



Unlocking Public and Private
Finance for the Poor

UNITED NATIONS CAPITAL DEVELOPMENT FUND

REPORT ON RESOURCES 2017

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All amounts herein are reported in United States dollars (\$) unless otherwise specified.

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NOTE OF THANKS

Dear Partners of UNCDF,

To help LDCs march towards graduation with inclusion, we must change the status quo. We need to be experimenting more, creating demonstration effects, taking risks, and getting all stakeholders – public and private – to make finance work for those being left behind. We cannot accept as some iron law of nature that certain countries or populations or market segments are destined to lack the tools and resource options they need to build a better future.

That is why, across the world, UNCDF is working to change the dynamics of how finance is allocated. We are showing each day—through practical solutions and innovative approaches—how finance can be made to work for poor households, underserved local governments, and small businesses. This provides the proof of concept that public and private stakeholders need to replicate and scale up what works.

The results we have achieved over the last year are positioning us to take our work to the next level—through more strategic and robust deployment of our financial instruments, new partnerships, and new technologies to connect finance to the real economy, where women and men put it to work to improve their lives and livelihoods.

UNCDF is funded entirely by voluntary contributions from public and private sources. A regular resource base is essential for us to remain at the leading edge of financial innovation, and to ensure a strategic country presence in the maximum number of LDCs. Earmarked funding for a particular region, project, or area of development helps us get programmes up and running and delivering results. Through our LDC Investment Fund, we are looking to mobilize additional resources that we can deploy in the form of loans and guarantees to get early stage and small businesses or microfinance institutions growing. Increasingly we are also looking to use our financial instruments to share risks in ways that leverage domestic and international finance into impactful projects that would otherwise go unfunded.

All of us at UNCDF are enormously grateful to our funding and implementing partners. I thank our LDC partner governments; those donors who stand with us as champions and provide us with our core resources; and those who fund thematic and country interventions.

Thanks to our partners' generous support, we are achieving important results. Between 2014 and 2017, for instance, we supported over 800 local governments to utilize localized finance transparently and accountably, and completed nearly 5,000 localized investments across 23 countries. We also piloted 161 new pro-poor financial products and supported financial service providers in reaching 18 million clients to use digital payments to access basic services and engage more fully in their local economies. Many of these interventions created demonstration effects that have since been replicated commercially or scaled up by governments or multilateral development banks.

The resources entrusted to us help us get more and better resources flowing to where they are needed most. As the clock ticks down to 2030, getting the finance piece of the equation right is essential for LDCs to meet the Sustainable Development Goals (SDGs). We thank all our partners for investing in us, for learning with us, and for working with us to make that happen.




Judith Karl
Executive Secretary

FUNDING ARCHITECTURE

UNCDF has a four-window funding architecture to drive its innovation-to-scale approach and make maximum use of its technical assistance and block grants, loans, and guarantees.

01. REGULAR RESOURCES

Regular resources are the bedrock of UNCDF's business model, providing the technical expertise as well as the flexible risk capital to innovate, pilot, and start achieving leverage. UNCDF Executive Board has agreed to a target for core funding of US\$25 million per year to ensure programme operations in 40 LDCs. Right now, UNCDF's core resource envelope falls far short of that target, reaching \$12.6 million in 2017.

UNCDF core funding
 \$25 million per year

02. FLEXIBLE NON-CORE: LAST MILE FINANCE TRUST FUND

Flexible non-core resources allow UNCDF to meet new demand or to drive new innovation space in the LDCs where UNCDF is not already present or where investors are most risk averse, such as in crisis-affected settings. The Last Mile Finance Trust Fund accepts such resources and is structured around five thematic windows (Green Economy, Food Security and Nutrition, Economic Empowerment of Women and Youth, Infrastructure and Services and Financial Inclusion and Innovations) and one country expansion window.

THE LAST MILE FINANCE TRUST FUND is structured around
5 thematic windows

03. EARMARKED NON-CORE

Earmarked non-core resources help UNCDF build robust and meaningful programmes at country and multi-country levels, create meaningful scale to achieve demonstration effect across different countries and local settings; influence policy and regulatory environments; and crowd in other interested partners.

