the burden on women from firewood collection and significant hours spent cooking versus productive work.**

The provision of access to energy also contributed to the creation of employment across the renewable energy value chain from importation, production, manufacture or assembly to product marketing, distribution and providing after-sales services to the customers. RECF partners have hired a total of 566 full-time and part-time salaried jobs, which is lower than the goal of 1,300 jobs created. However, if we include the 2,676 commission-based agents and microentrepreneurs employed, the number of jobs created is higher than the targeted goal figure. UNCDF continues to engage with the Uganda Solar Energy Association and provides support to the Ministry of Energy and Mineral Development (MEMD) through industry investment events, data gathering and other activities.

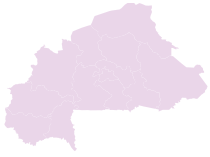




Ethiopia: Piloting of PAYGo Resulting in Initial Mobile Payment Solutions for the Country

In Ethiopia, UNCDF piloted pay-as-you-go (PAYGo) for solar energy products through the provision of performance-based grants of US \$80,000 to two energy service providers (US \$40k each). **In 2022, the two companies sold 2,342 units of PAYGo-enabled solar products while 8 full-time jobs (4 women) and 59 commission based agent positions (9 women) were created.** These are among the first mobile payments solutions for energy ever to be promoted in the country. Over 11,000 people are benefiting from access to clean energy products. One company completed all milestones; US \$72,000 of the US \$80,000 has been disbursed and the two companies contributed US\$177,000 in cost-share. **In 2022, PEACE MFI financed 1,880 units of solar home systems and benefited 9,400 people living in rural areas.**

At the end of 2022, the Ethiopia program entered a partnership with CrossBoundary Energy, who is implementing the productive use appliance financing activities under the World Bank's Access to Distributed Electricity and Lighting in Ethiopia (ADELE). IDE Energy Ethiopia will support the roll-out of road-shows for productive use appliances and exploring local financing partnerships.



Burkina Faso: Nearly 3,000 Products Sold with 400 Jobs Created and 700 People Receiving Capacity Development Training

In 2019 in Burkina Faso, UNCDF launched the Renewable Energy Fund for Resilience in Burkina Faso (FERR-BF) with funding from the Grand Duchy of Luxembourg. FERR-BF promotes access for the Burkinabè population to green and sustainable energy solutions. The 16 companies comprising the FERR-BF portfolio received technical and financial assistance to develop productive and income-generating activities, via innovative economic models and digital-based financing solutions, enabling the companies to make progress despite a very challenging security situation. **Two new companies were approved for funding in the fourth quarter of 2022 and will result in units sold in 2023.**

FERR-BF portfolio companies sold over 1,670 cooking and 1,200 solar units in 2022. The portfolio has diverse technologies including multi-function platforms, solar refrigeration and irrigation, solar kiosks for charging, clean cooking and solar home systems. Since programme inception, the companies have sold 5,636 units.

The FERR-BR also supports companies providing incubator business development services, financial services and digital payment services. **Over 400 full and part time jobs and 130 commission-based agent jobs have been created and over 700 people have received capacity development training.** FERR-BF is actively supporting synergies between partners, which has led to over 10 partnerships, all strengthening the individual companies as well as the commercial offering and/or affordability of products to end-users.



» RESULT 3:

New ISO 14093 “Mechanism for Financing Local Adaptation to Climate Change - Performance Based Climate Resilience Grants — Requirements and Guidelines” Launched at COP27

The International Standard Organization issued a new standard, ISO 14093, based on LoCAL as an internationally recognized country-based mechanism to increase local government access to climate finance for adaptation. **The new ISO 14093 “Mechanism for financing local adaptation to climate change - Performance based climate resilience grants — Requirements and guidelines” was launched and announced at COP27 in Sharm-el-Sheikh.**

The ISO is aimed at organizations involved in implementing a country-based mechanism for channeling climate finance to local governments. These may include national and sub-national authorities, donors, companies, financial institutions and international organizations. Such a step further cements LoCAL’s position as an internationally recognized and standard approach to climate finance delivery for action and results at the local level.



» RESULT 4:

LoCAL to Support LDCs to Build Climate Resilience and Implement the Doha Programme of Action

UNCDF and member countries have engaged for greater recognition of the LoCAL mechanism as an initiative to support the achievement of the LDC 2050 Vision and the Paris Agreement. Notably, LDCs have set out an agenda for change with the adoption of the Doha Programme of Action, which lays out six internationally agreed-upon priorities for addressing the needs of the world's poorest communities.

This LDC-led plan recognizes the importance of resilience building in developing countries and identifies LoCAL as a vehicle for supporting implementation of countries' adaptation to climate change. The United Nations General Assembly approved the Doha Programme of Action on 17 March 2022.

As of today, LoCAL is engaging with 27 LDCs and has set a target to be in at least two third of LDCs around the globe over the next five years.



» RESULT 5:

Launch of Strategic Partnership with Clean Cooking Alliance in 2022

In October 2022, UNCDF launched a global strategic partnership with the Clean Cooking Alliance during the Clean Cooking global forum in Accra, Ghana. The partnership will emphasize innovative solutions to dramatically scale up financing for clean cooking, and to tap into the growing carbon trading markets, which represents a key growth area for UNCDF to position itself. In 2022, the Global Partnership launched an EOI for Digital Innovations for Clean Cooking data management and access to finance. The EOI will inform a Challenge, which will include a bootcamp and acceleration program to be implemented in 2023.

The partnership will also strengthen its ongoing collaboration with strategic partners at the global level, which include SEforALL and the Global Off-Grid Lighting Association (GOGLA). With GOGLA, UNCDF is collaborating on PAYGo PERFORM to promote standard performance indicators in the sector to enhance investment deal flow. At COP-27, UNCDF has partnered with the OPEC Fund and Sustainable Energy for All (SEforALL) to design and deliver a new Climate Finance and Energy Innovation Hub.

