



Unlocking Public and Private
Finance for the Poor

LAST MILE FINANCE TRUST FUND

Partnership for Last Mile Finance
in Support of Sustainable
Development in the Least Developed Countries

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**"We are resolved to free the human race
from the tyranny of poverty... we pledge
that no one will be left behind"**

(PREAMBLE, 2030 AGENDA)



What is the Last Mile Finance Trust Fund?

The [Last Mile Finance Trust Fund](#) is one of UNCDF's Four Funding Windows:

1) Core

The target in UNCDF's Strategic Framework 2014-2017 is **\$25 million per year**. Core resources assure programme operations in 40 Least Developed Countries (LDCs), provide initial risk capital for innovating local finance business models, and create foundational conditions for 1:10 leverage of ODA to other public/private investment capital.

2) Flexible non-core: Last Mile Finance Trust Fund

Provides flexible non-core funding across five thematic areas in existing areas of work, and one country expansion window; creates the conditions for UNCDF to see through existing commitments, to consolidate country level innovations into policy and institutional settings, and to assure the conditions for scale up; and provides minimum seed capital to expand thematic programmes into new countries based on demand from LDCs. The most flexible resources for UNCDF to meet new demand or drive new innovation space in LDCs where UNCDF is not already present or where investor interest is most risk averse (e.g. crisis affected settings).

3) Earmarked non-core

Currently the largest source of UNCDF's annual income, directed by donor to specific **country or thematic programmes**. It funds country and regional programmes, such as for example the Pacific Financial Inclusion Programme (PFIP) and country programmes in Central African Republic and Somalia.

4) LDC Investment Platform

Through grants, reimbursable grants, loans and guarantees, the LDC Investment Platform specifically provides **catalytic seed funding to de-risk and "prime the pump"** for domestic and foreign investor up-take in local initiatives "below the radar" of institutional investors; allows the greatest flexibility for UNCDF to apply the optimal funding instrument for each business need, and to replicate and crowd in domestic and international investment. Target: US\$ 100m.

How does the Last Mile Finance Trust Fund work?

The Last Mile Finance Trust Fund is structured around **five thematic windows** and **one country expansion window**.

The five thematic windows address development issues considered critical to poverty eradication in the LDCs within the 2030 Agenda. They represent areas where UNCDF is proving concept of workable public/private finance models that address barriers to access in the last mile. They build on previously established and/or evolving partnerships with UNDP, other UN system partners, and international development banks, and across the public and private spheres. Thematic windows are operationalized through UNCDF's existing global, regional and country programmes.

The Five Thematic Windows

Green Economy

- » Local Climate Adaptive Living Facility (**LoCAL**)
- » **CleanStart**

Food Security and Nutrition

- » Finance for Food (**F4F**)

Economic Empowerment of Women and Youth

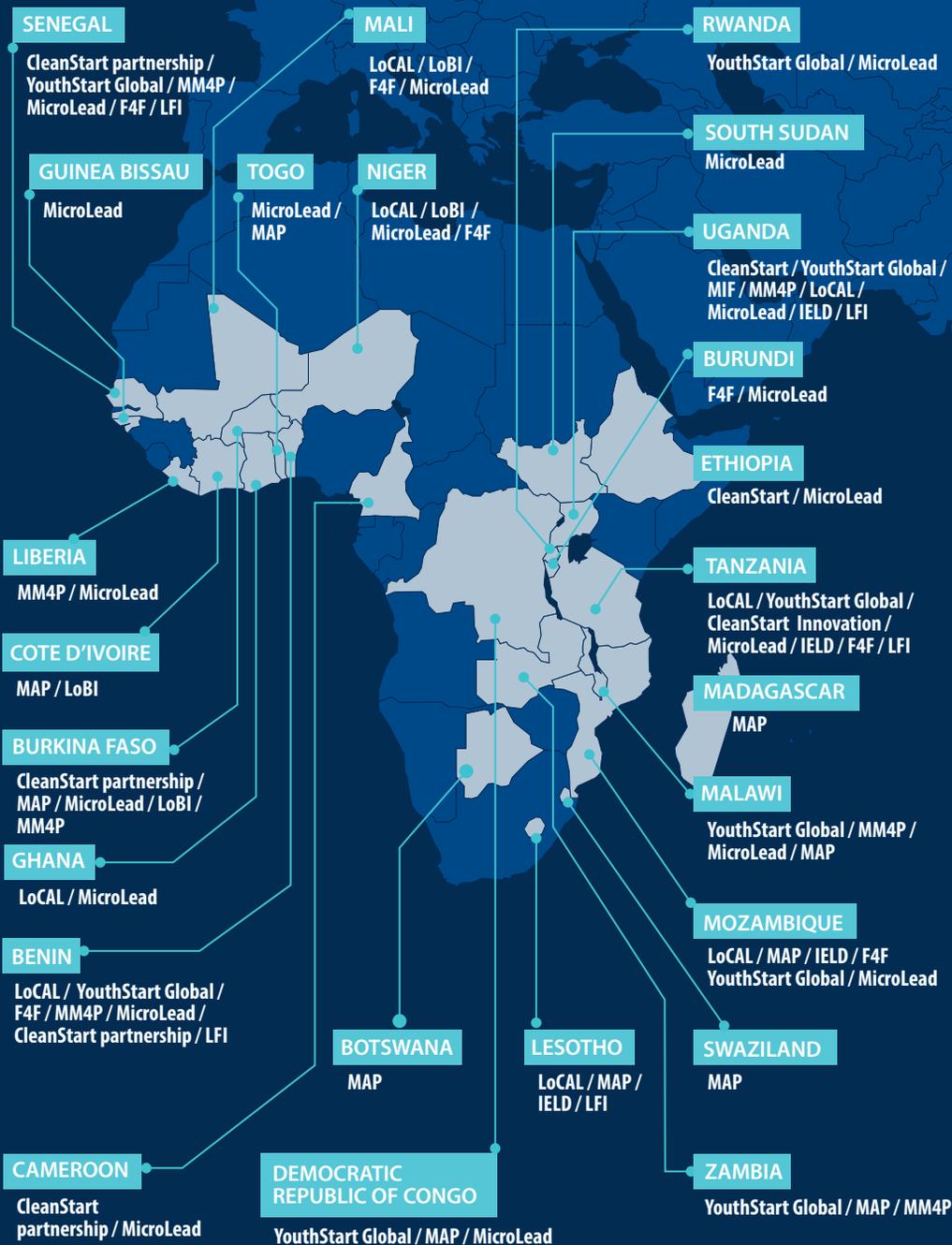
- » Inclusive and Equitable Local Development (**IELD**)
- » Shaping Inclusive Finance Transformations (**SHIFT**)
- » Finance for Women Economic Empowerment (**FIWEE**)
- » **YouthStart** Global