CREATING MEANINGFUL SCALE TO ACHIEVE DEMONSTRATION EFFECT



04. LDC INVESTMENT PLATFORM

The LDC Investment Platform provides transaction advisory and risk management support to allow UNCDF to build investible pipelines, deploy catalytic capital, and demonstrate business model viability across varied sectors to achieve last mile development objectives. Under an ideal resource scenario, UNCDF could potentially support hundreds of investible projects over the next four years.

UNCDF has already identified
50 catalytic projects
 to feed into this investment pipeline over the next
2-3 years

THE VALUE OF REGULAR RESOURCES

In 2017, core resources continued to play a pivotal role in helping UNCDF reach the most excluded households and small businesses worldwide.

A core resource base that is right-sized and fit for purpose is essential for UNCDF to achieve significant results, maintain its recognized position within its substantive peer networks, assure country presence in the maximum number of LDCs, and stay at the forefront of last mile finance innovations.

Core resources also offer high leverage by catalyzing additional resources from domestic and other resources. For each \$1 spent in regular resources, UNCDF is able to leverage about \$10 into local economies.

DONORS TO REGULAR RESOURCES, 2017

(All amounts expressed in United States dollars unless otherwise noted)

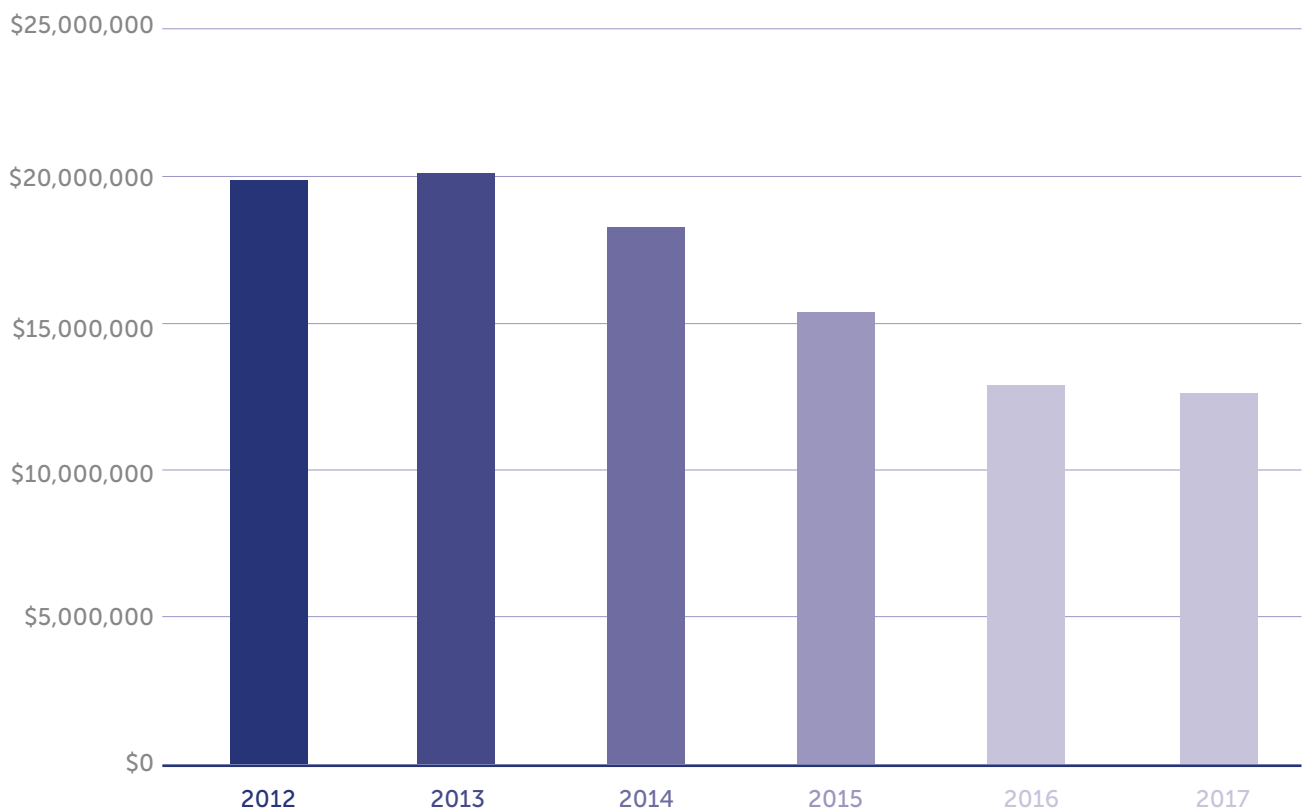
DONOR	TOTAL CORE
Sweden	3,382,187
Switzerland	2,982,107
Australia	767,460
Luxembourg	705,755
Norway	607,460
United States	500,000
Austria	217,155
China	30,000
Liechtenstein	25,100
Bhutan	4,000
Thailand	2,500
Lao People's Democratic Republic	1,500
Viet Nam	1,000
SUB-TOTAL	9,226,224
UNDP biennial support budget	2,699,354
UNDP programme support	711,033
GRAND-TOTAL	12,636,611