» RESULT 6:

Co-Managing and First Funding Tranche of Energy Service Catalytic Finance Facility for Clean Energy ESCOs in Madagascar

UNCDF is part of a “Joint SDG Fund” initiative promoting clean and renewable energy in Madagascar, in collaboration with UNIDO and UNDP. Together with UNDP, UNCDF co-managed a de-risking facility intended to

crowd finance into the energy sector through the provision of catalytic investments into energy service companies (ESCOs). The programme received its first funding in June 2022 and is expected to ramp up in earnest with activities in 2023.

» RESULT 7:

Ministers Calls for LoCAL to Grow into a US\$ 500 million Facility by 2027

In May 2022, high-level representatives and ministers of the environment from LoCAL countries gathered in Brussels to agree on a ministerial declaration focusing attention on the need for more finance and international action on local adaptation to climate change in the world’s most affected countries. Delegates voiced the potential of LoCAL as a mechanism for effective climate finance delivery for locally led adaptation, including as an existing Non-Market Approach under Article 6.8 of the Paris Agreement.

The LoCAL Ministerial Declaration was officially launched in September 2022 during the New York Climate Week high-level side event ‘Making Paris Work for the People: Adaptation at scale in climate-vulnerable nations’. With ministers from Jamaica, The Gambia, Niger, Cambodia and Malawi, the event built on commitments under the LoCAL Ministerial Declaration calling for LoCAL to raise efforts and ambitions and become a USD 500 million Facility by 2027.

IN FOCUS: Women's Economic Empowerment Highlights from Other LMF-TF Windows

While the LMF-TF does have a dedicated Women's Economic Empowerment (WEE) window, UNCDF has been able to support impactful results in the area of WEE within the five other thematic windows. Below are a few illustrative examples.

Financial Innovation Window:

UNCDF in collaboration with UN Women and UNDP in Papua New Guinea established an innovative financing solution through a 25% first loss loan portfolio guarantee of US\$225,000 in favor of Women's Micro Bank Limited (WMBL) to mobilize up to US\$900,000 for women entrepreneurs. Loan disbursements were directed to over 600 women vendors and entrepreneurs. The portfolio guarantee aims to address the barriers to access financing for the female market vendors, as it eases the financial burden for the borrower by reducing the collateral requirement from 50% to 15%, while also reducing the applicable interest rate by up to 12%.

Additionally, in Benin, UNCDF worked with UNDP to develop an innovative "blue bond" and with UNFPA to develop a portfolio guarantee aimed at empowering young rural girls through access to finance and entrepreneurship.

Inclusive Digital Economies:

UNCDF provided support to 11 Microfinance Institutions (MFIs) reaching nearly 230,000 clients (97% women), under Leaving No-one Behind Project with the support from the Livelihoods and Food Security Fund (LIFT). Three of the 11 MFIs received specialized assistance to develop the operating framework to pilot new individual loans that reached a total of 175 clients (95% women). Three MFIs received financial support in the form of operating subsidies or portfolio capital to extend financial services to 6,700 clients (90% of them women).

The support to Quizrr focused on promoting digital financial literacy and sustainable reporting and benefited 13,608 garment sector workers (54% women). With UNCDF's support, Quizrr developed an app-based gamified digital and financial literacy content in local language covering training on workers engagement, equality, occupational health & safety, social compliance, financial inclusion, sustainability reporting, and digital wages among others.

In Nepal, through support from UNCDF, Jeevan Bikash Laghubitta Bittyta Sanstha (JBS) was able to sensitize 61,000 (98% women) rural smallholder farmers on Area Yield Index Insurance, which is an agricultural insurance that protects farmers against losses from perils such as windstorm, frost, excessive rainfall, heatwave, hail, flood, drought, pest, and diseases.

In Cambodia, UNCDF partnered with Azaylla, a private company that improves food distribution

systems in Cambodia powered by digital solutions. With UNCDF's support 1,254 farmers (51% women) digitized their sales in the platform and got connected to buyers that gave them better prices for their produce. In 2022, over \$300,000 in sales were processed of which over \$90,000 came from women farmers. This represents a 13% growth in comparison to 2021.

Climate/Energy/Biodiversity Finance:

214,838 women have engaged with products, services, infrastructure provided by partners within UNCDF's energy portfolio in 2022. Additionally, 420 women received capacity development support through such portfolio partners.

In Uganda, the percentage of full and part time jobs created for females through our energy portfolio partners is 43% and youth employment is at 44%. The commission-based agent jobs and microentrepreneurs have a percentage of females at 32% and higher percentage of youth at 84%.

Building on technical assistance provided by Value for Women assistance for Ugandan clean energy companies, case studies were presented in an assessment report that highlighted gender challenges and strategy recommendations. The assessment identified key benefits, opportunities, and constraints women and youth face in the renewable energy sector.

In the Democratic Republic of Congo, of the 28 full time jobs created through UNCDF energy portfolio partners, 11 of them were filled by women. Of the 76 commission-based agents, 42 were women with over 70% of agents are youth.

Local Transformative Finance:

The Peacebuilding Fund is contributing US \$608,000 to expand UNCDF's project for water kiosks and public toilets under the Freetown Blue Peace Financing Initiative, allowing UNCDF and the Freetown City Council to mobilize one construction firm to build 25 additional water kiosks, in addition to the 40 under the initial Blue Peace Financing program. The Freetown Blue Peace Financing Initiative was jointly launched by United Nations Capital Development Fund (UNCDF), the Freetown City Council (FCC), and the Swiss Agency for Development and Cooperation (SDC) in December 2020. The vision of the initiative is to leverage innovative finance to construct reliable water, sanitation, and hygiene facilities (WASH) as an extension of delivering safe, affordable, sustainable water to the residents of Freetown. At the same time, the initiative demonstrates a successful model for financing sustainable water production and consumption in LDCs.

