

May 27, 2021

LAST MILE FINANCE TRUST FUND: LMF-TF Annual Presentation of Results 2020



Unlocking Public and Private
Finance for the Poor

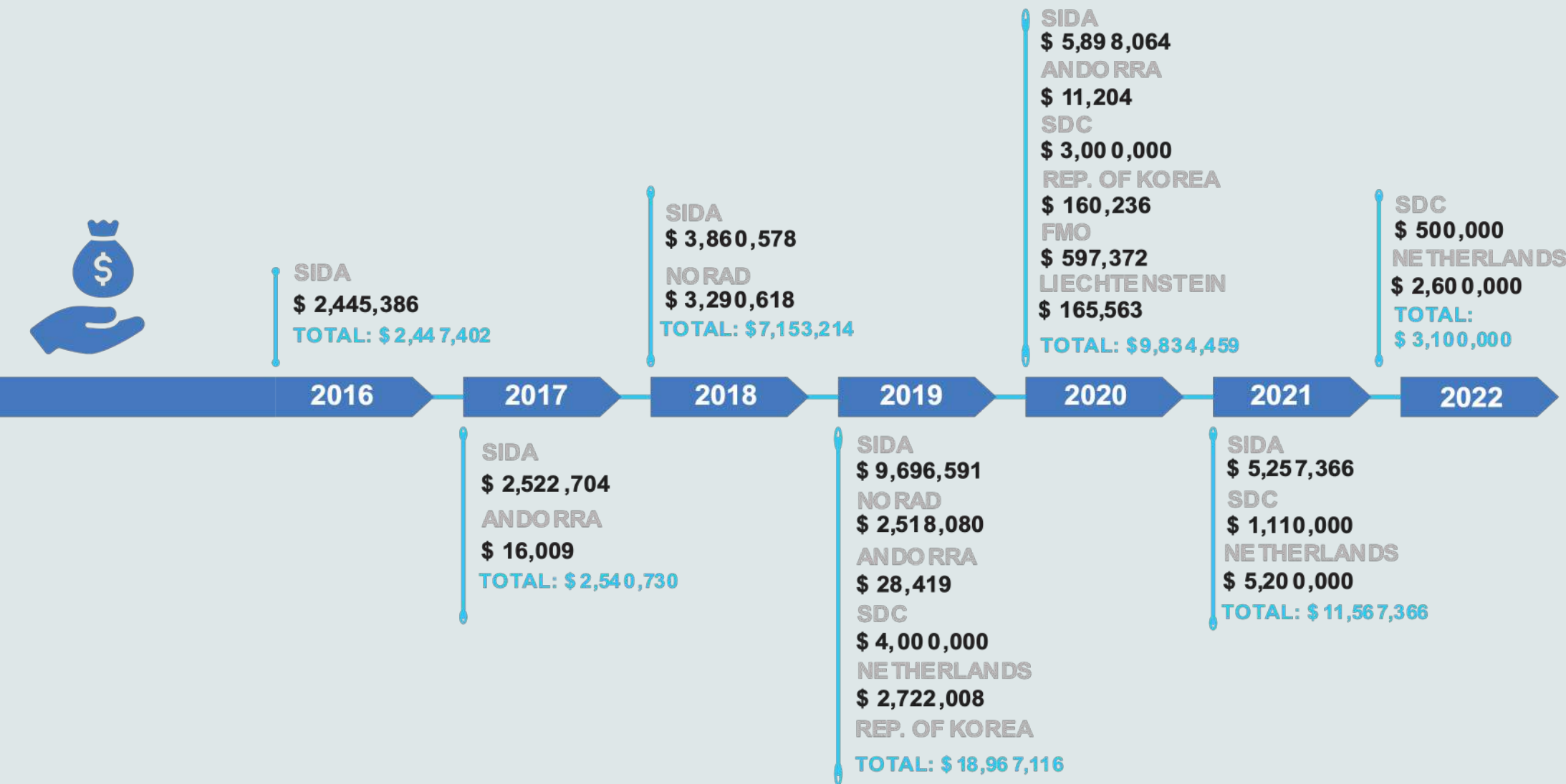


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BRIEF OVERVIEW: FIVE YEARS OF THE LMF-TF

Overview of the Last Mile Finance Trust Fund (LMF-TF)

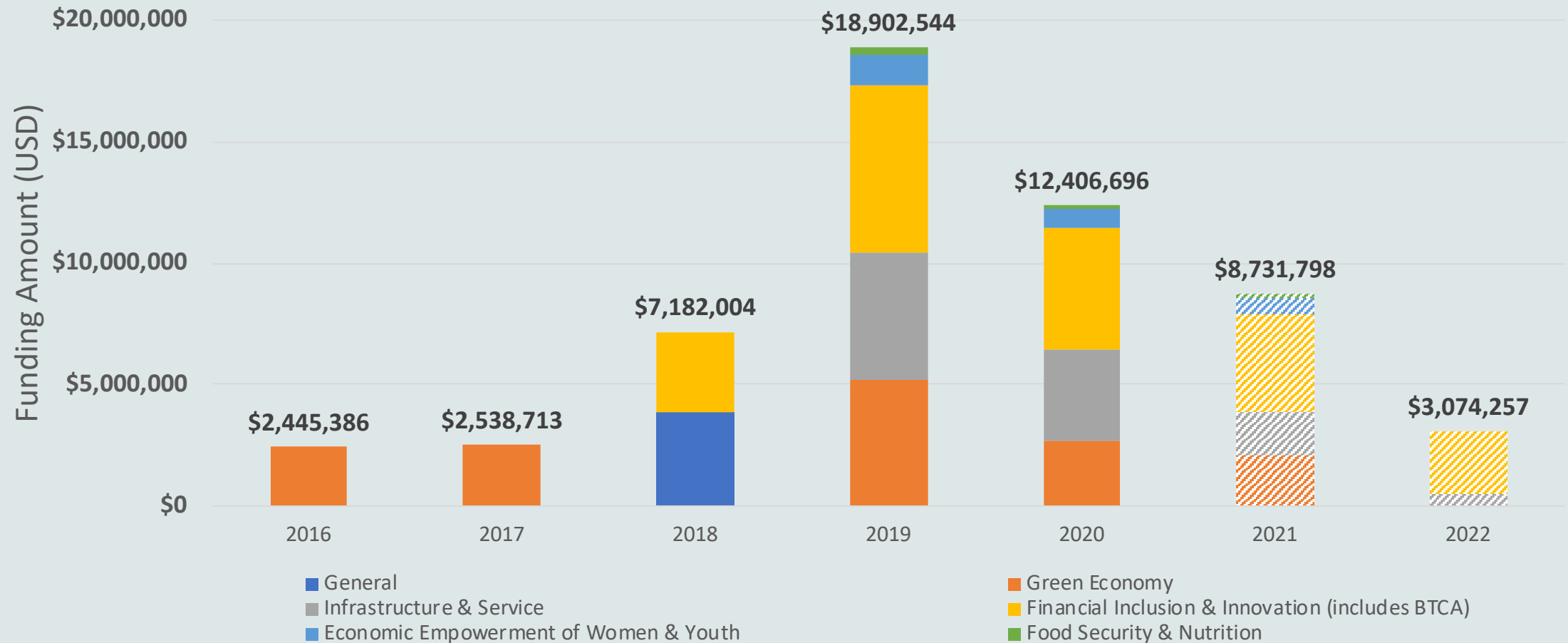
From US\$ 2.45 million and one anchor donor (Sida) to eight donors and over US\$ 55 million in total funding