REGULAR RESOURCES TREND

The regular resources trend shows a progressive reduction between 2014 and 2017 and this remains a key challenge for UNCDF. However, the demand for UNCDF's services from the least developed countries continues to grow.

Regular Resources Trend, 2012-2017

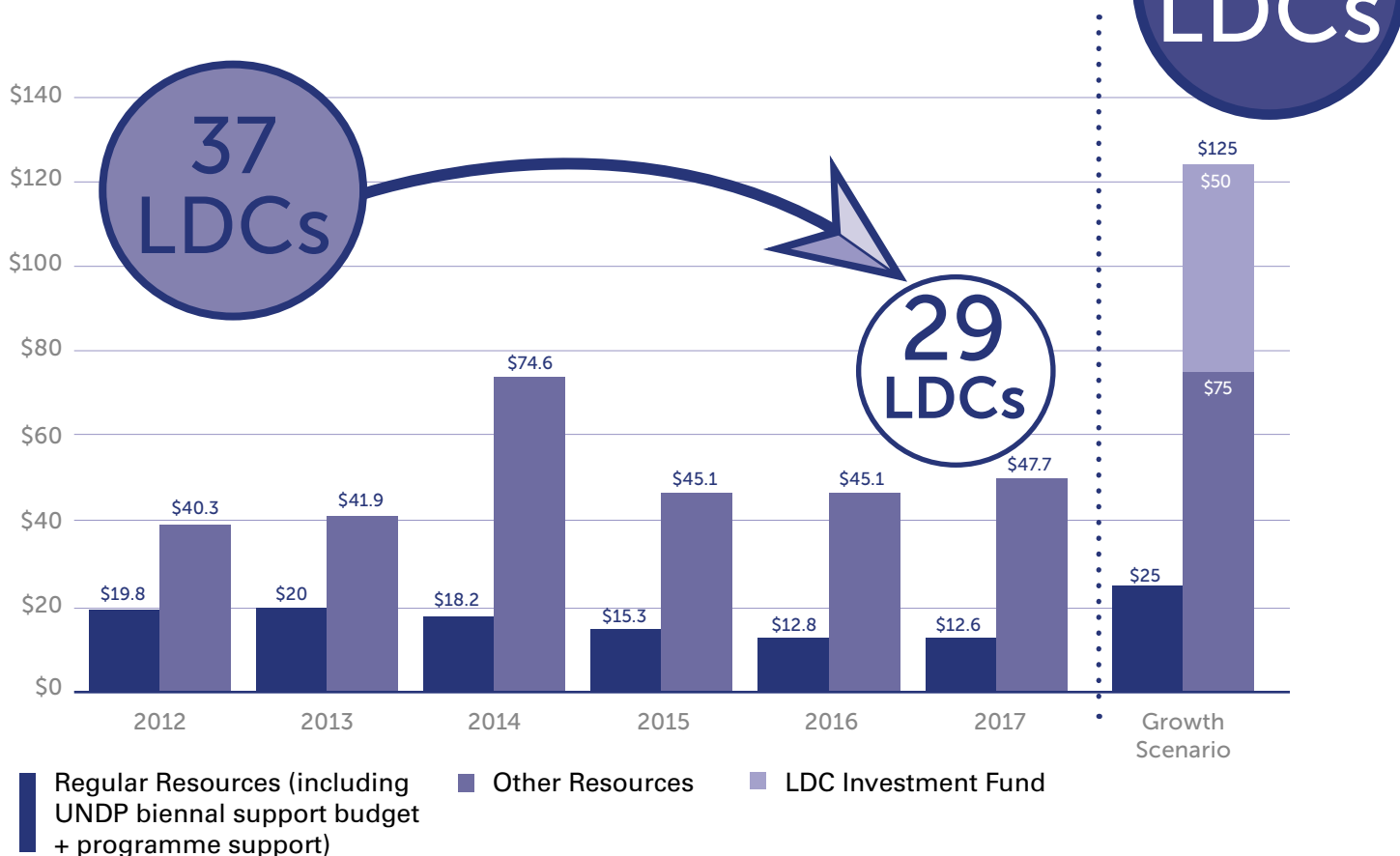
(Including UNDP biennial support budget and programme support. All amounts expressed in United States dollars)