Sustainable Food Systems Finance:

The initiatives pertaining to Sustainable Food Systems Finance displayed considerable focus on women's economic empowerment. The provision of credit in Burundi was specifically tailored to support the unlocking of capital finance for women-led MSMEs within the food value chain in Burundi. Additionally, in Bangladesh, the majority of farmers participating in the GUKIEL project that UNCDF is supporting through a reimbursable grant are women (60%).



Women's Economic Empowerment

INTRODUCTION

WOMEN'S ECONOMIC EMPOWERMENT

For UNCDF, promoting women's economic empowerment in LDCs stands for creating equal economies, where every woman has equal access, equal agency and equal leadership within her community. UNCDF is committed to integrating a gender lens throughout its programmes and operations.

UNCDF aims to co-create innovative financing solutions to promote women's economic empowerment and overcome the barriers to gender equality. It will deploy innovative finance mechanisms to support women-owned MSMEs through grants, loans, guarantees and technical advice, to reduce the MSME ownership and credit gap and the gender digital divide. UNCDF supports local public and private partners to direct municipal finance towards the delivery of equitable and inclusive services and infrastructure, and develop dedicated financing mechanisms to unlock additional finance for investments in women's economic empowerment. UNCDF also will provide technical expertise to Governments to channel existing and catalyse additional public finance to gender equality commitments;

UNCDF aims to address the barriers to digital and financial inclusion of all women in LDCs by enhancing women's capabilities, enabling their access to digital and financial services and promoting gender-responsive infrastructure and essential services. UNCDF will support Governments to create an inclusive policy and regulatory environment that strengthens gender- intentional and -responsive policies and regulations, local development strategies, plans, budgets and governance structures.

In partnerships with UN-Women and the rest of the United Nations development system, UNCDF contributes to global policy and inter-agency processes related to women's economic empowerment and gender financing, building on its strategic positioning as co-lead of the Generation Equality Forum action coalition on women's economic justice and rights. In addition, UNCDF will continue its partnership with 100 Women in Finance to support the development of networks of female finance leaders in LDCs.

» RESULT 1:

Enhanced Technical Capacity of City Governments and Municipalities in Three Countries

The IncluCity Initiative aims to combat growing inequalities in cities through local capacity building, high impact infrastructure projects, technical expertise and funding, especially under the context of climate change and rapid urbanization. The IncluCity tools build on UN-CDF's experience in inclusive local transformative finance and women's economic empowerment, and prioritize a local approach for lasting systemic change, with a focus on the economic empowerment and well-being of women and marginalized groups. The program contributes to the commitments under SDGs 1, 5, 9, 10 and 11, with a particular focus on alleviating poverty among the most vulnerable populations. A pilot period is being carried out in three countries – Mbale City, Uganda; Narail City, Bangladesh; and Commune Gueule Tapée – Fass – Colobane, Senegal.

The tools developed under the IncluCity initiative – the City Score Card and Inclusivity Index – were used to select the pilot projects.

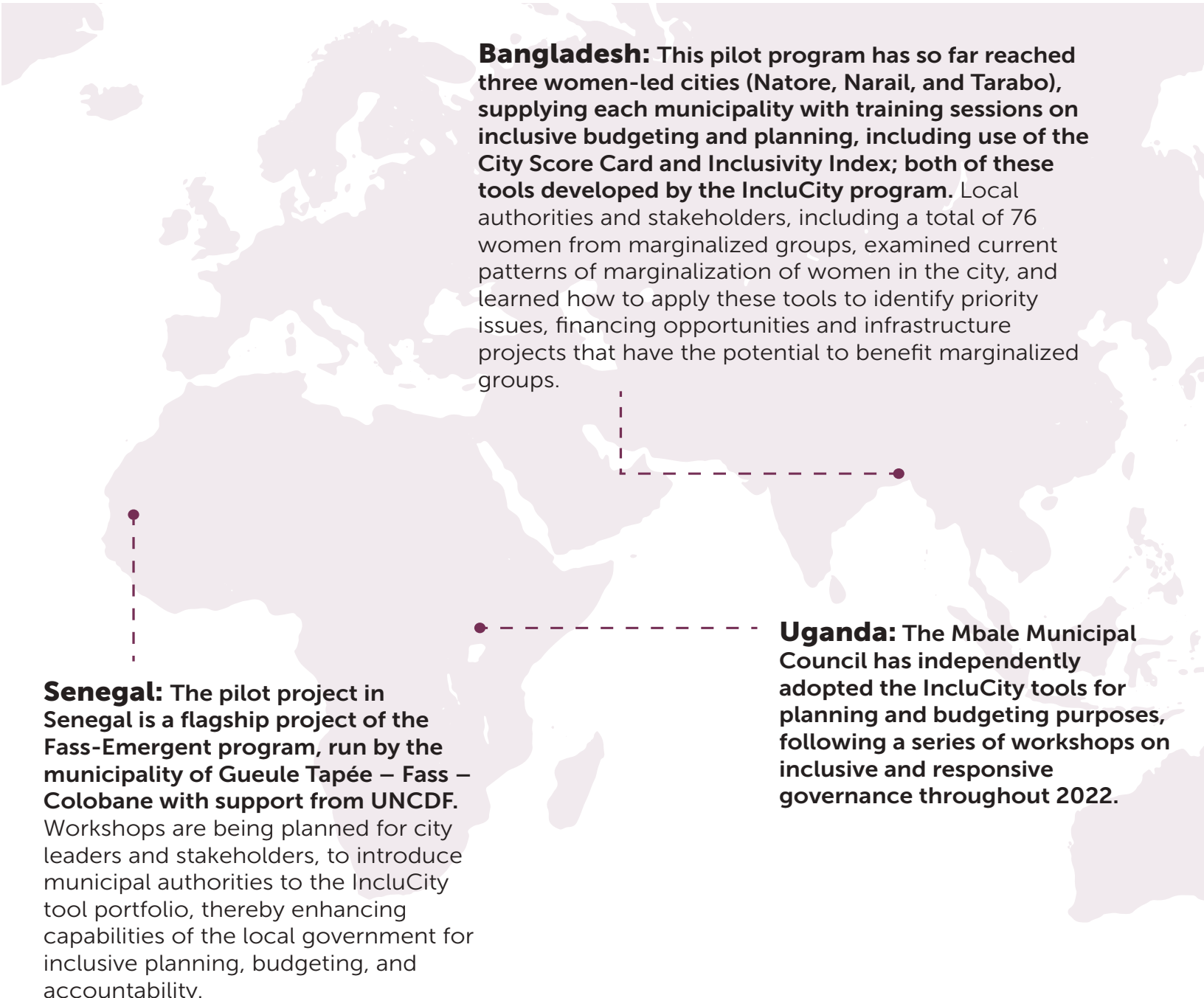
The Inclusivity Index, which is used for the ranking and selection of municipal investment projects based on priorities and benefits for marginalized groups;