Infrastructure and Services

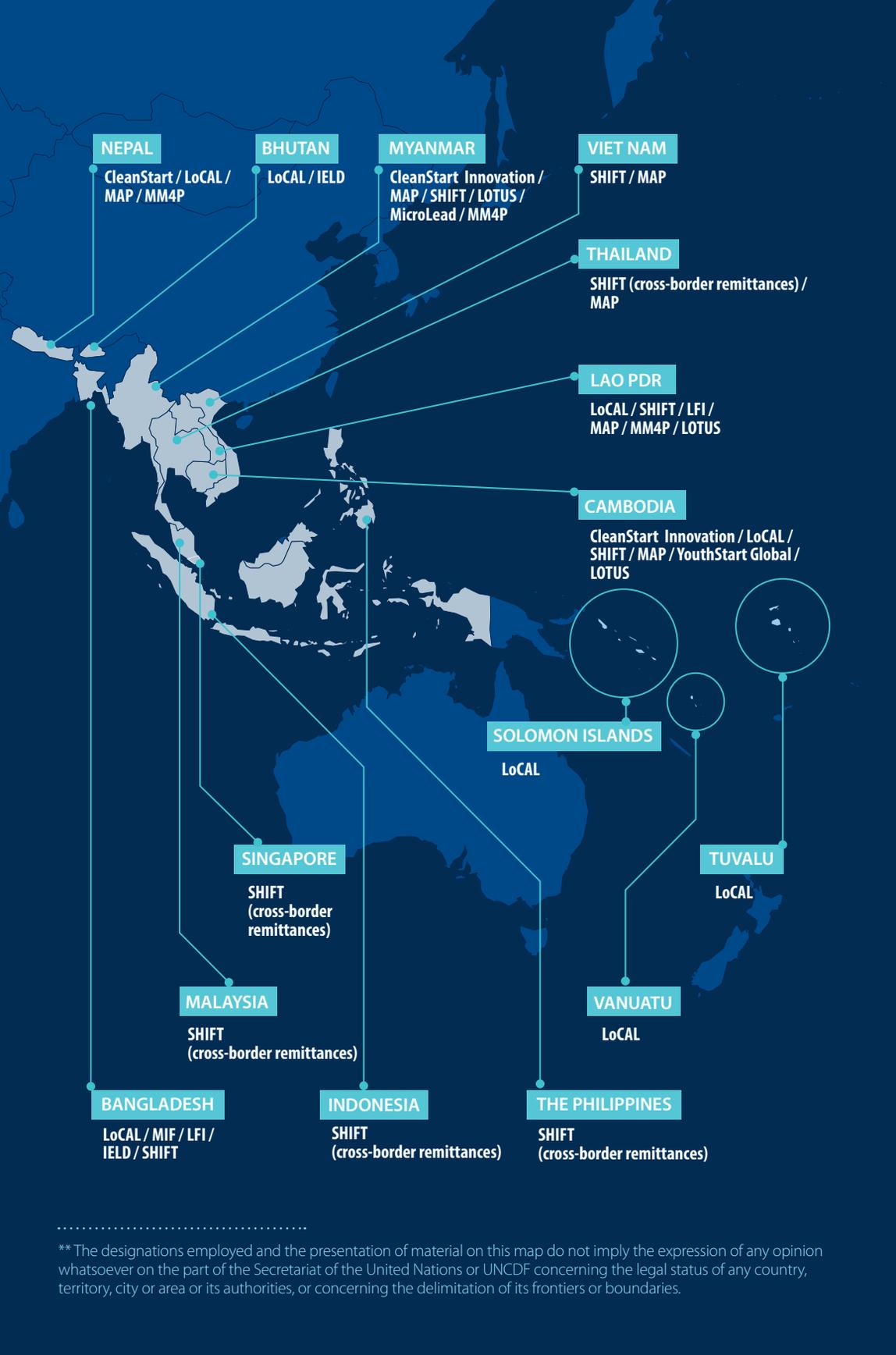
- » Municipal Investment Financing (**MIF**)
- » Local Finance Initiative (**LFI**)
- » Local Cross Border Initiative (**LOBI**)
- » Local Transformative and Uplifting Solutions (**LOTUS**)

Financial Inclusion and Innovation

- » Making Access to Financial Services Possible (**MAP**)
- » Mobile Money for the Poor (**MM4P**)
- » **MicroLead**



* UNCDF programmes in Central African Republic, Fiji, Guinea Conakry, Papua New Guinea, Samoa, Solomon Islands, Somalia, Tonga and Vanuatu, including the Pacific Financial Inclusion Programme (PFIP), are funded from direct programme cost-sharing and/or other sources.



NEPAL

CleanStart / LoCAL / MAP / MM4P

BHUTAN

LoCAL / IELD

MYANMAR

CleanStart Innovation / MAP / SHIFT / LOTUS / MicroLead / MM4P

VIET NAM

SHIFT / MAP

THAILAND

SHIFT (cross-border remittances) / MAP

LAO PDR

LoCAL / SHIFT / LFI / MAP / MM4P / LOTUS

CAMBODIA

CleanStart Innovation / LoCAL / SHIFT / MAP / YouthStart Global / LOTUS

SOLOMON ISLANDS

LoCAL

SINGAPORE

SHIFT (cross-border remittances)

TUVALU

LoCAL

MALAYSIA

SHIFT (cross-border remittances)