LMF-TF By the Numbers

Figures are broken out by thematic window

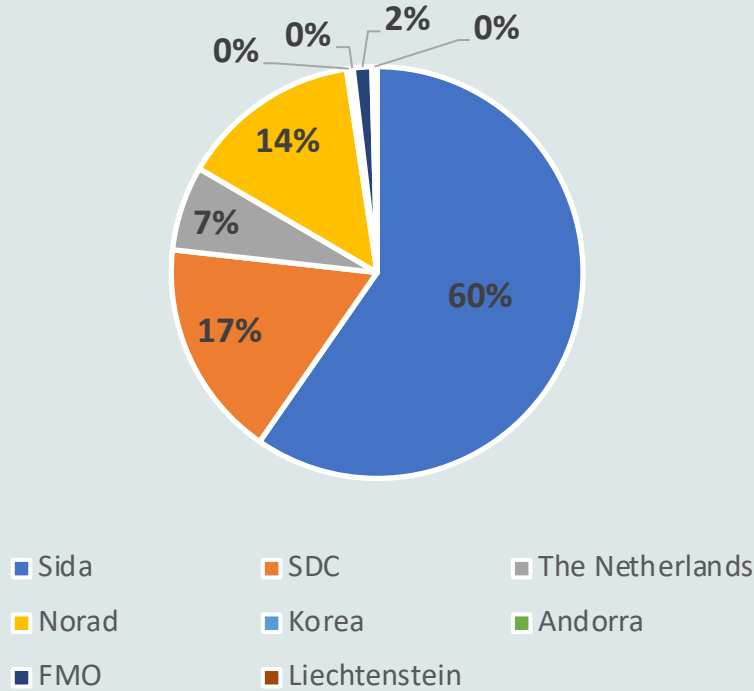
Committed Capital by Year and Window 2016 – 2022



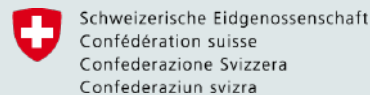
LMF-TF By the Numbers

Figures are broken out by thematic window

Funding Amount by Donor 2016-2020



Donor	Funding Amount 2016-2020 (USD)	Committed Capital 2021 – 2022 (USD)
Sida	24,423,323	5,257,366
SDC	7,000,000	1,610,000
The Netherlands	2,722,008	7,800,000
Norad	5,808,697	0
Korea	160,236	0
Andorra	55,632	0
FMO	597,372	0
Liechtenstein	165,563	0
Total	40,932,831	14,667,366



Growth Areas for the Future

UNCDF has outlined three priorities to enable strengthen the trust fund to support SDG achievement



Align Thematic Windows with strategic framework:

The LMF-TF operates on the basis of the original five thematic windows. Yet LMF-TF's work has expanded in scope and depth since 2016, while the challenges of sustainable development have become more complex. In consultation with our donor partners, we will work to repurpose the existing thematic window framework to reflect these new realities.



Reach more LDCs:

As an organization, UNCDF worked in 39 LDCs in 2020. Yet much of this was project presence only, not the robust on-the-ground staffing that would enable UNCDF to offer full strategic assistance to LDC governments. UNCDF will work to expand its country presence to all LDCs and make its tools and capacities available to meet country demand.



Focus on Scale:

The LMF-TF has consistently supported UNCDF innovations with the greatest potential for scale. Along with our donor partners, UNCDF will leverage the trust fund as an enabling engine for UNCDF's most promising projects.



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GREEN ECONOMY

Result #1: 304 Local Governments Engaged and 595 Adaptation Investments

As of December 2020, LoCAL is Active in 27 Countries (14 in operation, 13 in Design/scope phase)



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As of 2020, LoCAL has engaged with 304 total local governments (24 new local governments in 2020, or 9% increase over 2019) and 595 small scale adaptation investments were realized through the performance-based climate resilient grant system.

Overall, LoCAL has financed 1,686 investments, reaching more than 2.7 million direct beneficiaries.

Result #2: Resource Mobilization and Direct Access to International Climate Finance

- LoCAL countries (Bhutan, Benin, Cambodia, Mali, Niger and Tanzania) have nominated a national entity for accreditation to GCF, engaged with LoCAL.
- The FNEC of Benin and NCDD-S of Cambodia were accredited as a GCF National Implementing Entity in 2019 and Bhutan TFEC in 2020, with LoCAL support. They are preparing further national scale-up through direct access, as is Uganda.
- 4 LoCAL countries have submitted a proposal to the GCF through a Regional Accredited Entity (BOAD) for direct access (100 local governments). 4 more are preparing with SPC.
- LoCAL is supporting the preparation of a USD 175 million portfolio to GCF with more to follow.



Result #3: 504,870 Clean Energy Projects Sold in Uganda

Estimated to offset 650,000 tonnes of Co2 over lifetime of projects, benefitting 2.6 Million People