The City Score Card, which is used to rank cities based on inclusion criteria and provide guidance to municipalities for bridging the gap between inclusion goals and finance agenda;

During 2022, the new tools (The City Score Card and Inclusivity Index) piloted together with city leaders, municipal authorities, and community stakeholder focus groups, have been finalized and are ready for publication and wider use in 2023. IncluCity continued to build and strengthen relationships and partnerships with municipalities, and city leaders to introduce inclusive diagnostic tools as well as gender responsive planning and budgeting systems.



Breakdown by Country



Bangladesh: This pilot program has so far reached three women-led cities (Natore, Narail, and Tarabo), supplying each municipality with training sessions on inclusive budgeting and planning, including use of the City Score Card and Inclusivity Index; both of these tools developed by the IncluCity program. Local authorities and stakeholders, including a total of 76 women from marginalized groups, examined current patterns of marginalization of women in the city, and learned how to apply these tools to identify priority issues, financing opportunities and infrastructure projects that have the potential to benefit marginalized groups.

Senegal: The pilot project in Senegal is a flagship project of the Fass-Emergent program, run by the municipality of Gueule Tapée – Fass – Colobane with support from UNCDF. Workshops are being planned for city leaders and stakeholders, to introduce municipal authorities to the IncluCity tool portfolio, thereby enhancing capabilities of the local government for inclusive planning, budgeting, and accountability.

Uganda: The Mbale Municipal Council has independently adopted the IncluCity tools for planning and budgeting purposes, following a series of workshops on inclusive and responsive governance throughout 2022.



» RESULT 2:

Pilot Grants to Select Cities in Three Countries with an Aim to Reduce Inequality and Vulnerability and Further Inclusive Local Financing and Investments

Breakdown by Country



Uganda: UNCDF in partnership with Mbale Municipality initiated the installation of five new water reservoirs with solar lighting – completed in late 2022 – thereby providing greater security for women and children and enhancing their resilience to climate change.

This investment fortifies the community against climate change impacts and reduces uncertainty surrounding future periods of irregular rainfall, drought, electrical outages and related shocks. While building climate resilience, this pilot project also significantly betters the quality of life of women and children, by reducing the amount of time spent on collecting water, making access more reliable, reducing disease vectors that are especially hazardous to children, improving safety through more lighting and shorter commutes.

Women and other marginalized community members have also been put in charge of management of the reservoirs, including the collection of service fees that go towards maintenance, water bills, and a savings fund for the collective. The increased availability of water due to this project has also lowered the cost for consumers; the cost of a jerrycan of water has been halved, while the amount of jerrycans filled per day has nearly tripled. With the increased usage, there's also higher revenue for the managing committee and municipality from the sale of water, despite lower costs.



Bangladesh: Construction of the Durgapur Growth and Sales Center for Marginalized Women, slated to be up and running mid-2023, will provide a marketplace with better working conditions and increased revenues for traditional, sustainable female artisans.

The Narail municipality donated the plot of land for this project, close to the Bhadulidanga para slum and serving this community well. Vending stalls and use of the entire marketplace will be allocated exclusively for women. Water and sanitation facilities, child-care areas, as well as secure storage units will be installed for the women to use while they work.

The intervention is expected to raise the incomes of the artisans, as they will have extended sales hours, a higher quality work environment, a place to store unsold products, and be able to control pricing and transactions directly. Having a permanent address for their businesses will benefit the women over the long term by allowing them to invest in their business with lower risk, and provide a location for larger buyers and suppliers to contact them. Craftswomen will also be a part of the management committee of the market, in charge of maintaining the infrastructure and handling fees and revenues.

With the assistance of the municipality, the UNCDF team mapped out and contacted vulnerable and underprivileged local female entrepreneurs and supported them in the creation of a women's cooperative group. The cooperative will now be able to provide its members with a variety of government incentives, including various training programs, SME loans, and other capabilities, due to the registration and legitimization with the municipality.





Senegal: The rehabilitation of the Soumbédioune fish market, executed jointly with the commune and UNCDF, strives to improve working conditions and revenues of local female fish vendors by renovating the existing marketplace. Marketplace renovations begun in November 2022, following a launch event attended by stakeholders, potential development partners, municipal authorities, and UNCDF team members.