The trend in core funding over the past years has resulted in the closure of 14 country programmes in local development finance and 8 country programmes in financial inclusion since 2014. Overall, UNCDF country presence in LDCs has decreased from 37 countries in 2012 to 29 countries in 2017 and is at risk of declining further.

UNCDF country presence in LDCs

(All amounts expressed in millions of United States dollars)



2017 FUNDING COMPENDIUM

Total Contributions

(All amounts expressed in United States dollars)

DONOR	CORE	NON-CORE	JPO RESOURCES	TOTAL
Sweden	3,382,187	8,956,195	110,161	12,448,543
Multi-Partner Trust Fund		11,386,423		11,386,423
Mastercard Foundation		4,947,455		4,947,455
Switzerland	2,982,107	1,907,661		4,889,768
United Nations Development Programme (UNDP) (*)	3,410,387	326,544		3,736,931
United States of America	500,000	3,190,000		3,690,000
European Union		3,599,998		3,599,998
Bill & Melinda Gates Foundation		1,500,000		1,500,000
Australia	767,460	700,000		1,467,460
Belgium		1,374,477		1,374,477
Luxembourg	705,755	482,637	16,947	1,205,338
Metlife Foundation		1,200,000		1,200,000
Pact Global Microfinance Fund		1,157,181		1,157,181
VISA Inc.		1,100,000		1,100,000
The Netherlands		1,086,956		1,086,956
Republic of Cameroon		966,991		966,991
United Kingdom		895,749		895,749
Omidyar Network		750,000		750,000
Norway	607,460			607,460
Mastercard Worldwide		500,000		500,000
United Nations Office for Project Services (UNOPS)		434,334		434,334
Germany		225,643		225,643
Austria	217,155			217,155
Kuwait			190,975	190,975
Italy			155,933	155,933
United Nations Convention to Combat Desertification (UNCCD)		127,389		127,389
Liechtenstein	25,100	97,561		122,661
United Nations High Commissioner for Refugees (UNHCR)		99,360		99,360
United Nations Population Fund (UNFPA)		94,874		94,874
Swedish International Centre for Local Democracy (ICLD)		86,850		86,850
China	30,000			30,000
The SEEP Network		25,200		25,200
Andorra		16,009		16,009
Bhutan	4,000			4,000
Thailand	2,500			2,500
Lao People's Democratic Republic	1,500			1,500
Viet Nam	1,000			1,000
TOTAL	12,636,611	47,235,486	474,017	60,346,113

(*) UNDP Core Resources: Biennial support budget \$2,699,354, Programme support \$711,033 totalling \$3,410,387