VANUATU

LoCAL

BANGLADESH

LoCAL / MIF / LFI / IELD / SHIFT

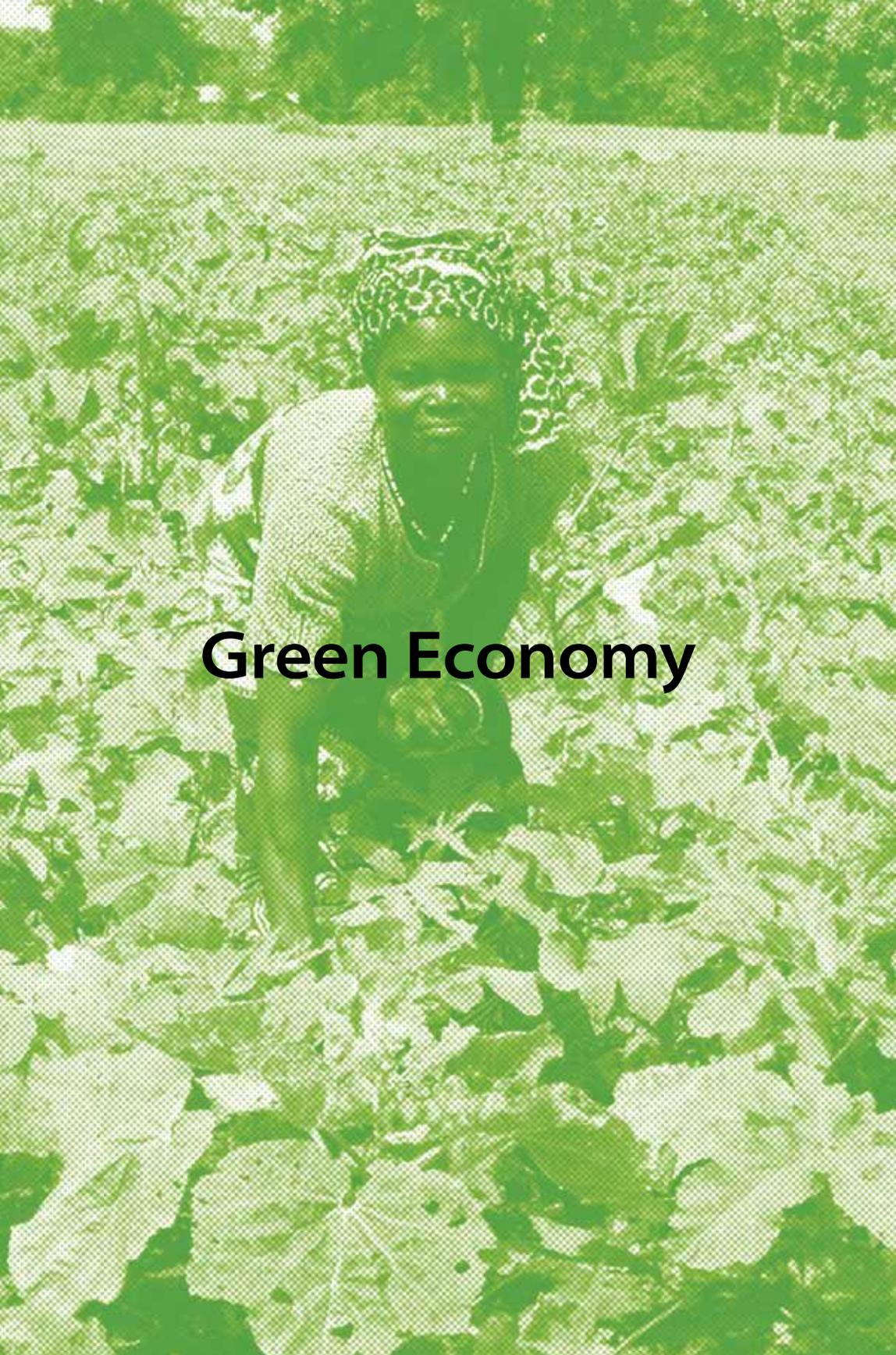
INDONESIA

SHIFT (cross-border remittances)

THE PHILIPPINES

SHIFT (cross-border remittances)

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** The designations employed and the presentation of material on this map do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations or UNCDF concerning the legal status of any country, territory, city or area or its authorities, or concerning the delimitation of its frontiers or boundaries.

A woman wearing a patterned headscarf and a light-colored top is crouching in a field of green, leafy plants. She is looking directly at the camera with a slight smile. The background shows a vast field of similar plants under a bright sky.

Green Economy

UNCDF’s financing models are relevant to the green economy as they help reduce the vulnerability of local communities to climate change and lead to the sustainable use of resources. UNCDF develops and tests models that get resources flowing into secondary cities,

peri-urban and rural areas to mitigate the effects of climate change and build resilience. They also help these localities meet the growing demand for sustainable infrastructure. These finance models support the transition to clean and efficient energy for low income consumers.

What projects is the Green Economy Window funding and where?

Local Climate Adaptive Living Facility (LoCAL)

www.local-uncdf.org

PRESENT IN:

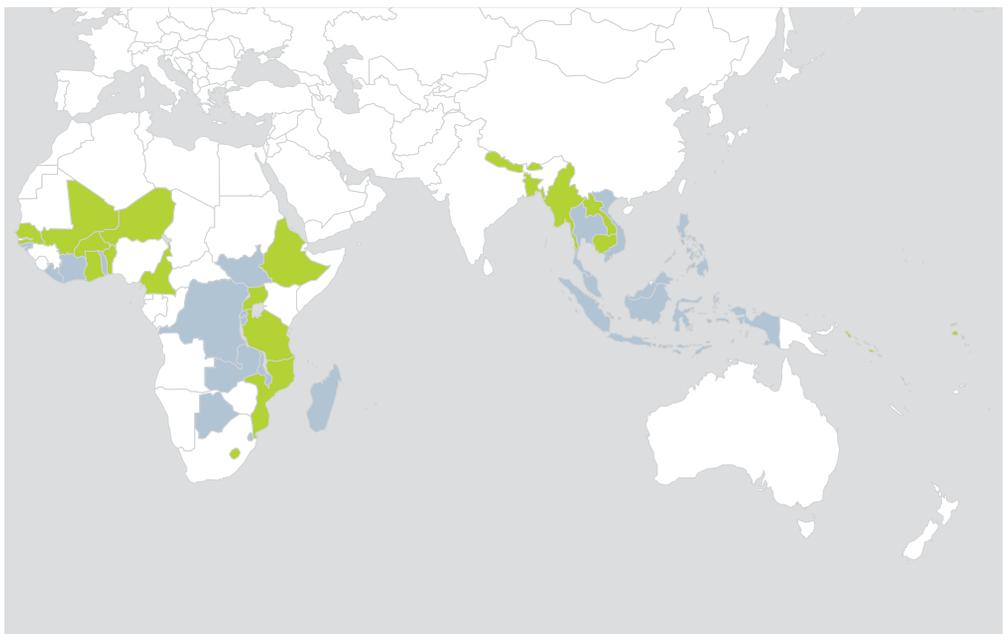
Lao PDR, Mali, Niger, Mozambique, Ghana, Nepal, Solomon Islands, Tuvalu - *(phase I)*
 Benin, Bangladesh - *(phase II)*
 Bhutan, Cambodia - *(phase III)*
 Tanzania, Uganda, Lesotho, Vanuatu - *Plan of expansion*