Renovations will include a roof over the marketplace to allow for extended working hours, sanitation facilities and private rest stalls to create a higher quality work environment for the women, and a cold room for storage of fish products to mitigate wasted profits. 100 stands have been built, as well as the foundation for a roof, and the market is slated to be up and running by mid-2023. This was done in close coordination with local fisherwomen, who had a strong voice in design and implementation processes. The fisherwomen will also be able to be a part of the managing committee of the market, and trainings will be held to educate vendors on how to better processing and sales techniques, tap into the larger regional market, and increase incomes further going into the future.

» RESULT 3:

New Knowledge and Pilot Tools Developed, and Dialogue Initiated with Relevant Partners Including Female Mayors to Support Service Delivery and Inclusive Municipal Economic Development

Breakdown by Country



Uganda:

The initial infrastructure project and capacity building workshops for this pilot were completed in late 2022, and thus set the stage for future and ongoing IncluCity projects, as well as similar projects from partners and other institutions. As monitoring and evaluation in coordination with the municipality continues, this example will provide lessons in best practices for the other pilots and future initiatives.



Bangladesh:

The two tools were adapted for the local context and translated for easier use, and trainings have been carried out in three women-led cities. Municipalities now feel capable of applying the tools in their planning and budgeting to make these processes more responsive and inclusive



Senegal:

Future avenues for engagement with other development agencies in the region include using this project as a pilot for further renovations to fish markets, which exist all along the Senegalese coast and face similar challenges. Additionally, the Kingdom of Morocco is constructing a fishing wharf close to the market, and a collaboration for sharing of the cold storage and processing facilities is in progress.

» RESULT 4:

Provided Support to 11 Microfinance Institutions, Reaching 230,000 Clients in Myanmar

UNCDF provided support to 11 Microfinance Institutions (MFIs) reaching nearly 230,000 clients (97% women), under the Leaving No-one Behind Project with the support from the Livelihoods and Food Security Fund (LIFT). Given the new circumstances of the country—MFIs are experiencing a worrisome liquidity crunch, with portfolio-at-risk rates as high as 80%, and a deterioration of their group loan portfolio due to the impossibility of their clients to hold group meetings—UNCDF's technical assistance in 2022 focused on risk management, internal audit, financial accounting, delinquency management and individual lending.

Three of the 11 MFIs received specialized assistance to develop the operating framework to pilot new individual loans that reached a total of 175 clients (95% women). Three MFIs received financial support in the form of operating subsidies or portfolio capital to extend financial services to 6,700 clients (90% of them women).

» RESULT 5:

Supported digitization of 4,200 MSMEs in Nepal

UNCDF, with funding from the Swiss Development Cooperation, supported the digitization of MSMEs (Micro, Small and Medium Enterprises) in Nepal, particularly those led and/or owned by women, to accelerate economic recovery after COVID-19. UNCDF provided financial support and technical assistance to the MSMEs, preparing them for digital transformation and helping them access digital marketplaces to boost sales.

Together with two e-commerce platforms - Sastodeal and Thulo - and two industry associations - the Federation of Nepal Cottage and Small Industries (FNCSI) - UNCDF onboarded more than 4,200 MSMEs (65% women-led and/or owned) to the two e-commerce platforms and more than 3,700 MSMEs (65% women-led and/or owned) have received training on digital and financial skills. In addition to helping MSMEs gain digital access to new markets, this project has also helped to foster partnerships between these e-commerce platforms and different organizations/associations to take this initiative forward, even after UNCDF support. Further, the developed digital financial capability modules are localized and are being used as one of the resources by the federation to support MSMEs.

» RESULT 6:

Supported ~10,000 Farmers Through Ag Digitization in Nepal & Cambodia

UNCDF in partnership with Kheti in Nepal supported almost 8,000 smallholder farmers (27% women) to gain access to a larger marketplace to sell their products and provide them with access to high-quality Agri-inputs to support their agricultural production. As a part of this project, Kheti has partnered with NMB bank to facilitate collateral-free agriculture loans that leverage the digitized transactional data collected from the smallholder farmers. During the pilot, supported by UNCDF, 300 farmers (50% women) received collateral-free loans.

Further, in Nepal, through support from UNCDF, Jeevan Bikash Laghubitta Bittyta Sanstha (JBS) was able to sensitize 61,000 (98% women) rural smallholder farmers on Area Yield Index Insurance, which is an agricultural insurance that protects farmers against losses from perils such as wind-storm, frost, excessive rainfall, heatwave, hail, flood, drought, pest, and diseases.

This was done to minimize the barrier for the uptake of agricultural insurance by providing information about the insurance product and its benefits among smallholder farmers. Focus group discussions with smallholder farmers, conducted throughout the project, highlighted a low level of awareness of agriculture insurance, including crop insurance, livestock insurance and area yield index insurance. Therefore, training on the product's benefits and how to access and claim the insurance was designed to address the key gaps in knowledge, skills, and attitudes of potential clients.

In Cambodia, UNCDF partnered with Azaylla, a private company that improves food distribution systems in Cambodia powered by digital solutions. **With UNCDF's support, 1,254 farmers (51% women) digitized their sales in the platform and got connected to buyers that gave them better prices for their produce. In 2022, over US\$ 300,000 in sales were processed of which over US \$90,000 came from women farmers. This represents a 13% growth in comparison to 2021.**



» RESULT 7:

Collaboration with UN Habitat on Women Led Cities:

In collaboration with UN Habitat's SDG Cities Initiative, and EllImpacta business entity, UNCDF is developing the Women Led Cities (WLC) Initiative as part of the IncluCity project, bringing together female city leaders and businesswomen from around the world.