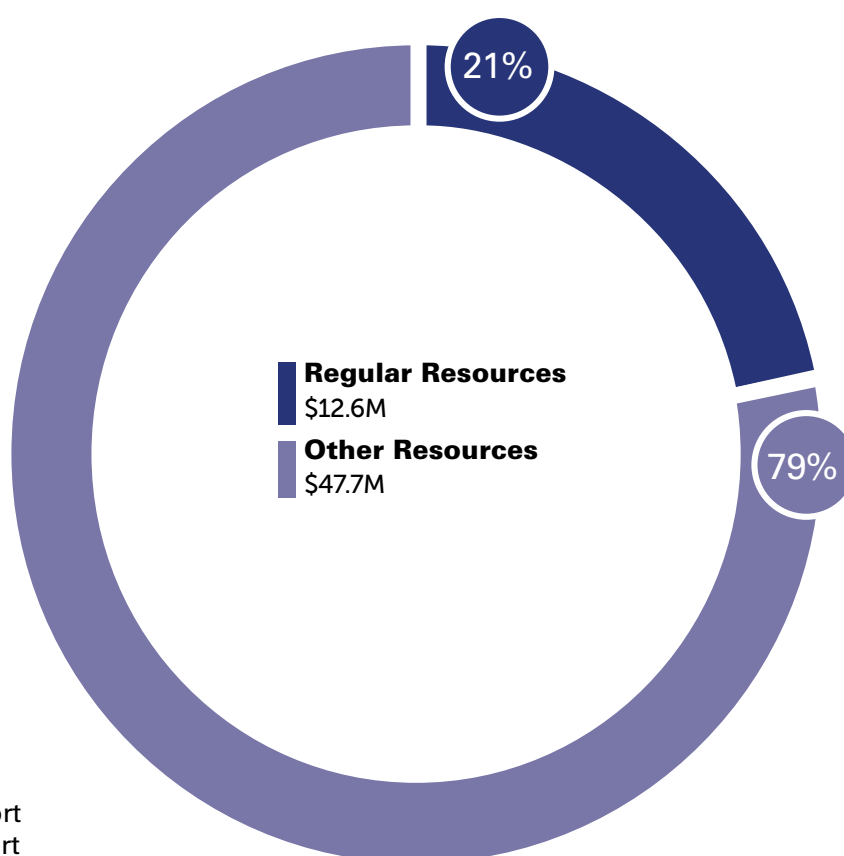
CONTRIBUTIONS BY TYPE OF RESOURCES

In 2017, UNCDF received total contributions of \$60.3 million. Core resources totaled \$12.6 million, compared to \$12.8 million in 2016, including the contributions received from UNDP.

Other resources earmarked to specific themes, programmes or activities were \$47.7 million in 2017, of which \$20.4 million came from donor country governments (bilateral), \$3.6 million from the European Union, \$11.2 million from the private sector, foundations and NGOs, \$1 million from UN Agencies and \$11.4 million from the UN Pooled Funds.

Contributions by Funding Type, 2017*

(Including UNDP biennial support budget and programme support. All amounts expressed in United States dollars)



Regular Resources

including UNDP biennial support budget and programme support

\$12.6M

Other Resources

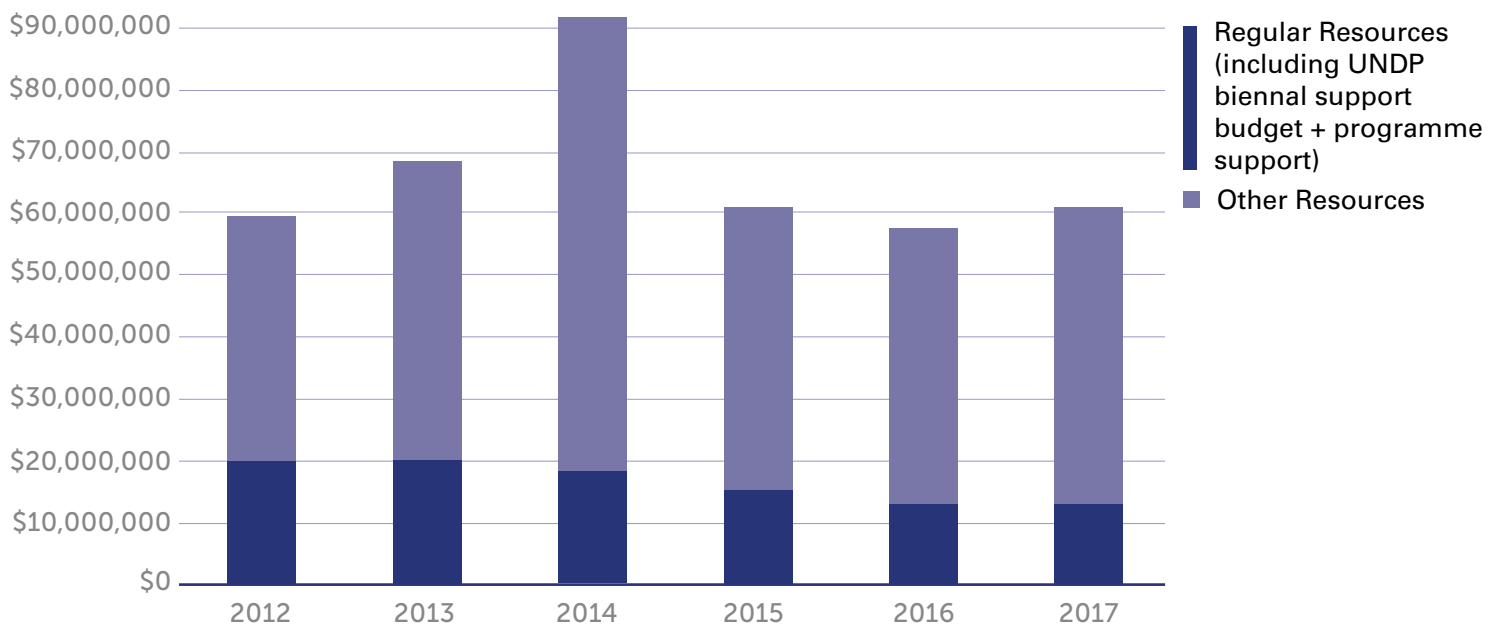
Country Governments (bilateral)
European Union
Private Sector, Foundations & NGOs
UN Agencies
UN Pooled Funds
Multilateral Organizations