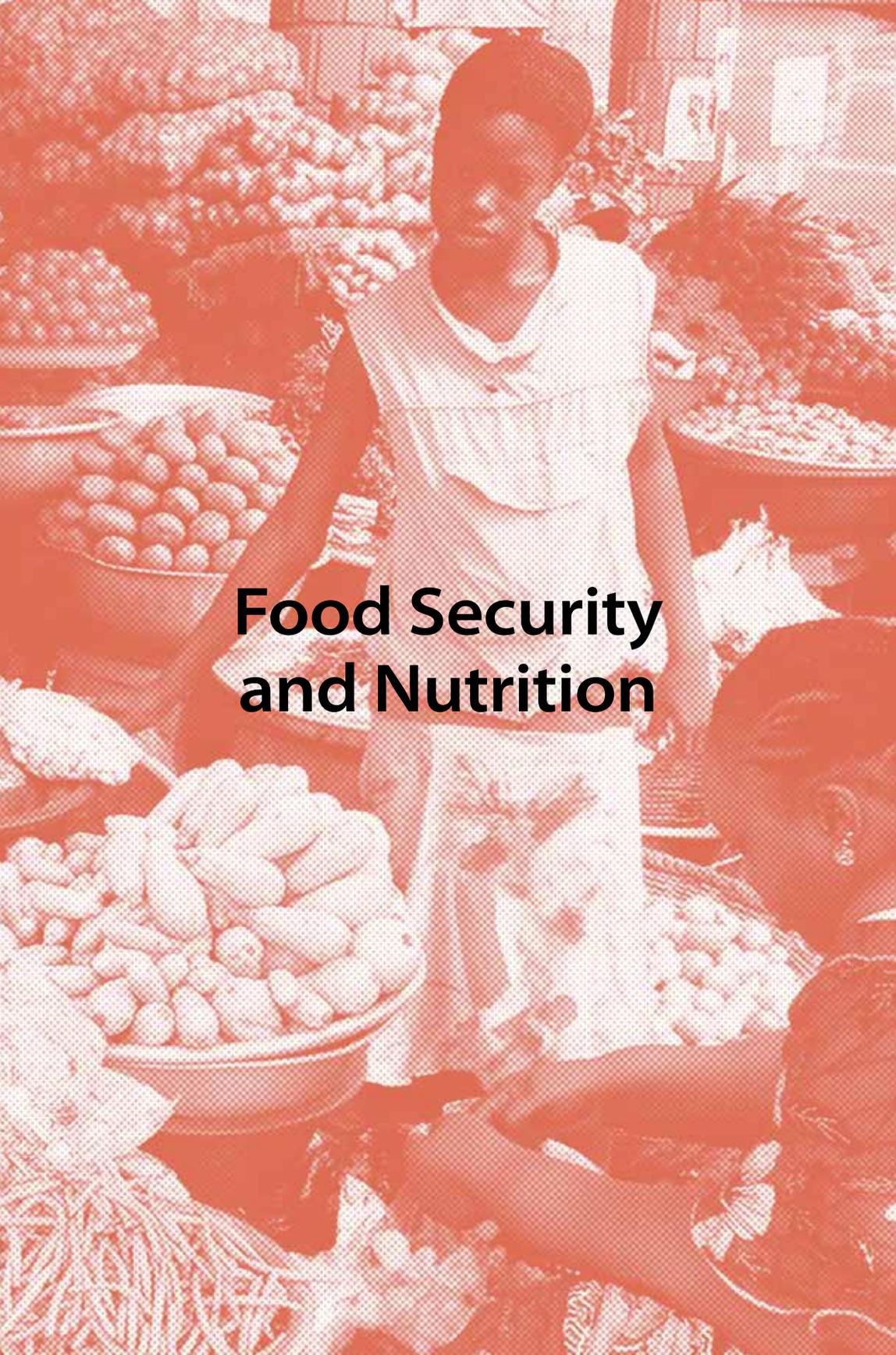
CleanStart

www.uncdf.org/en/cleanstart

PRESENT IN:

Benin, Senegal, Burkina Faso, Cameroon - *CleanStart Partnership*
 Myanmar, Cambodia, Tanzania - *CleanStart Innovation*
 Nepal, Uganda, Ethiopia - *CleanStart Programme*





Food Security and Nutrition

By strengthening local capacities for integrating food security concerns into planning and budgeting, and by providing the financial instruments needed to make investments that strengthen local resilience to food shocks, UNCDF's financing models create **a more sustainable environment for addressing local food security issues.**

UNCDF also supports agriculture finance to reach smallholder farmers. Financial inclusion contributes towards greater food security and less hunger by helping farmers reduce their risks through adapted financial products, allowing them to improve their use of agricultural inputs and to **invest more productively**, resulting in higher yields and incomes.

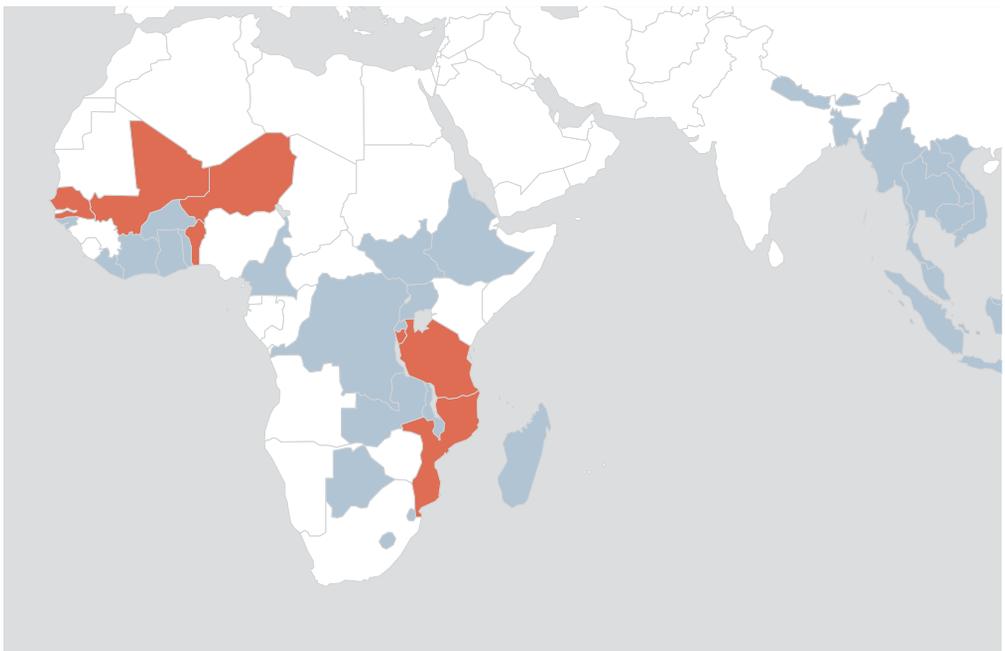
What projects is the Food Security and Nutrition Window funding and where?