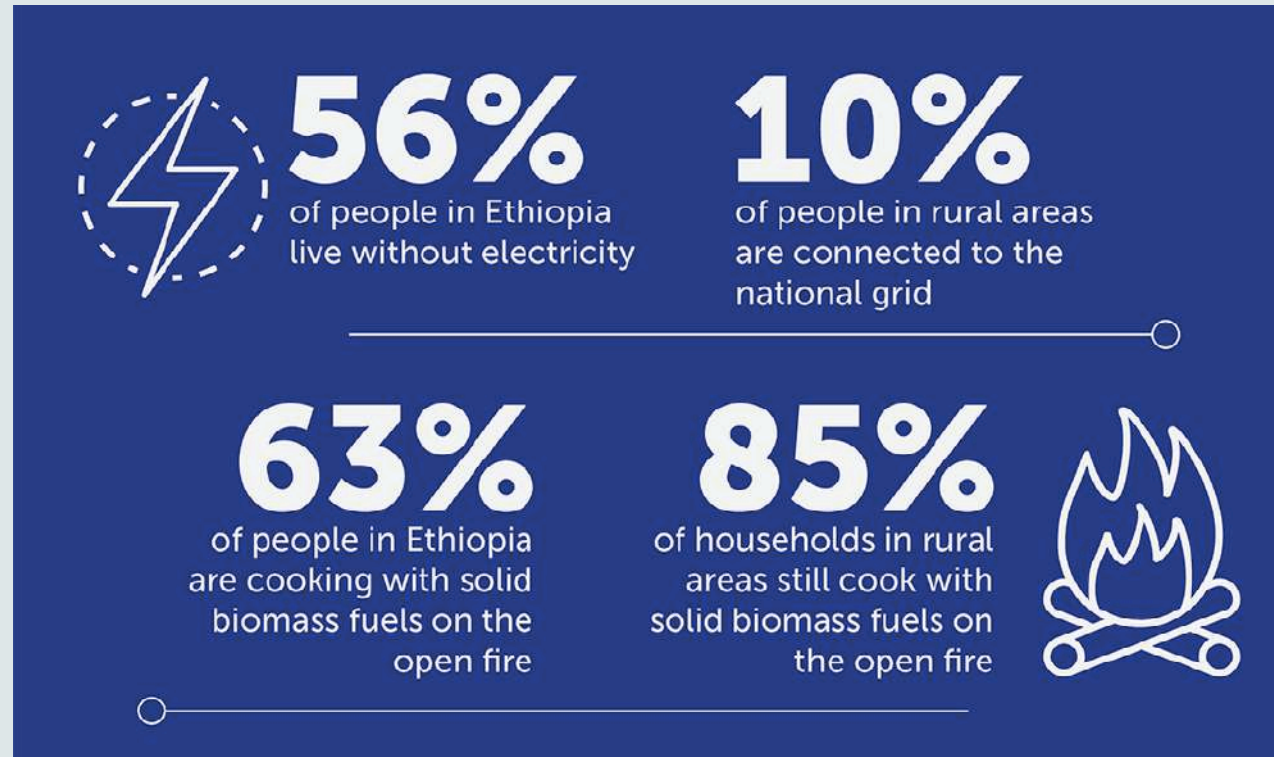
UNCDF's Inclusive Digital Economies Energy portfolio of clean cooking and solar partners (partners collaborating with UNCDF through our Renewable Clean Energy Fund) sold 504,870 clean energy products in 2020.

This includes consumer use assets such as improved cookstoves, liquefied petroleum gas (LPG) units, and biogas digestors. The figure also includes solar products serving as productive use assets (assets intended to promote economic growth, generate jobs and increase the affordability of an energy service) such as refrigerators, water pumps, and milling machines. Additionally, 4,979 tonnes of briquettes were sold to households, institutions and commercial entities.



Result #4: Over 110,000 Clean Energy Products Sold in Ethiopia Using Credit Risk Facility

Leveraged credit risk facility in partnership with UNDP & Government of Ethiopia



In 2019, UNCDF's Inclusive Digital Economies Energy portfolio started a credit risk guarantee facility in Ethiopia in partnership with UNDP, the Development Bank of Ethiopia, and the Ministry of Water and Energy of Ethiopia. In 2020, over 110,000 additional energy products (66% improved cooking stove technologies and 34% solar technologies) were sold by partner SMEs.



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FOOD SECURITY

Result #1: From Grant Based Food Security Investments to Blended Finance



- UNCDF Food Security Impact Assessment Framework was applied by the Support to Agricultural Revitalization and Transformation (START) Facility to finance 17 agricultural value adding projects, including to address Covid19 impacts in Northern Uganda.
 - The FSN approach provides the impact assessment framework of the Local Finance Initiative (LFI) to increase the effectiveness of financial resources for food security and nutrition (FSN) through the mobilization of primarily domestic finance for agriculture projects.
 - The FSN approach is also being adapted to support the Municipal Investment Program (MIF) to enable access to capital for food security investments in river basins in alignment with the Blue Peace Initiative, focusing on critical links between water management and food security.
- * Key policy engagement efforts during 2020-2021 in UN Food Systems Summit: introducing game-changing solutions and participating in a Thematic coalition; advocacy efforts for Urban Food Systems, Territorial governance and Increasing Women's Agency for Resilience



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ECONOMIC EMPOWERMENT OF WOMEN & YOUTH

Result #1: 807 Savings Groups, 18,000+ Members, US\$ 728,000 in Assets in Tanzania

Total assets increased by 32%, equaling just under US\$ 177,000

In 2020, UNCDF supported 807 savings groups with 18,737 members (12,689 women; 2,220 youth under 25; 7,176 refugees). During this time, assets (funds and profit savings and profits from internal lending) held with savings groups of refugees and host communities grew by 32% from US\$ 552,085 (1 January 2020) to US\$ 728,903 (1 January 2021).

As savings increased, more savings group members (68% women; 38% refugees) became eligible for member loans and improved their resilience. A midterm evaluation conducted in May (comparing the first semester of 2020 to baseline data from December 2019) on 1,236 savings groups members in the host community (70% women, 12% youth under the age of 25) found that through participation in savings groups and digital-financial-literacy activities, 51% of members were able to start or expand their businesses; meet education and food expenses; and start participating in vocational trainings that helped them increase agricultural yields (+29%).



Result #2: Consolidating LD's WEE Financing Experiences



2020 WEE Achievements



1. Tested WEE Financing Toolkit for LDCs



2. Financing women SMEs/gender responsive businesses/social enterprises – 17 deals (\$1.7 million disbursed)



3. Local Financing mechanisms including funds and guarantee schemes with local banks – FONISIS, Bangladesh, Cambodia, Mali.



4. Financing local infrastructure projects to support local women businesses and female entrepreneurs

5. Financing women led LG institutions to promote women's economic empowerment and local businesses



25 WEE investments since 2018 with total grant/loan amount of **\$3.04 million unlocking \$4.6 million locally.**



WEE Investments centered around women and their needs: leadership, participation in company governance, safe working conditions, child-care, gender responsive HR policies.