\$47.7M

*The classification of resources has been adjusted from prior years for comparison purposes.

Regular and Other Resources Trend, 2012-2017

(Including UNDP biennial support budget and programme support. All amounts expressed in United States dollars)

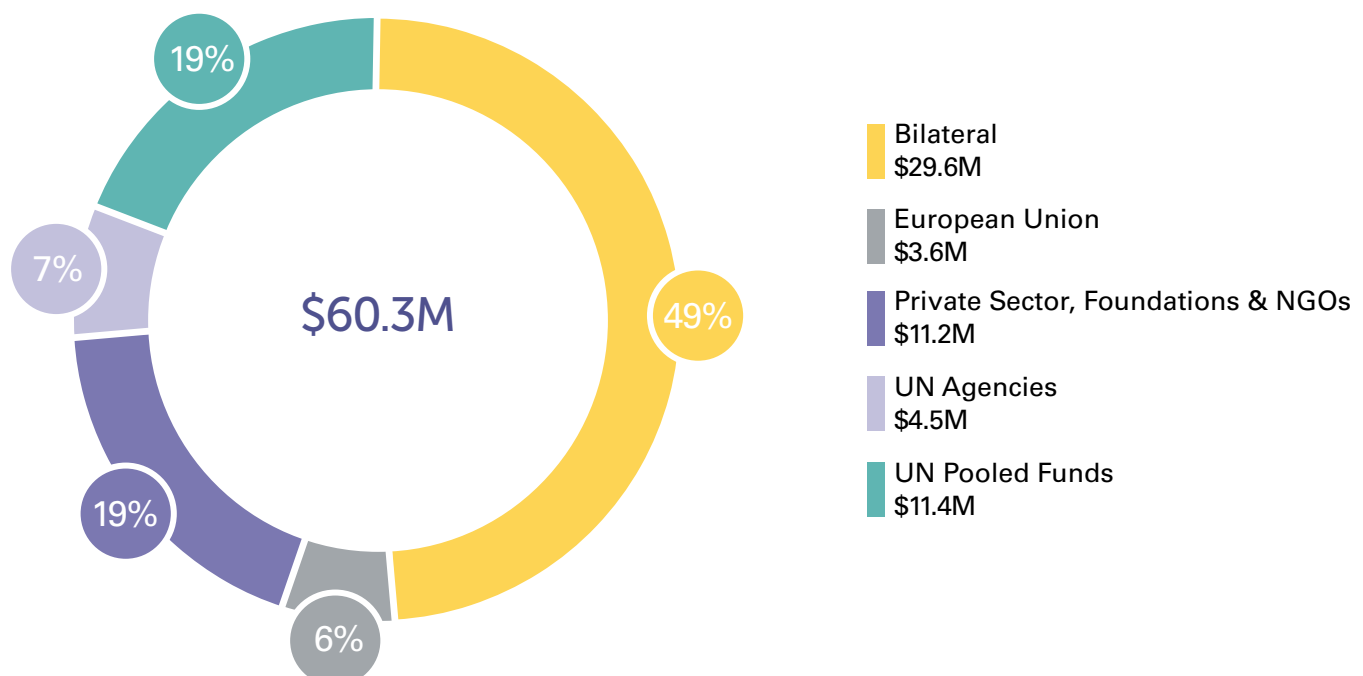


RESOURCES BY PARTNER CATEGORY

UNCDF works with a wide range of funding partners — Member States, multilateral donors, private sector actors, foundations, non-governmental organizations — and is deeply grateful to all those who champion UNCDF's work by contributing to regular resources, fund thematic and country initiatives that