The joint initiative is an exciting new collaborative effort with the city governments especially female mayors to accelerate the achievement of SDGs and address gender inequality in urban centers. Women led cities will be a critical milestone to address gender inequality and increase social and economic opportunities for women and girls by improving their well-being, safety and security, and access to basic services and infrastructure.

The three pillars the initiative focuses on are economic empowerment, political empowerment, and safe urban living environments for women, with the overarching goal of **50% of leadership positions held by women and a 50% reduction in violence against women in the target cities.** These objectives will be achieved through female mayoral leadership building, innovative blended financing in inclusive urban infrastructure and women businesses as well as improved regulatory frameworks and gender responsive planning, budgeting and accountability systems in target cities.



IN FOCUS:

From US +\$2 Million to US +\$80 Million

The LMF-TF was launched in 2016 with an initial disbursement of USD 2.5 million from Sida. Since the launch of fund, the LMF-TF has grown to include nine donors with a total financing pool now exceeding USD 80 million.

The Swedish International Development Cooperation Agency (Sida) announced its financial commitment for 2023 & 2024 to the LMF-TF, amounting to USD 13~ million (SEK 138 million). Since the creation of the LMF-TF in 2022, the total contributions from Sida are valued at roughly USD 40 million (SEK 419 M).

The Grand Duchy of Luxembourg supported the LMF-TF for the second year in a row with a financial commitment of USD 1.7 million (EUR 1.5 million). Luxembourg's funding will be directed into the Climate, Energy and Biodiversity window of the fund, specifically towards UNCDF's work on locally led climate adaptation supported by the Local Climate Adaptive Living Facility (LoCAL). LoCAL is a standard internationally recognized mechanism that helps local government authorities in developing and least developed countries access the climate finance, capacity building and technical support they need to respond and adapt to climate change.



Sustainable Food Systems Finance

INTRODUCTION

SUSTAINABLE FOOD SYSTEMS FINANCE

To address the fragility of food systems in LDCs, structural transformation towards sustainable, resilient and equitable food systems is needed. Providing tailored sustainable finance solutions in the food security and nutrition sector will boost economic prospects, employment opportunities and livelihoods, especially for women and youth. UNCDF supports the piloting and delivery of financing solutions for municipal and SME investments in food systems that advance food security, mitigate the effects of COVID-19 and help reduce the risk of future shocks to benefit the poorest, most vulnerable and those furthest behind. It will provide the following types of support:

Promote public financing solutions and territorial approaches for investments in public infrastructure and services essential for sustainable food systems, such as irrigation schemes, roads and energy infrastructure;

Design, pilot and enhance innovative private or blended finance mechanisms for local food- supply-chain SMEs;

Increase access to capital for municipalities to strengthen urban food systems;

Promote digital solutions and innovation for improved access to finance and other services for local producers and value-chain participants (including for climate-smart agriculture);

Work with the United Nations development system and relevant stakeholders for integrated solutions that leverage UNCDF financing capabilities in support of sustainable local food systems.

» RESULT 1:

Provision of US\$200,000 To Enhance Access to Credit for Women-led Food Value Chain MSMEs

In Burundi, UNCDF provided US\$ 200,000, of which US\$ 150,000 was allocated to a Guarantee Fund and US\$ 50,000 was given to a Women's National Bank to make credit more accessible to women-led micro, small, and medium enterprises (MSMEs) in the food value chain. The funding targets MSMEs that are not guaranteed by the national guarantee scheme. The loan guarantee facility will allow UNCDF to share with the Women's Investment and Development Bank (BIDF) the credit risk of lending to women owned MSMEs. It will also reduce collateral requirements as women in Burundi are less likely to own land (real estate) and substantial assets to constitute loan collateral. **This initiative is expected to lead to reduced food loss and expand local fiscal space in remote rural areas.**

» RESULT 2:

Reimbursable Grant for Local Food Supply Chain Development in Bangladesh for 5,000 Farmers

UNCDF in Bangladesh provided a reimbursable grant to GUKIEL, a non-government organization-led social enterprise for a local food supply chain development project in the amount of USD 45,667. UNCDF also provided a catalytic grant of USD 28,468 to unlock local bank finance for the GUKIEL. **This project led to the establishment of a Storage and Marketing Hub for 5000 farmers engaged in the production of bio-fortified and micro-nutrient-enriched, Orange-Fleshed Sweet Potato. Approximately 60% of these farmers are women.**





VIII. ANNEX - The Better Than Cash Alliance

“The Better Than Cash Alliance Accelerating the Transition to Responsible Digital Payments and Reaching Financial Equality”

The Better Than Cash Alliance, whose secretariat is hosted by UNCDF, is a partnership of 80 governments, companies, and international organizations that accelerates the transition from cash to responsible digital payments to help achieve the SDGs. In 2022, the Alliance launched its new 2022-2025 strategy **“Scaling Responsible Digital Payments to Accelerate the SDGs and Reach Financial Equality for Women”**. We have committed **75%** of Alliance Secretariat’s advisory funding to **gender-intentional activities**, having reached already **80% in 2022**.

Breakdown by Country



In Colombia: The Alliance has worked with the government to reach 3 million households with the Covid-19 emergency payments scheme 'Ingreso Solidario'. More than 1 million households were financially included, over 60% headed by women. In 2022, the government extended 'Ingreso Solidario' to an additional 1 million households, reaching a total of 4 million households.

In Senegal: The Alliance Secretariat has been working with the Universal Health Coverage Agency (ACMU) on its "Stratégie de vulgarization multicanale de la CMU". The goal is to extend health insurance to 100% of the population by 2030. In 2022, digital payments were made for 1,600,000 people (source: ACMU) to be digitally enrolled to healthcare; ACMU further committed USD 5 million to accelerate the strategy roll out.