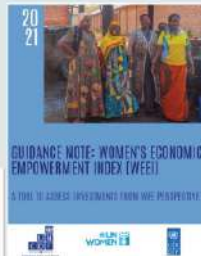


Comprehensive Toolkit on WEE Financing:

- Technical paper on WEE Financing in LDCs
- Gender Responsive Local Economic Assessment (LEA)
- Women's Economic Empowerment Index (WEEI)
- LG Training Module on WEE

Women SME Financing/post Covid-19 recovery

- Continued support to existing financing mechanism with local partners (BB/FONISIS/Camb.)
- Dedicated initiative for a gender responsive local Economic recovery-UNDP
- WEE Financing tool for economic recovery- Handbook (UNDP/UCLG)

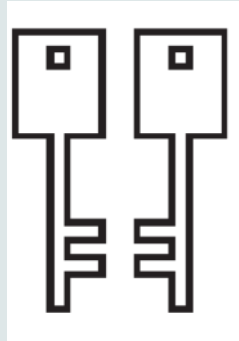




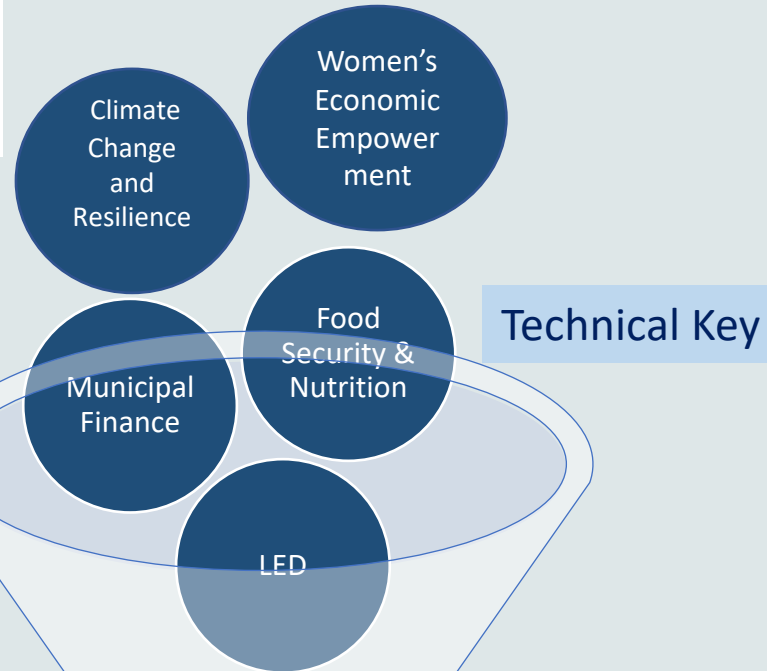
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INFRASTRUCTURE AND SERVICES

Result #1: 110 Projects Passed Through Dual Key as of December 2020



Dual-key system:



Dual Key system: A multi-factor analysis for an investment's financial potential and impact sustainability to unlock both the financial key and the technical key

*Latest data from the Dual Key Database which is a dynamic system and being updated in real time

From the inception of the Dual Key up until 2020, **110 Investments** completed the LD Dual Key process to reach investment ready stage.



Between 2018- 2020, UNCDF committed and disbursed a sum of **\$9.1 million** in financing to support implementation of the programme in participating countries.



This financing has resulted in unlocking the flow of capital to invest towards local development. By the end of 2020, a total of **\$21 million** in cumulative additional capital was unlocked from various private and public sector sources.



In 2020 the Dual key investment committee approved **64 investments** and **over \$5 million** was disbursed by UNCDF. This financing has resulted in unlocking a total of **\$6 million**.

34 of these investments were emergency response for SME's during COVID (Senegal, Bangladesh , Tanzania etc.).

Result #2: Over US\$ 20 Million in Additional Capital Catalyzed

Concessional loans, seed capital grants, partial loan guarantees, and technical assistance were deployed to unlock additional capital from the private and public sectors.



City of Mamou Solid Waste Management - Guinea

Impact Theme: Local Economic development and Environmental Sustainability.

- Aims to set-up an integrated PPP for the collection and transportation, treatment and landfilling of waste.
- Improve waste management practices in the city, reduce the negative impacts on human health and the risks of environmental pollution.
- Won 'Best Practice' for UNECE compendium of Practices to Finance Sustainable Smart Cities Projects 2021.



Pristine Foods Limited (PFL) - Uganda

Impact Theme: Local Economic Development and Food Security

- Through UNCDF's support, Pristine foods was able to support smallholder poultry farms that lacked the means to foster and maintain steady supplier-buyer relationships
- By leveraging a catalytic UNCDF 50 per cent partial loan guarantee of \$226,900, Pristine Foods Ltd raised an additional \$650,000 in debt capital from the Yield Fund.



ESDO Cheese Factory – Bangladesh

Impact Theme : Women Economic Empowerment

- UNCDF Funding of \$60,000 is used to construct infrastructure and facilities for value addition in local cheese production in Bangladesh.
- The project benefits more than 4000 women through women-led dairy farming enterprises, and their highly skilled cheese artisans, who tend to come from marginalised communities.

Result #3: Launch of the Freetown/Blue Peace Initiative

Blue Peace seeks to introduce innovative financing of transboundary and multi-sectoral water cooperation to support circular economies as well as to promote peace and stability



The vision of the Freetown/Blue Peace initiative is to construct reliable water, sanitation and hygiene facilities (WASH) and deliver safe, affordable, sustainable water to the residents of Freetown. The initiative also pilots a model for financing sustainable water production and consumption in the world's least developed countries (LDCs) by exploring new variations on municipal bonds.

Result #4: Preparation of 6 Municipal Projects for the International Municipal Investment Fund Technical Assistance Facility (IMIF-TAF)

The TAF is donor funded and aims to provide a full pipeline of local government investment opportunities in developing countries

Location	Project
Porto Novo, Benin	Autonomous and Connected Network of Public Lighting
Telita, Moldova	Industrial Park
Kumasi, Ghana	Addressing decongestion portfolio of three project <ul style="list-style-type: none">• Rapid Bus Transportation system• Multi-Story Parking Lot• Redevelopment of a retail market
Sao Tome, Sao Tome and Principe	Rehabilitation of Municipal Market
Chefchaouen, Morocco	Modernization of Public Lighting
Jambi, Indonesia	Public Bus Transportation (Green Urban Transport)

In 2020, UNCDF formed the Technical Assistance Facility in support of the IMIF (IMIF-TAF). The TAF is designed to be modular in nature and will work with affiliated TAF funding sources to ensure projects are fully financed. The TAF will also offer technical support to prepare the policy and regulatory environment for municipal finance.

In January 2020, UNCDF held the first investment committee for the TAF, which approved the first batch of municipal projects that will receive technical assistance in order to be prepared for investment.