allow UNCDF to test new ideas, and support UNCDF to adapt the best lessons learned and apply them for greatest impact.

Resources by Partner Category, 2017

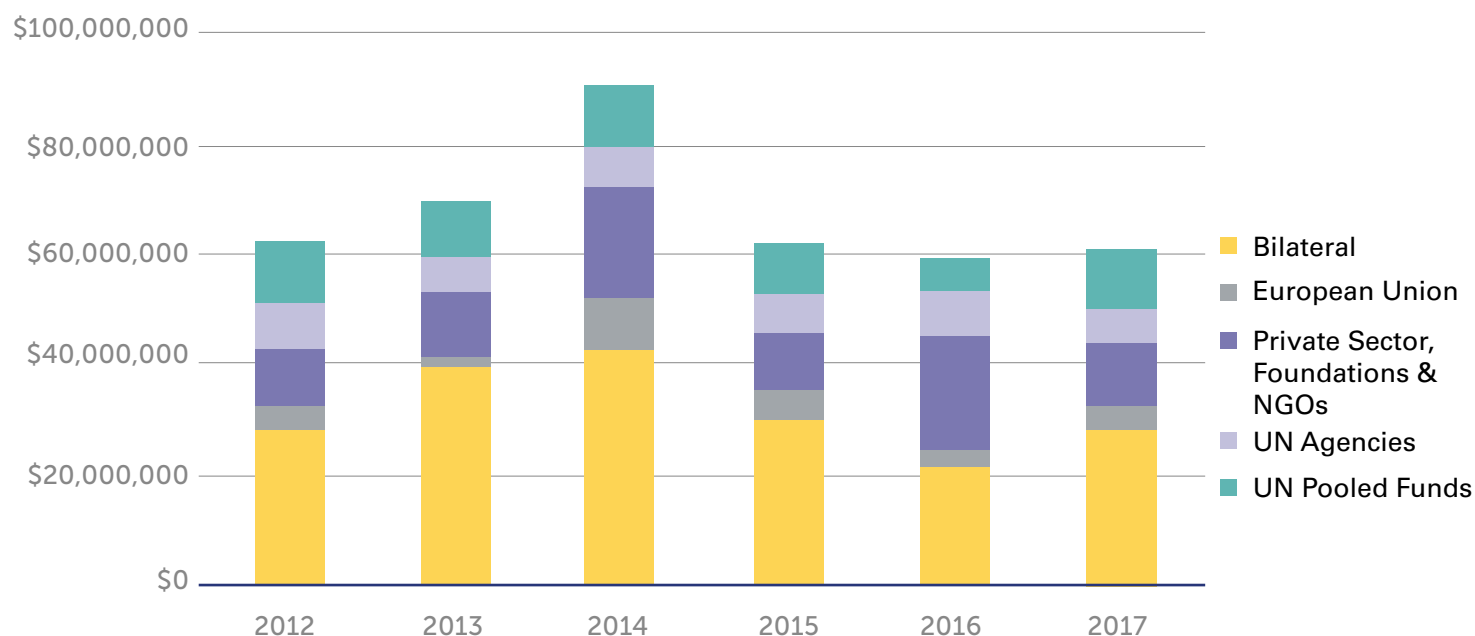
(Including UNDP biennial support budget and programme support. All amounts expressed in United States dollars)



UNCDF has made significant progress in mobilizing other (non-core) resources from private sector and non-governmental partners despite the reduction in its core resources. In addition, UNCDF continues to leverage significant amounts of additional public and private resources to consolidate, replicate, and scale up what works.