In Ethiopia: The ongoing implementation of the National Digital Payments Strategy, developed in partnership with the Alliance, contributed to:

- Over 20 million new mobile money accounts opened in 2021/2022.
- Digitization of agriculture payments with the Ethiopia Tea and Coffee Authority, including increasing farmers' climate resilience.
- Prioritization of data automation for gender-disaggregated data from financial sector.

In Bangladesh: The Government of Bangladesh and the Alliance Secretariat collaborated on the National Digital Payments Roadmap 2022-2025 and a Digital Payments Diagnostic, launched on Independence Day 2022. The roadmap focuses on five priority sectors: retail, garments, agriculture, healthcare and education; implementation prioritizes merchant payment digitization and the use of gender-disaggregated data.

In Rwanda: The Government of Rwanda and the Alliance Secretariat are working to increase the digital enrollment of citizens to the long-term savings scheme Ejo Heza. The government target of 2 million active citizens enrolled by 2024 has already been exceeded - reaching nearly 2.5 million in 2022 (Source: Government of Rwanda).

Accelerating farmers' financial inclusion by bringing together regulators from all over the world to digitize agriculture payments, with a focus on women farmers:

The Alliance Secretariat facilitated an in-person peer exchange with participation from coffee, cocoa, and tea regulators from Ethiopia, Ghana, Guatemala, Malawi, Rwanda, and Uganda, and the AfCFTA Secretariat. All countries made commitments to further advance deployment of responsible digital payments, including specific commitments on launching payments digitization initiatives for farmers in two countries.

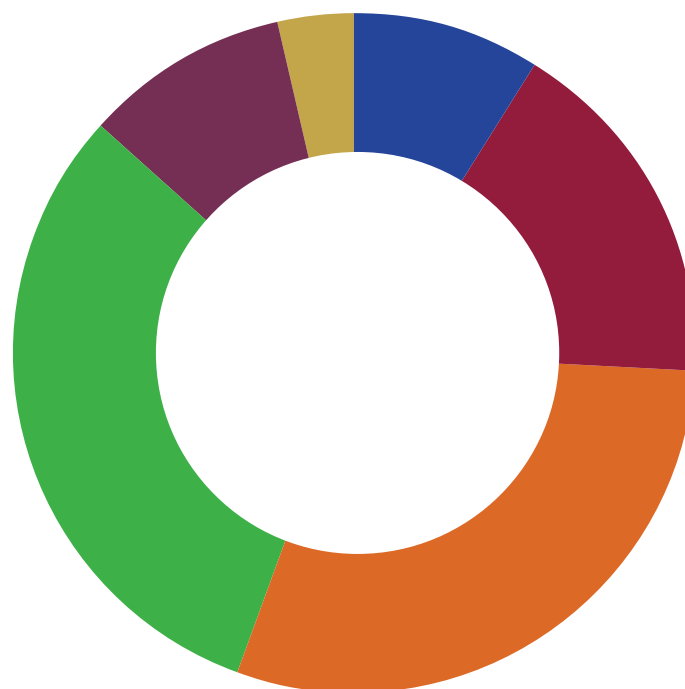
African Continental Free Trade Area (AfCFTA): The Alliance Secretariat is now working with the AfCFTA Secretariat on its Protocol on Digital Trade and the facilitation of cross-border payments in Africa, aiming to increase economic opportunities and financial inclusion for all 1.4 billion people on the continent, especially for women traders at the borders.

IX. Preliminary Financial Expenditures for 2022

Financial Expenditure by Thematic Window in USD

Note: All figures are preliminary and unaudited, dated March 31, 2023, which may reflect discrepancies from actual disbursements. Final official figures will be shared before the end of the year through official statement of accounts.

Note: Loans and guarantees are not included in the expenditures.



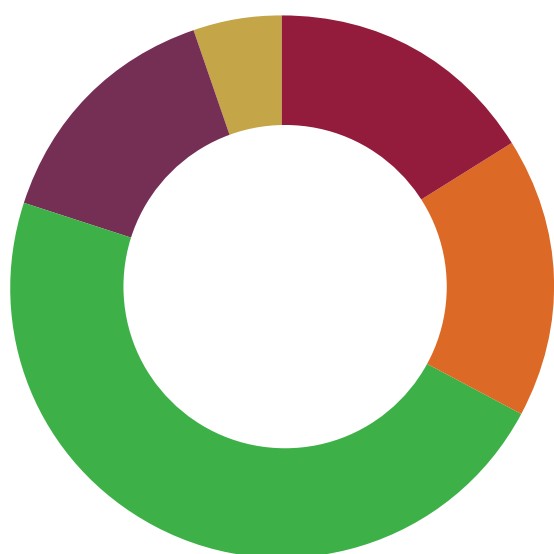
THEMATIC WINDOW

EXPENDITURE IN USD

	Financial Innovation	1,251,900
	Inclusive Digital Economies	2,320,942
	Local Transformative Finance	4,127,408
	Climate/Energy/Biodiversity Finance	4,290,100
	Women's Economic Empowerment	1,329,988
	Sustainable Food Systems Finance	477,771