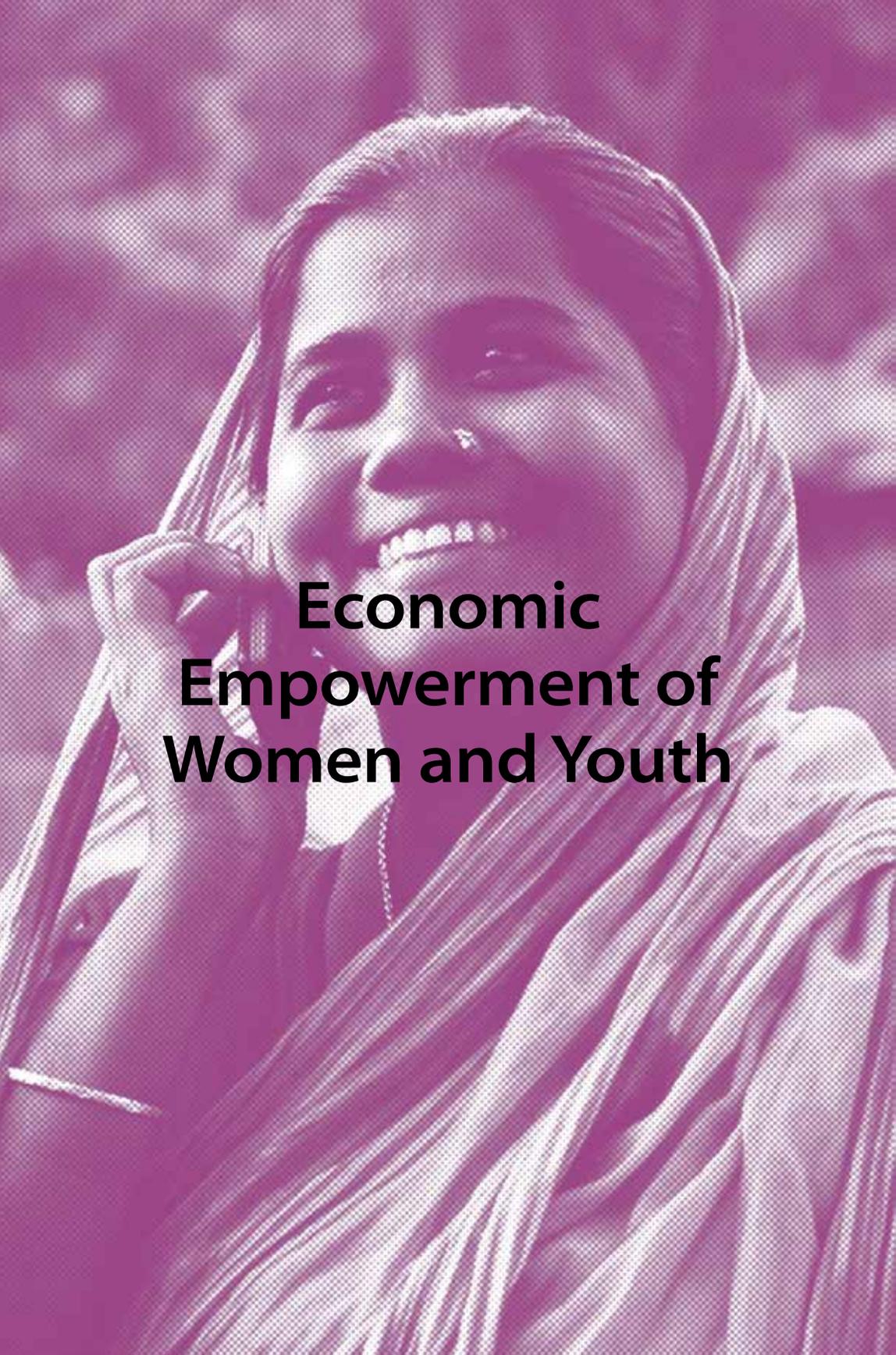
Finance for Food (F4F)

www.uncdf.org/f4f

PRESENT IN:

Benin, Burundi, Mali, Mozambique, Niger, Senegal and Tanzania



A close-up photograph of a young woman with a joyful expression, wearing a light-colored headscarf. The image is overlaid with a purple halftone pattern. The text 'Economic Empowerment of Women and Youth' is centered over the image in a bold, black, sans-serif font.

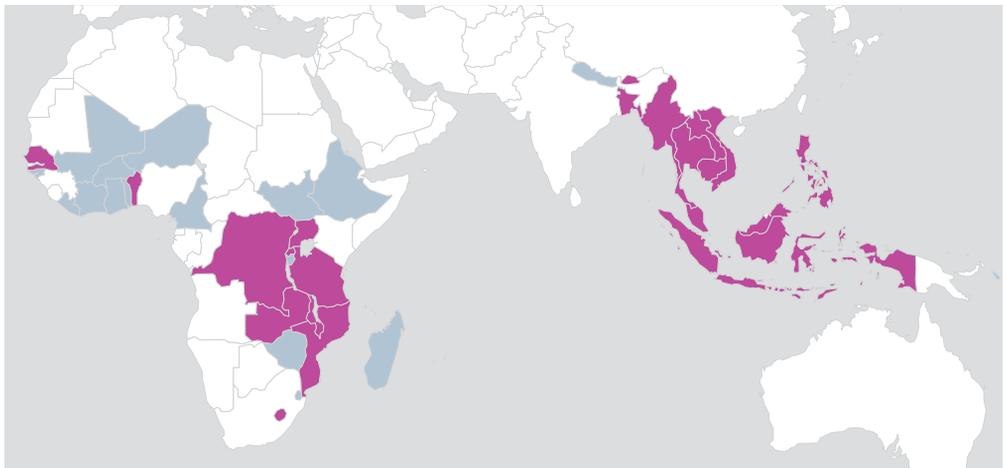
**Economic
Empowerment of
Women and Youth**

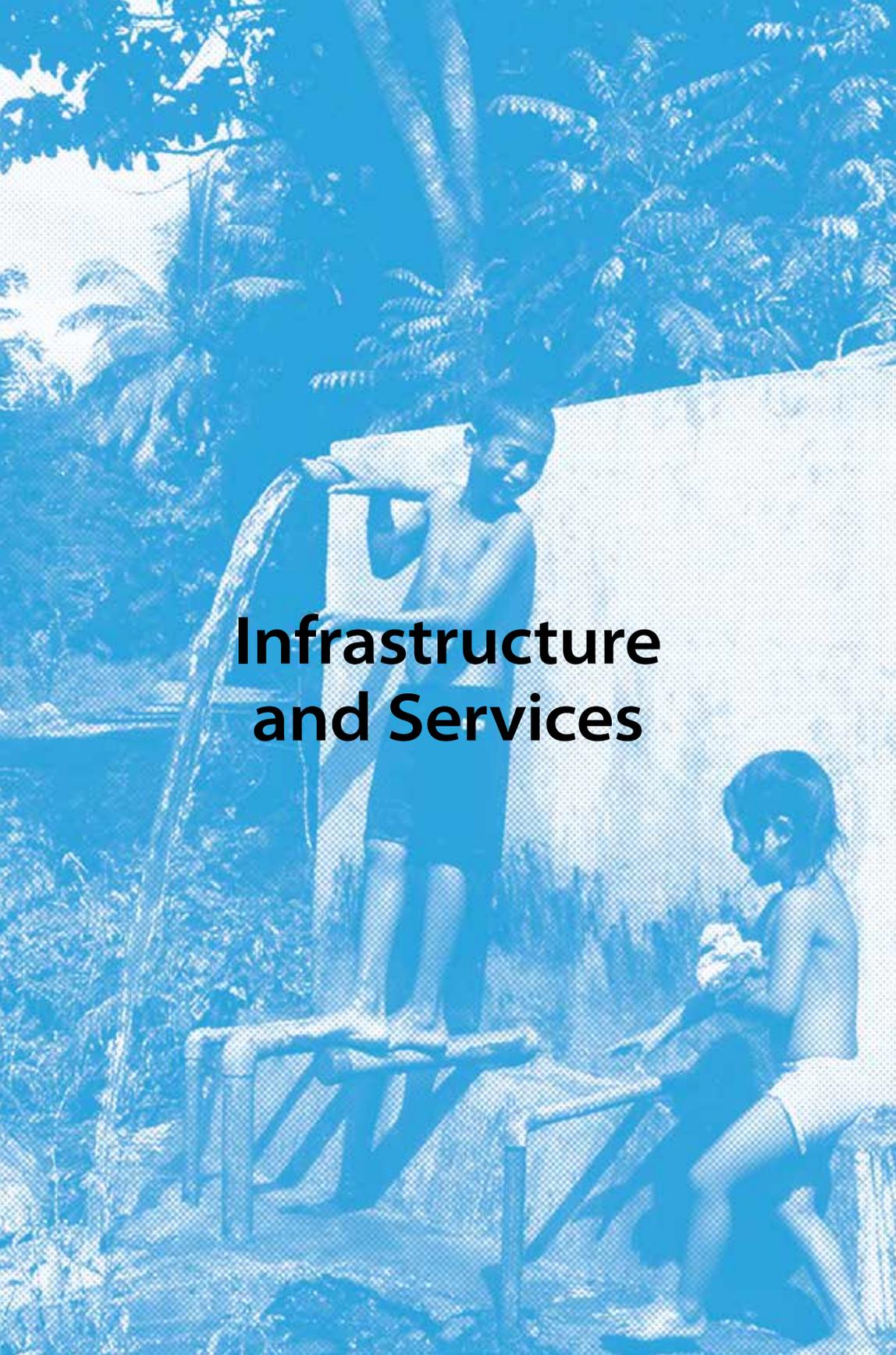
UNCDF’s financing models are actively addressing the economic empowerment of women and youth. They are meeting the need for **customized financial services and infrastructure** and other services **for women**, and provide **young people** with both financial