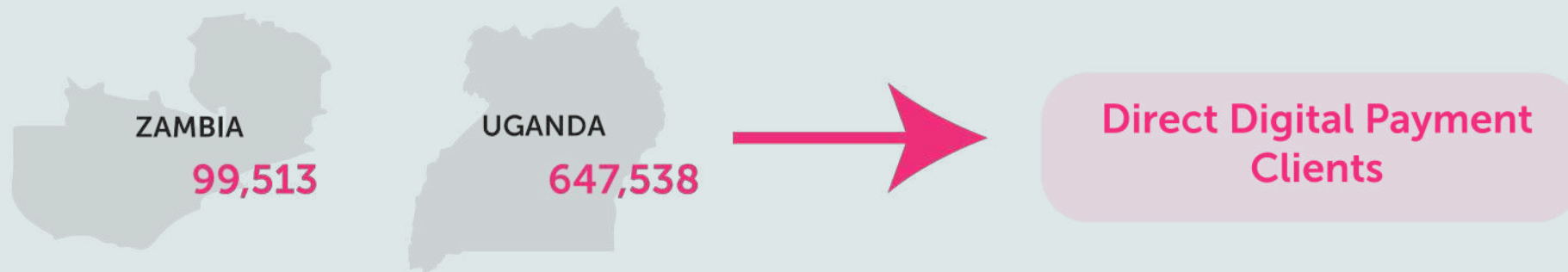


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FINANCIAL INCLUSION AND INNOVATION (INCLUSIVE DIGITAL ECONOMIES)

Result #1: 747,069 Direct Digital Payment Clients Served in East and South Africa

Financial inclusion driven by advancing market development towards an innovation ecosystem



Through its engagement with start-up incubators and innovation hubs, UNCDF supports the strengthening of an enabling environment for fintech companies and, more broadly, the innovation ecosystem as a whole. In 2020, UNCDF in the East and South Africa region supported 747,069 direct digital payment clients.



Result #2: Deploying the Inclusive Digital Economies Scorecard (IDES)

An essential tool in UNCDF’s Leaving No One Behind in the Digital Era strategy

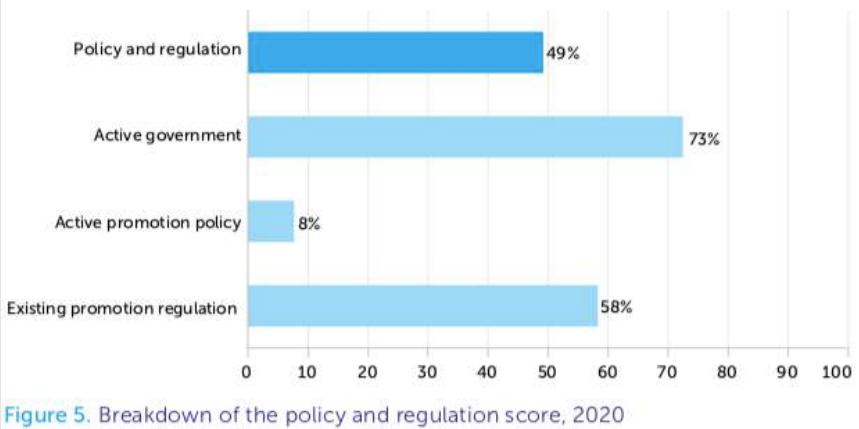
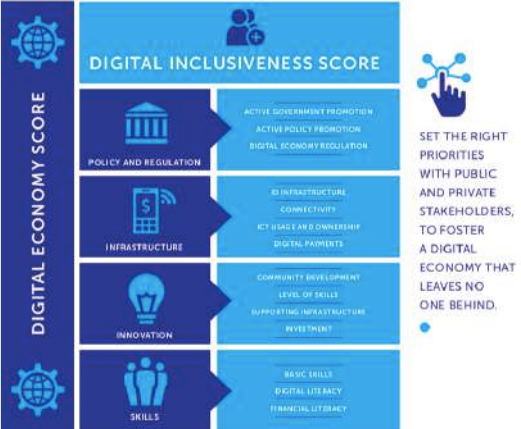


Figure 5. Breakdown of the policy and regulation score, 2020

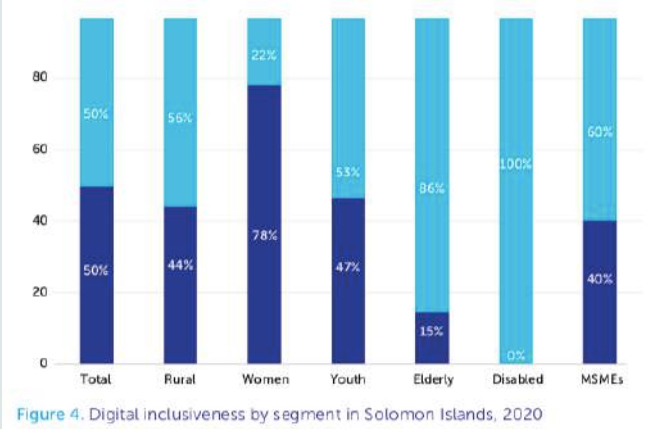


Figure 4. Digital inclusiveness by segment in Solomon Islands, 2020

Building on its work in promoting financial and digital inclusion, UNCDF has developed a policy tool that governments can use to measure the development of, and help set priorities for, their country’s digital transformation: the Inclusive Digital Economy Scorecard (IDES).

The Scorecard provides national authorities and private sector partners with insights into key market constraints that hinder the development of inclusive digital economies. It also help to advance key priorities to ensure that no one is left behind in the digital economy.

In 2020, UNCDF piloted the scorecard in 4 countries – Burkina Faso, Nepal, Solomon Islands, and Uganda – in partnership with the national authorities - and started expansion in an additional 9 countries. UNCDF’s objective is to use IDES in 28 countries in Africa, Asia and The Pacific by the end of 2021.

Result #3: Piloting Last Mile Finance Models to Support the Real Economy

Leveraging a market development approach, UNCDF worked to advance inclusive innovation at the country level



MYANMAR



NEPAL



UGANDA



TANZANIA



ZAMBIA

UNCDF partnered with ModusBox to **design an interoperable platform that allowed MFIs to integrate their core banking systems to a common platform.** UNCDF was able to attract an additional USD 2.5 million in funding from the Bill and Melinda Gates Foundation to scale up the platform to include additional use cases.

UNCDF **designed & deployed a 'Knowledge & Education Platform' to build capacities and empower targeted segments to make informed decisions.** The initial project targets 25,000 dairy farmers in Nepal and aims to bring about behavior change and adoption of DFS.

In Uganda, UNCDF is a co-founding partner of Start-up Uganda, the industry association for innovation enablers in Uganda. Start-up Uganda was established in 2019 to convene innovation enablers in response to an increasingly fragmented ecosystem. **With the support of UNCDF, Start-up Uganda strengthened the capacity of 20 innovation hubs and start-up incubators in running acceleration programs.**

In 2020, UNCDF conducted a mapping of the fintech landscape in Tanzania in partnership with the ICT Commission and Sahara Ventures, one of the leading innovation hubs in Tanzania. The study maps out and profiles the fintechs currently operating in Tanzania, the challenges and gaps they face, and the opportunities.

In Zambia, **UNCDF and BongoHive Innovation and Technology Hub partnered to launch the FinTech4U Accelerator Programme for businesses in the Fintech and DFS industry that target underserved population segments and contribute to the SDGs.** The active client base of the firms has quadrupled since participation in the programme commenced, and the piloted solutions have 4500 active users.