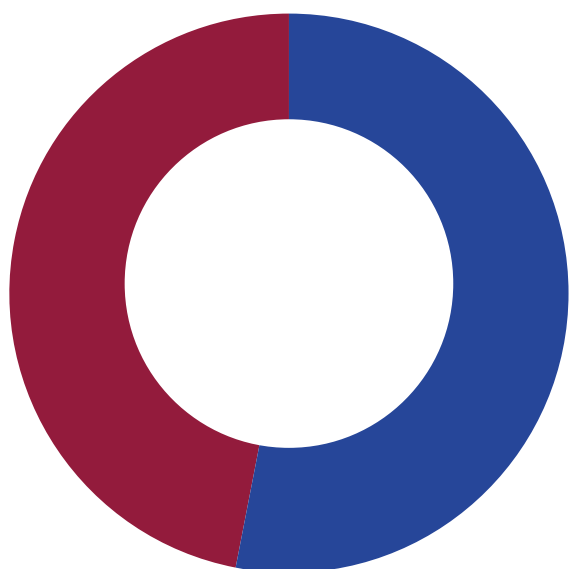
Multi-Window Disbursement by Funder

Swedish International Development Cooperation Agency (Sida)



THEMATIC WINDOW	EXPENDITURE IN USD
Inclusive Digital Economies	1,465,462
Local Transformative Finance	1,514,351
Climate/Energy/Biodiversity Finance	4,284,243
Women's Economic Empowerment	1,329,988
Sustainable Food Systems Finance	477,771

The Kingdom of the Netherlands



THEMATIC WINDOW	EXPENDITURE IN USD
Financial Innovation	898,544
Inclusive Digital Economies	787,245

Norwegian Agency for Development Cooperation



THEMATIC WINDOW	EXPENDITURE IN USD
Financial Innovation	281,205
Inclusive Digital Economies	68,235
Local Transformative Finance	62,083



Single Window Disbursement by Funder

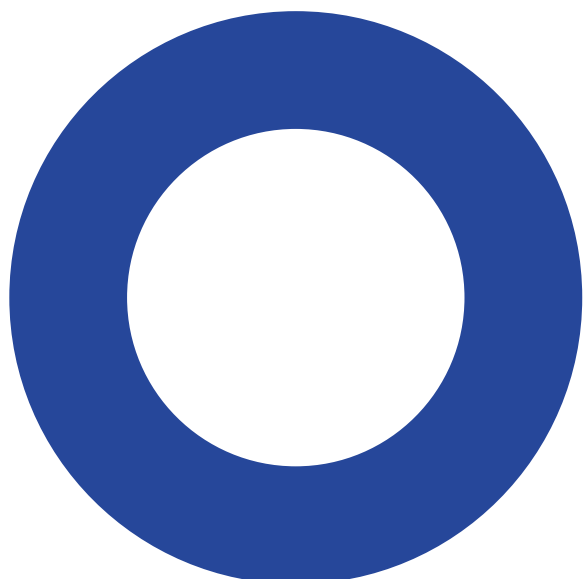
Swiss Agency for Development and Cooperation



THEMATIC WINDOW	EXPENDITURE IN USD
Local Transformative Finance	2,550,974

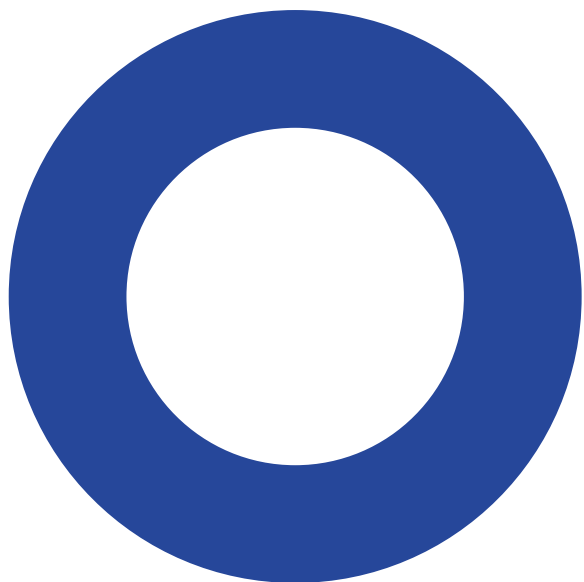
Note: Subsequent research indicated that SDC also contributed into the Inclusive Digital Economies thematic window. This will be reflected through the Official Statement of Accounts provided before the end of 2023.

Korean International Cooperation Agency (KOICA)



THEMATIC WINDOW	EXPENDITURE IN USD
Financial Innovation	65,007

Nederlandse Financieringmaatschppij Voor Ontwikkelingsladen N.V. (FMO)



THEMATIC WINDOW	EXPENDITURE IN USD
Financial Innovation	5,973

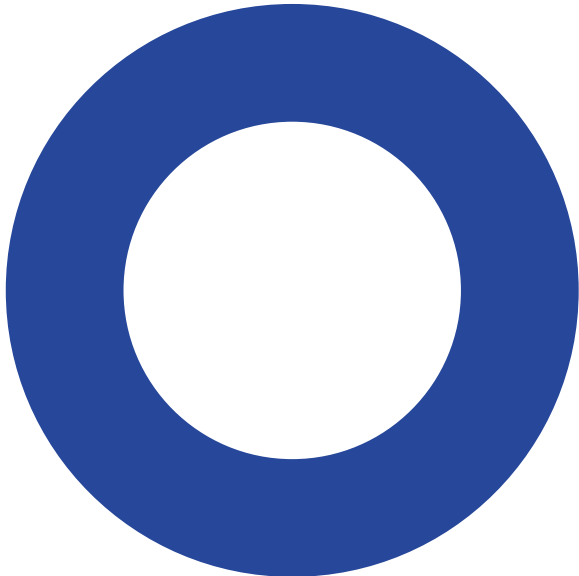
Government of Andorra



THEMATIC WINDOW	EXPENDITURE IN USD
Climate/Energy/Biodiversity Finance	5,857



The Principality of Lichtenstein



THEMATIC WINDOW	EXPENDITURE IN USD
Financial Innovation	1,171