services and economic opportunities to lead productive lives. They also address **structural barriers** to women’s access to economic activities, working closely with UNDP and UNWomen.

What projects is the Economic Empowerment of Women and Youth Window funding and where?

<p>Inclusive and Equitable Local Development (IELD) www.uncdf.org/ield</p> <p>PRESENT IN: Bangladesh and Tanzania <i>Plan of expansion</i> in Bhutan, Lesotho, Mozambique and Uganda</p>	<p>Finance for Women Economic Empowerment (FIWEE) www.uncdf.org/fiwee - <i>Focus countries within Africa are being determined</i></p>
<p>Shaping Inclusive Finance Transformations (SHIFT) http://shift.uncdf.org</p> <p>PRESENT IN: Cambodia, Lao PDR, Myanmar and Viet Nam. Indonesia, Malaysia, the Philippines Thailand, Singapore - <i>policy interventions and work on cross-border remittances</i> <i>Plan for adaptation</i> in Bangladesh and other member countries of the South Asian Association for Regional Cooperation (SAARC)</p>	<p>YouthStart Global www.uncdf.org/youthstart</p> <p>PRESENT IN: Benin, Cambodia, Democratic Republic of Congo, Malawi, Mozambique, Rwanda, Senegal, Tanzania, Uganda and Zambia</p>





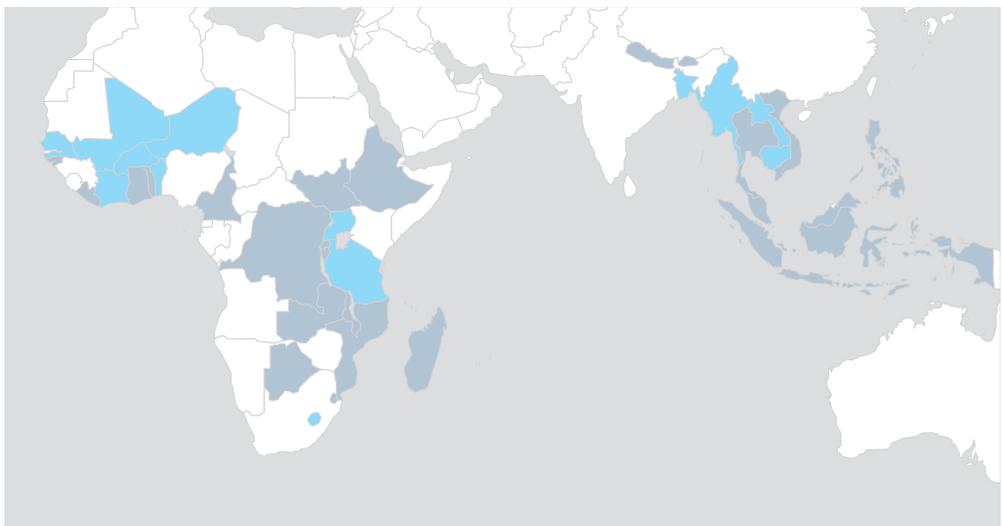
Infrastructure and Services

UNCDF’s financing mechanisms unlock investment from predominantly domestic public and private resources for the financing of catalytic local infrastructure with high local economic development impact.

These investments address the needs of secondary cities and cross border trade, through access to multiple sources of finance using instruments like Public Private Partnerships (PPPs), structured project finance, and municipal bonds.

What projects is the Infrastructure and Services Window funding and where?

<p>Municipal Investment Financing Facility (MIF) www.uncdf.org/mif</p> <p>PRESENT IN: Bangladesh <i>Plan of expansion</i> in Uganda</p>	<p>Local Finance Initiative (LFI) www.uncdf.org/lfi</p> <p>PRESENT IN: Benin, Tanzania and Uganda <i>Plans of expansion</i> in Bangladesh, Lao PDR, Lesotho and Senegal</p>
<p>Local Cross Border Initiative (LOBI) www.uncdf.org/lobi</p> <p>PRESENT IN: Burkina Faso, Mali, Niger and Côte d’Ivoire</p>	<p>Local Transformative and Uplifting Solutions (LOTUS)</p> <p>PRESENT IN: Cambodia, Lao PDR, Myanmar</p>



A close-up, golden-toned photograph of hands holding a calculator. The hands are positioned as if operating the device, with fingers resting on the keys. The image has a halftone or dithered texture. The text "Financial Inclusion and Innovation" is overlaid in the center in a bold, black, sans-serif font.

Financial Inclusion and Innovation

UNCDF’s last mile financing models support **digital finance innovations to reach unbanked**, poor and remote populations who have been excluded from traditional financial networks. Programmes funded under this window also recognize that financial intermediation can be the missing link between adapted technologies and household access.