Result #4: Deepening National Financial Inclusion Policy Implementation



Responded to strong demand for evidenced based national strategies, expanded tracking of NFIS, developed thematic market diagnostics supporting linkages between financial inclusion and the real economy as the engine of inclusive growth.

- Implementing change:** Continuing to actively support NFIS implementation in 14 countries in Africa and Asia. Increased focus on generating real improvements in people’s lives with over 40 projects, strengthening MAP’s contribution to UNCDF’s internal results and reporting framework for the SDG’s.

- Ensuring evidenced based decision making:** Continued strong demand for national financial inclusion diagnostics with 3 Refreshes concluded in 2020, and 5 more kicked off. The evidence-based process and stakeholder dialogue identify key drivers of financial inclusion and recommended action.

- Enabling government accountability on implementation:** Developed guidance note on monitoring FI progress for ASEAN Working Group on Financial Inclusion. Coordinated data collection and published Progress reports for SADC and ASEAN regions, including onboarding 9 ASEAN member states to collect data. The ASEAN Regional M&E report was officially endorsed at the 2020 ASEAN Finance Ministers and Central Bank Governors’ Meeting.

- Collaborating towards the SDGs:** Leveraging representative financial inclusion datasets, co-published 5 Clean Energy market diagnostics and Synthesis with UNDP to enable MSME productive investments. Livelihoods data partnership with the World Bank in Nepal, supporting NFIS implementation.

- Strengthening impact:** Financial inclusion need to contribute meaningfully to sustained improvement in livelihoods in support of the sustainable development goals. MAP Insight Series 3 provides tools to ensure that interventions impact on livelihoods, informed by the real economic needs of vulnerable populations.

- How households cope with risk:** Partnered with the London School of Economics to analyze data on 65,916 households from sixteen developing countries across Asia and Africa to understand insurance usage, risk mitigation and sustainable development.





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FINANCIAL INCLUSION AND INNOVATION (LDC-INVESTMENT PLATFORM)

Result #1: 18 Loans & 3 Guarantees Made; 45% Growth Year on Year

Loan portfolio value: US\$ 3.5 million; Guarantee coverage: US\$ 4.1 million

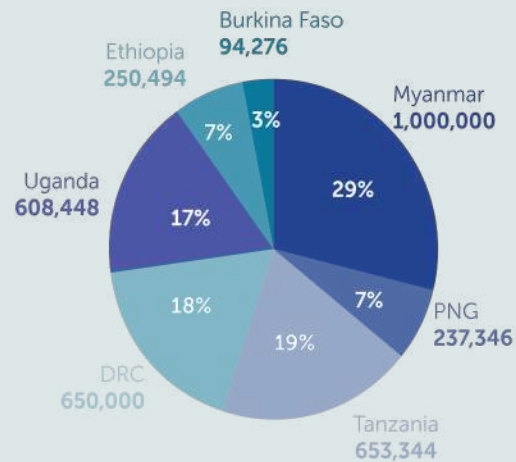
Portfolio by Sector

As of December 2020, the financial inclusion and innovation sector accounted for 42% of the outstanding portfolio, while food security and nutrition, and green economy sectors accounted for 31% and 27% of the portfolio respectively. Financial inclusion and innovation has remained the largest sector since the beginning of the new loan and guarantee program in 2017. The majority of activities in this sector consist in the provision of wholesale loans to microfinance institutions to facilitate access-to-finance to micro enterprises and households.



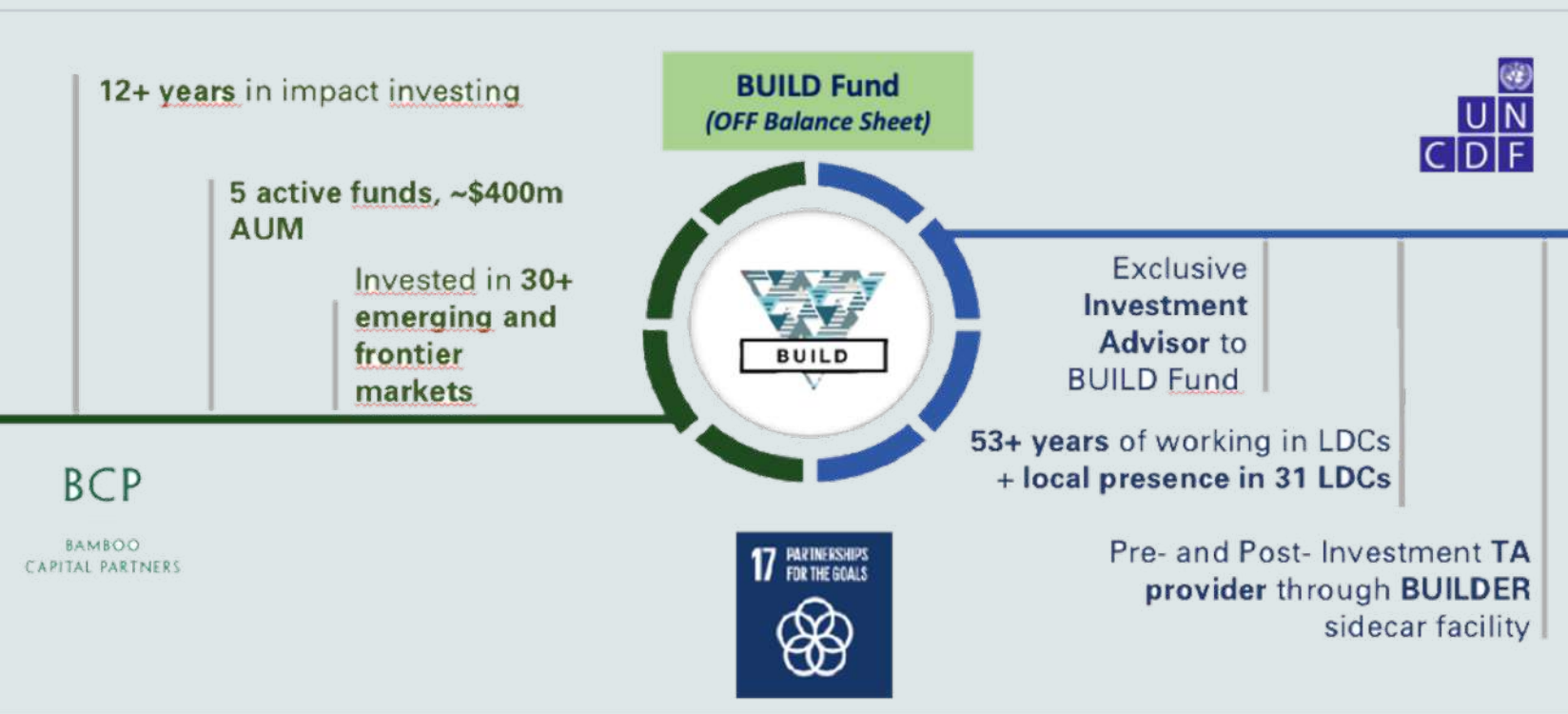
Portfolio by Country

In 2020, UNCDF's loans and guarantees expanded its reach to 3 new countries: Ethiopia, Democratic Republic of Congo, and Burkina Faso. These new countries have broadened UNCDF's reach to a total of 7 countries. UNCDF's top 3 countries for loans and guarantees are Myanmar, Tanzania and Democratic Republic of Congo, accounting for 29%, 19% and 18% of the outstanding portfolio, respectively.