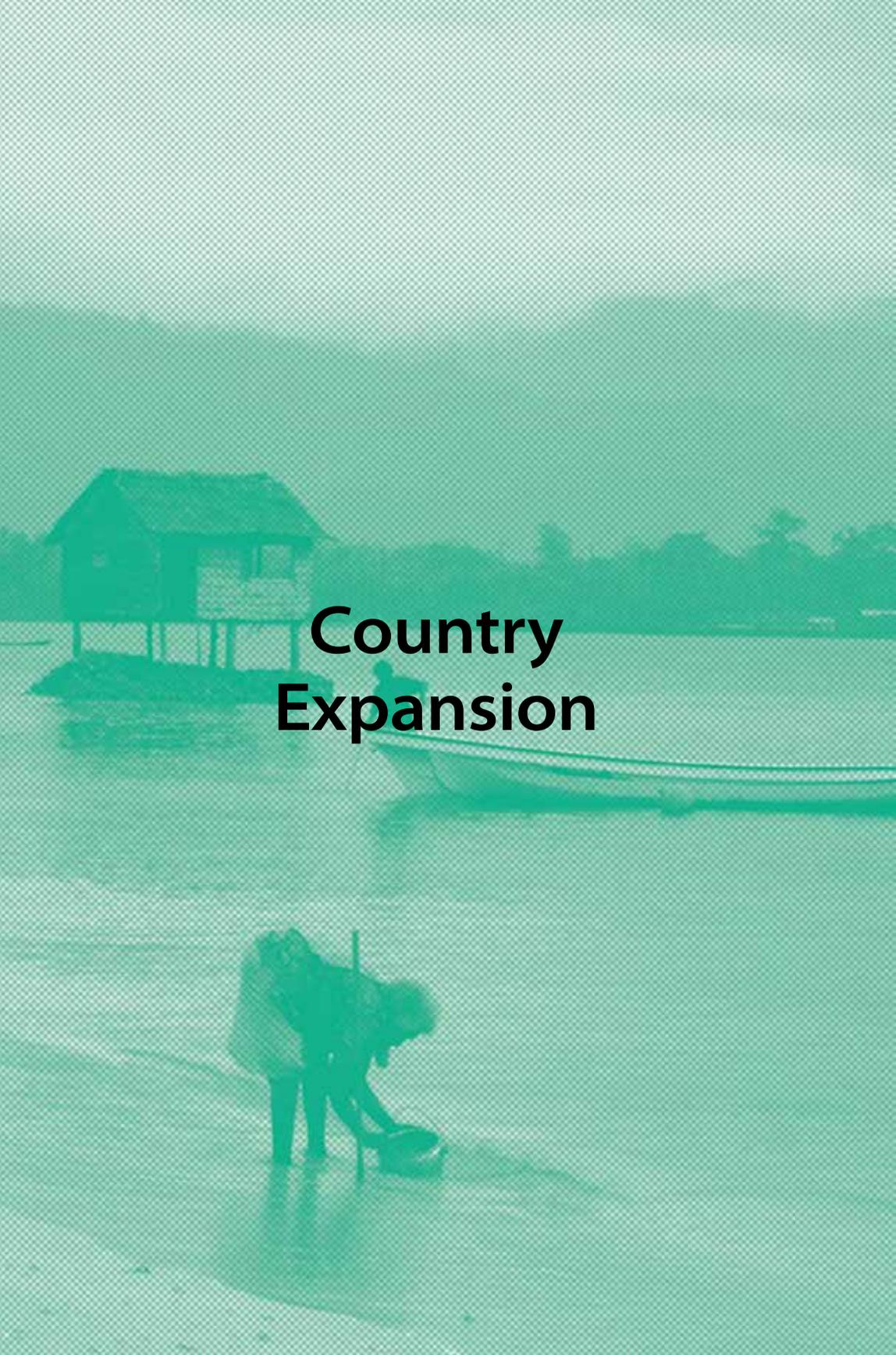
This work is founded on supply and demand diagnostics that support governments to engage stakeholders in **creating roadmaps for financial inclusion**. These processes bring to the table Financial Service Providers

(FSPs), insurance companies, mobile network operators, technology companies, agricultural suppliers, and remittance companies, as well as regulators, policymakers (such as ministries of telecommunications, agriculture, education, social welfare) and civil society actors like consumer associations and financial education providers. Challenge funds support the **development of new prototypes**, and bring to **scale viable business models** that serve low-income consumers, medium, small and micro-enterprises (MSMEs), the un- and under-banked, especially women.

What projects is the Financial Inclusion and Innovation Window funding and where?

<p>Making Access to Financial Services Possible (MAP) http://map.uncdf.org</p> <p>PRESENT IN: Botswana, Cote d’Ivoire, Democratic Republic of Congo (DRC), Lao PDR, Lesotho, Madagascar, Malawi, Myanmar, Mozambique, Nepal, Swaziland and Thailand. <i>Plan of Expansion</i> in Burkina Faso, Cambodia, Togo and Viet Nam</p>	<p>Mobile Money for the Poor (MM4P) www.uncdf.org/mm4p</p> <p>PRESENT IN: Benin, Lao PDR, Liberia, Malawi, Nepal, Senegal, Uganda and Zambia <i>Plan of Expansion</i> in Burkina Faso and Myanmar</p>
<p>MicroLead www.uncdf.org/microlead</p> <p>PRESENT IN: Benin, Burkina Faso, Burundi, Cameroon, Ghana, Liberia, Malawi, Myanmar, Rwanda, South Sudan, Tanzania and Uganda. <i>Plans of expansion</i> in Niger, Mali, Senegal, Guinea Bissau, Togo, Mozambique, Democratic Republic of Congo and Ethiopia</p>	



A person is seen from behind, sitting in a small boat on a wide river. The person is wearing a dark jacket and is leaning forward, possibly using a net or tool to catch fish. In the background, there is a small, traditional thatched-roof hut on a wooden platform. The scene is set in a rural, natural environment with trees and hills in the distance. The entire image has a green tint and a halftone dot pattern.

Country Expansion

The country expansion window will complement core resources to **increase UNCDF's coverage** from 31 (or fewer) up to 40 (or more) LDCs. It will allow UNCDF to meet large unmet demand for programming; to **diversify its thematic coverage** in LDCs where it may have only one project; and to **build greater integration** within UNDAFs and UNCTs for more strategic, multi-themed approaches at the country level. It will also help to bring finance models to particularly hard-to-access areas where barriers to private capital flows are particularly acute (e.g. crisis-affected areas).

Why contribute to the Last Mile Finance Trust Fund?

For funding and learning partners, the Last Mile Finance Trust Fund provides a **flexible vehicle for channeling resources to shared strategic priorities**, and by pooling resources with other interested partners it **assures learning within the community of development actors**.

For partners with impact, investment or other blended finance vehicles, sharing in the learning supported by this Trust Fund can help **reveal additional investment options and potential**, and **catalyse partnerships across a wider range of financing instruments**.

In terms of efficiencies, contributions to the core and to this Trust Fund significantly **reduces transaction, monitoring and oversight costs** (as compared to project-by-project funding) through consolidated annual reporting and consultations regarding priorities and results achieved.