Result #2: Financing the Landmark Investment into the BUILD Fund

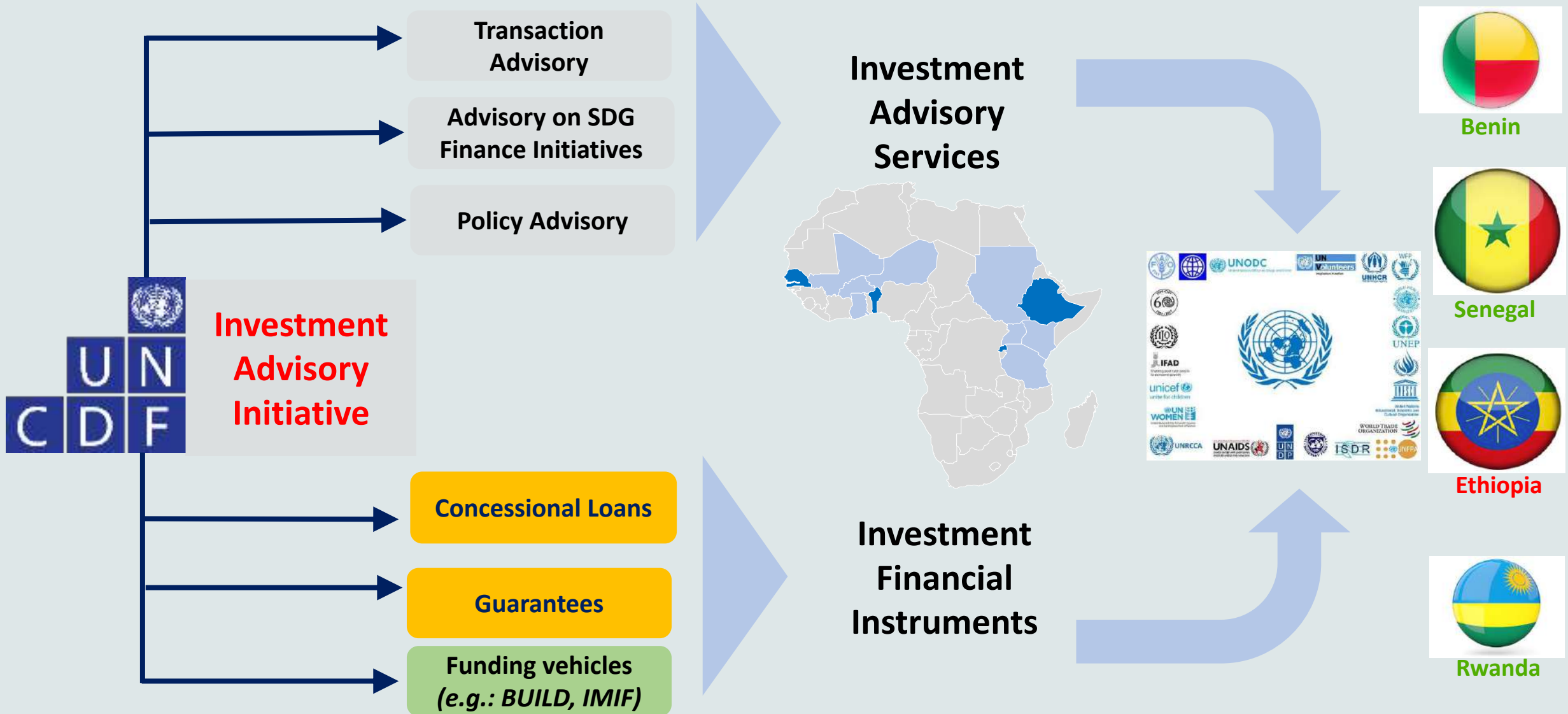
Launched in 2018, the BUILD Fund initiative recoded a number of key achievements in 2020



- 1 The Fund was formally incorporated and registered with the Luxembourg Companies Register (RCS) as a reserved alternative investment fund (fonds d'investissement alternative réservé).
- 2 The BUILD Fund finalized its initial impact framework, investment guidelines, and the role and scope of the pipeline building and TA services ("BUILDER TA Facility") that will be provided from UNCDF to the BUILD Fund manager (Bamboo Capital Partners).
- 3 UNCDF received a new commitment from the Norwegian Agency for Development Cooperation (Norad) to support this initiative. Norad will join the Luxembourg Agency for Development Cooperation as the first UN member states to support the first-loss investment layer of the Fund.
- 4 UNCDF and the BUILD Fund finalized an innovative capital mechanism ("beneficiary units) to channel Luxembourg's contribution into the Fund. UNCDF has now invested the Luxembourg contribution into the first loss layer in the form of Beneficiary Units.

Result #3: The Investment Advisory Initiative - Africa

Places UNCDF's Investment Capacity and Architecture at the Service of the UN Development System (UNDS)



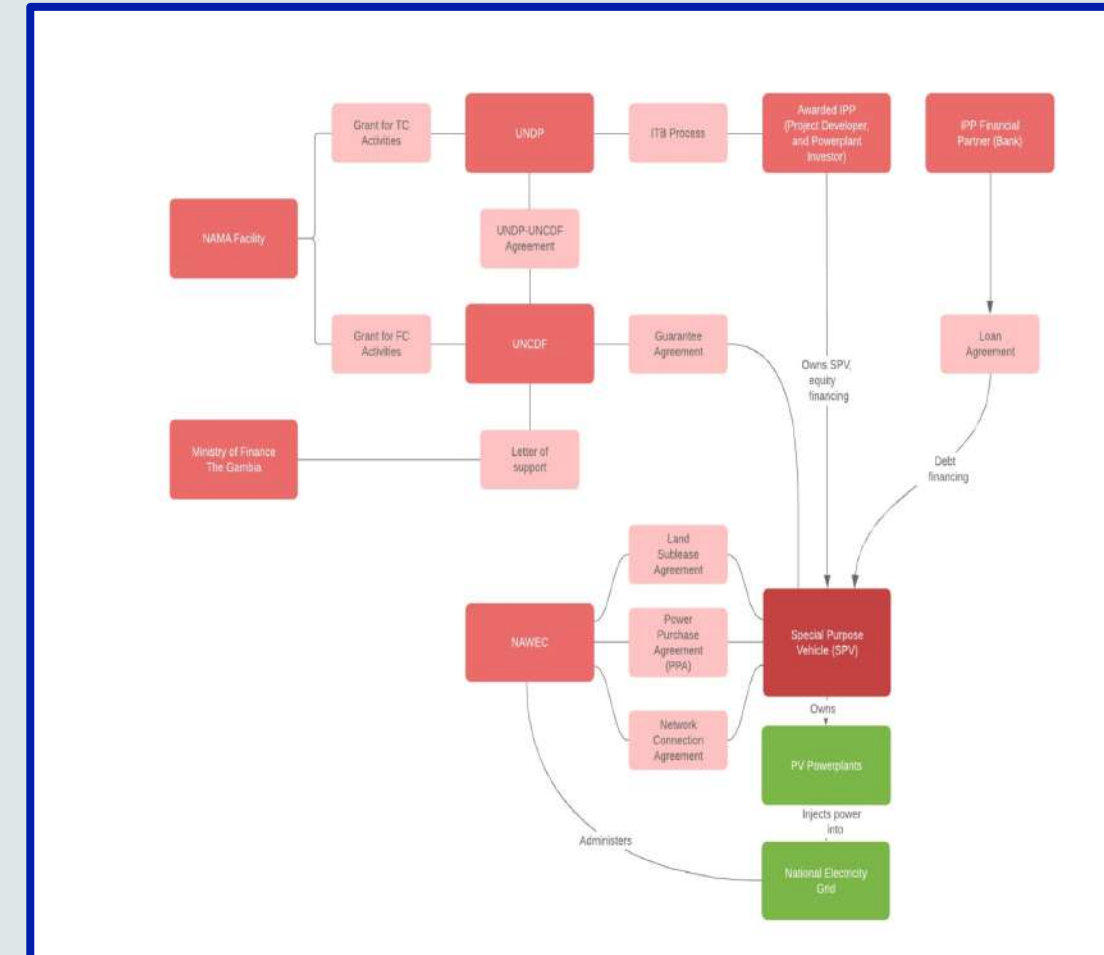
Result #4: UNCDF deploys a Loan or Guarantee to Benefit a UNDP program

Example of cooperation: Joint program to access finance where UNCDF issues financial instrument on behalf of UNDP

Investment Project: Solar power plant in the Gambia financed (10.5 MW) by the NAMA facility (consortium of European donors)

Form of collaboration between UNDP and UNCDF:

- *Joint programme*
- *UNDP Project manager (staff on the ground, relations with the government, manage the development impact)*
- *UNCDF Financial service provider, issue a guarantee of 9 MUSD (build business model/financial model, risk assessment, design guarantee, legal work, issue guarantee, monitor incl collecting fees, manage possible payouts etc.)*
- *Joint knowledge management – policy recommendations*
- *Similar cooperation is taking place in Angola, Sudan, and Kenya among other countries*

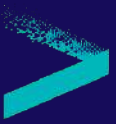




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FINANCIAL INCLUSION AND INNOVATION (BETTER THAN CASH ALLIANCE)

Our 10 Actions: Reaching Financial Equality for Women



A 10-point action plan for reaching financial equality for women



COVID-19 has hit women hard and its economic wreckage will endure longer for women as they disproportionately work in the informal sector and are less likely to qualify for government relief services.

There will be at least **247 million women** living in extreme poverty this year.

Together with international partners, the Alliance launched a **Call to Action** to rebuild stronger after COVID-19 by prioritizing **women's digital financial inclusion**.

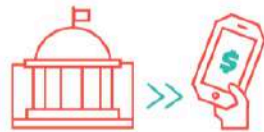
Our 10 Actions: Reaching Financial Equality for Women



10 ACTIONS TO REACH FINANCIAL EQUALITY



01
Digitize private
sector payments



02
Digitize payments
of government
social benefits



03
Outlaw discrimination
against women



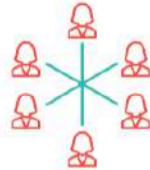
04
Ensure universal access
to identification



05
End the gender gap in
mobile phone ownership



06
Hire women at banks and
mobile network operators



07
Collect, analyze and use
sex-disaggregated data



08
Design appropriate and
affordable financial
products for women



09
Help women benefit
from e-commerce
opportunities

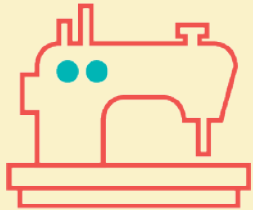


10
Create and enforce strong
digital finance consumer
protection mechanisms

REACHING FINANCIAL EQUALITY

Bangladesh: Inclusion and Transparency through Supply Chain Digitization in the garment sector

RMG sector Bangladesh employs:



4 Mn workers

- 60% of them women
- 13% of GDP
- share of global garment exports: 6.7%

Alliance has brokered joint commitments from:

1. **RMG employees**
2. **Factories** - Bangladesh Garments Manufacturers and Exporters Association (BGMEA)
3. **Buyers** - Gap, H&M, M&S, Inditex
4. **Government** - Cabinet Members
5. **Regulators** - Bangladesh Bank
6. **Financial Services Providers (FSPs)**



Bangladesh: 2.5 Mn new MFS accounts to secure salary payments and drive digital financial inclusion

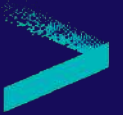
\$595 million government stimulus package announced in March 2020 to pay salaries to ALL garment employees, digitally.

2.5 Mn MFS accounts
were opened in 3 weeks.

To support workers, the Alliance worked with key stakeholders to expand the scope of an existing helpline (having served **1.5 million workers** with 99% success rate) to support **digital wage payments**.



Colombia: Digital Payments for Covid-19 Response to drive women's financial & economic participation



COVID-19 response for informal workers reaching

2.5 Mn households

- 60% of them women-headed
- 1 Mn households included financially

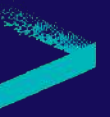
BUILDING BLOCKS FOR SUCCESS:

- Public-private collaboration
- Appropriate regulation, and digital & financial infrastructure
- Dynamic Fintech Sector
- National ID & unified Social Registry

GLOBAL IMPACT

World Bank is documenting the case and lessons learned extracted incorporated into the Banks' Social Protection Practice.

Digitizing Taxes for domestic resource mobilization



Digitizing tax collection is a high priority for Alliance members like Rwanda.

- Our [report](#) shows how tax digitization can lead to improved **domestic resource mobilization & revenue collection**.
- In Rwanda, the number of registered taxpayers rose from **144,000 to 242,000** between 2011 & 2018.
- Learnings are being used by further Alliance members & non-members.

In emerging countries, digitizing tax payments and related processes can potentially raise an additional

\$300_{Bn}

in government revenues annually



**THANK
YOU**