5 Concrete Added Values in Contributing to the Last Trust Finance Trust Fund

This Last Mile Finance Trust Fund provides a flexible vehicle for partners with UNCDF to:

1) Address areas of critical importance for the LDCs to achieve the SDGs and graduation, where transformative financing solutions at the local level have proven capacity to **leverage up to \$10 or more for every \$1 in ODA invested, with sustainable impact.**

2) Learn lessons together about what works, and under what conditions, around leading edge last mile finance solutions, managed risk-taking, innovation, consolidation and scale-up;

3) Provide **opportunities for leverage to partners' blended finance and other investment vehicles by identifying new markets, de-risking the local investment space, and building viable and investable project pipelines;**

4) Replicate and scale up successful finance models with proven impact, such as for example on production and consumption patterns, local resilience through projects and systems that apply detailed project appraisal techniques and/or verifiable resilience building measures; and

5) Engage across a focused range of themes and/or countries, including in "frontier" areas where local finance can unlock sustainable development potential, by, for example, unlocking domestic capital markets through the productive use of existing domestic resources, investing in public and private infrastructure with proven fiscal sustainability, or connecting new technologies to localities and households.

Expected outcomes

Greater financial inclusion through financial and non-financial services for low income populations that lead to improved access and usage particularly for women and youth.

Increased access by local governments and businesses to capital financing for local infrastructure and services resulting in greater local economic development, climate resilience, food security and women's economic empowerment.

The Governance of the Last Mile Finance Trust

An **Advisory Board** composed of representatives of contributing development partners, LDC governments, and UNCDF will guide the Last Mile Finance Trust Fund.

Fund allocation will be decided by an Allocation Committee with regular reporting and transparency norms.

Trust Fund reviews and evaluations of underlying programmes will be shared with the Advisory Board, and lessons and knowledge products disseminated and discussed as an integral part of partner deliberations and learning.

How to contribute?

The Last Mile Finance Trust Fund will initially cover a five-year period from 2016-2020 and can accept multi-year contributions that extend beyond that date.

Development partners wishing to contribute to the Last Mile Finance Trust Fund may fund all, one, or several windows, using one of the bank accounts indicated in the Last Mile Finance Trust Fund document.

For more information on the Last Mile Finance Trust Fund, please visit www.uncdf.org/lmftf and contact UNCDF's Partnerships Policy and Communications Unit at investing@uncdf.org or +1 (212) 906 – 6565.

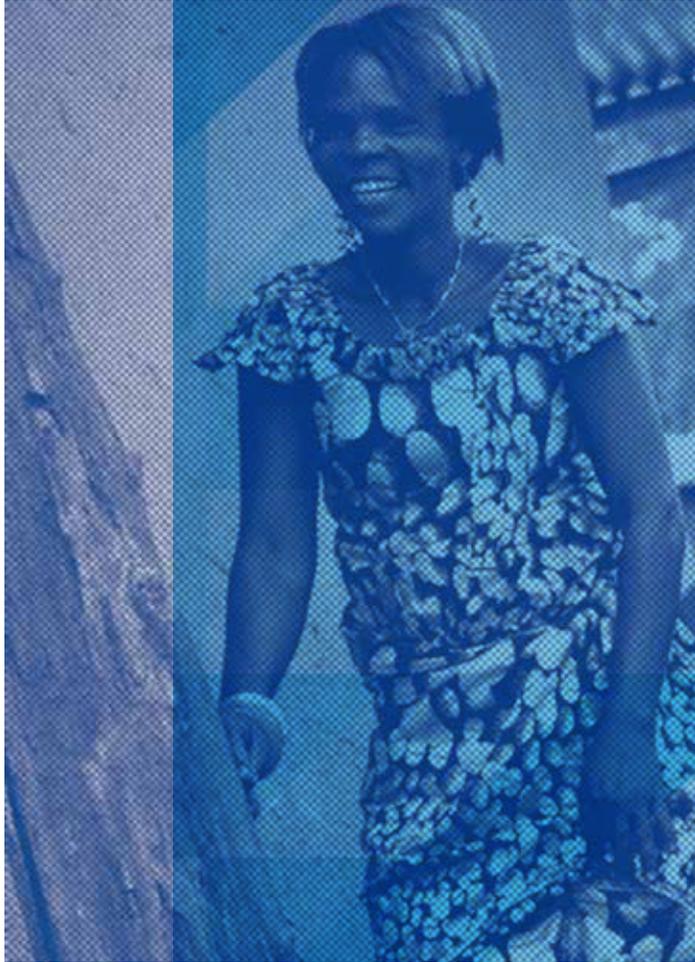
WINDOWS		TOTAL BUDGET AND FUNDING GAP <i>(as of December 2015 in thousands of US\$)</i>				
		2016	2017	2018	2019	TOTAL
Green Economy	BUDGET	8,628	8,866	10,148	14,980	42,621
	FUNDING GAP	3,005	6,634	10,148	14,980	34,767
Food Security and Nutrition	BUDGET	1,772	3,801	5,572	5,070	16,215
	FUNDING GAP	1,361	3,688	5,467	4,950	15,465
Economic Empowerment of Women and Youth	BUDGET	12,685	15,374	15,035	17,374	60,468
	FUNDING GAP	8,086	12,854	14,887	17,187	53,014
Infrastructure and Services	BUDGET	14,172	10,211	11,642	14,669	50,693
	FUNDING GAP	11,554	9,389	10,722	13,433	45,098
Financial Inclusion and Innovation	BUDGET	25,763	22,411	22,250	23,455	93,880
	FUNDING GAP	15,995	17,435	18,776	19,451	71,656
Total Funding Gap (5 windows)		40,000	50,000	60,000	70,000	220,000
Country Expansion	BUDGET	10,000	10,000	10,000	10,000	40,000
Total Funding Needed		50,000	60,000	70,000	80,000	260,000

About UNCDF

UNCDF is the **UN's capital investment agency for the world's 48 least developed countries (LDCs)**. With its capital mandate and instruments, UNCDF offers "last mile" finance models that unlock public and private resources, especially at the domestic level, to reduce poverty and support local economic development. This last mile is where available resources for development are scarcest; where market failures are most pronounced; and where benefits from national growth tend to leave people excluded.

UNCDF's financing models work through two channels: ***savings-led financial inclusion*** that expands the opportunities for individuals, households, and small businesses to participate in the local economy, providing them with the tools they need to climb out of poverty and manage their financial lives; and by showing how ***localized investments*** -- through fiscal decentralization, innovative municipal finance, and structured project finance -- can drive public and private funding that underpins local economic expansion and sustainable development. UNCDF financing models are applied in thematic areas where addressing barriers to finance at the local level can have a transformational effect for poor and excluded people and communities.

By strengthening how finance works for poor people at the household, small enterprise, and local infrastructure levels, UNCDF contributes to SDG 1 on eradicating poverty with a focus on reaching the last mile and addressing exclusion and inequalities of access. At the same time, UNCDF deploys its capital finance mandate in line with SDG 17 on the means of implementation, to unlock public and private finance for the poor at the local level. By identifying those market segments where innovative financing models can have transformational impact in helping to reach the last mile, UNCDF contributes to a number of different SDGs and currently to 28 of 169 targets.



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