Resource by Partner Category Trend, 2012-2017*

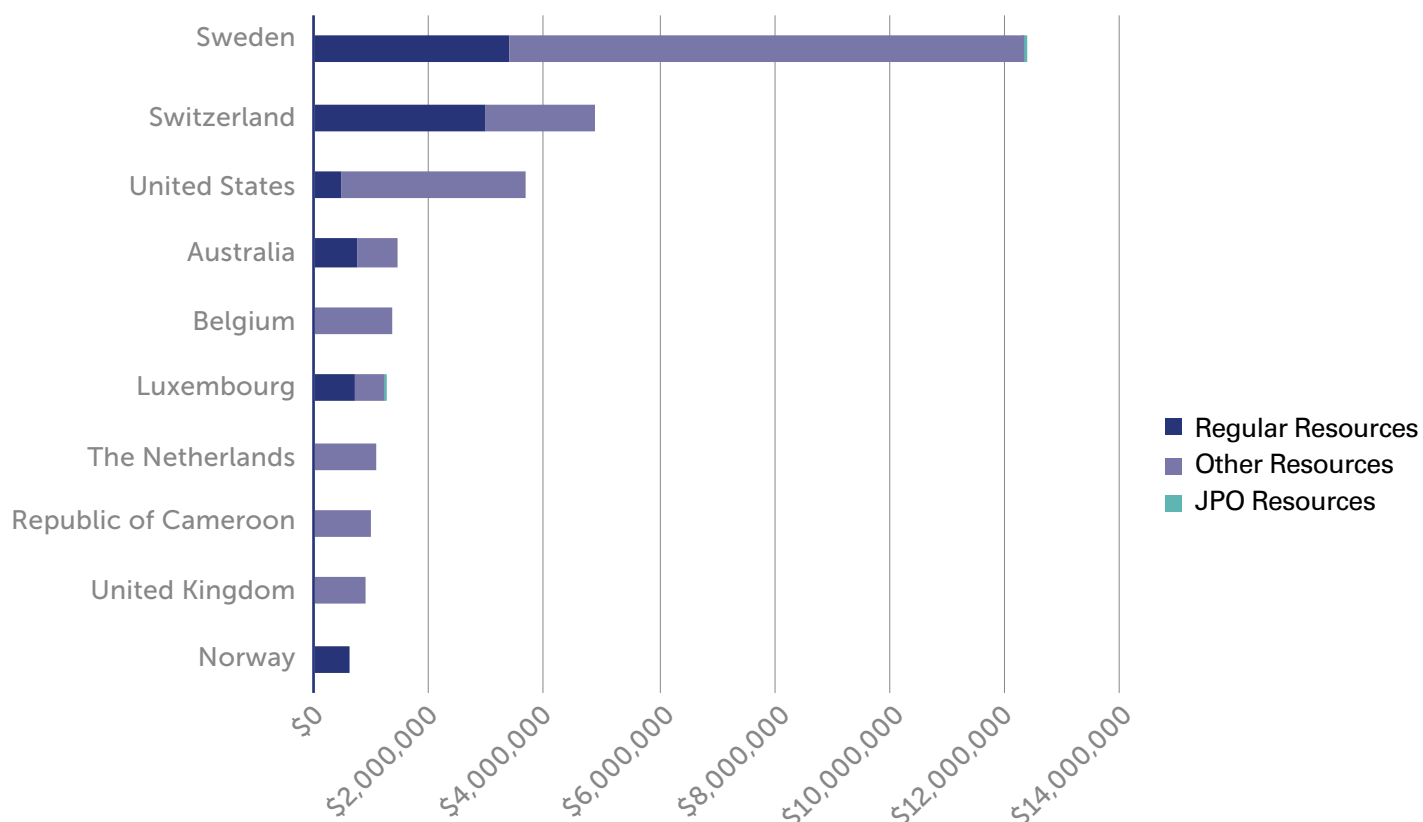
(Including UNDP biennial support budget and programme support. All amounts expressed in United States dollars)



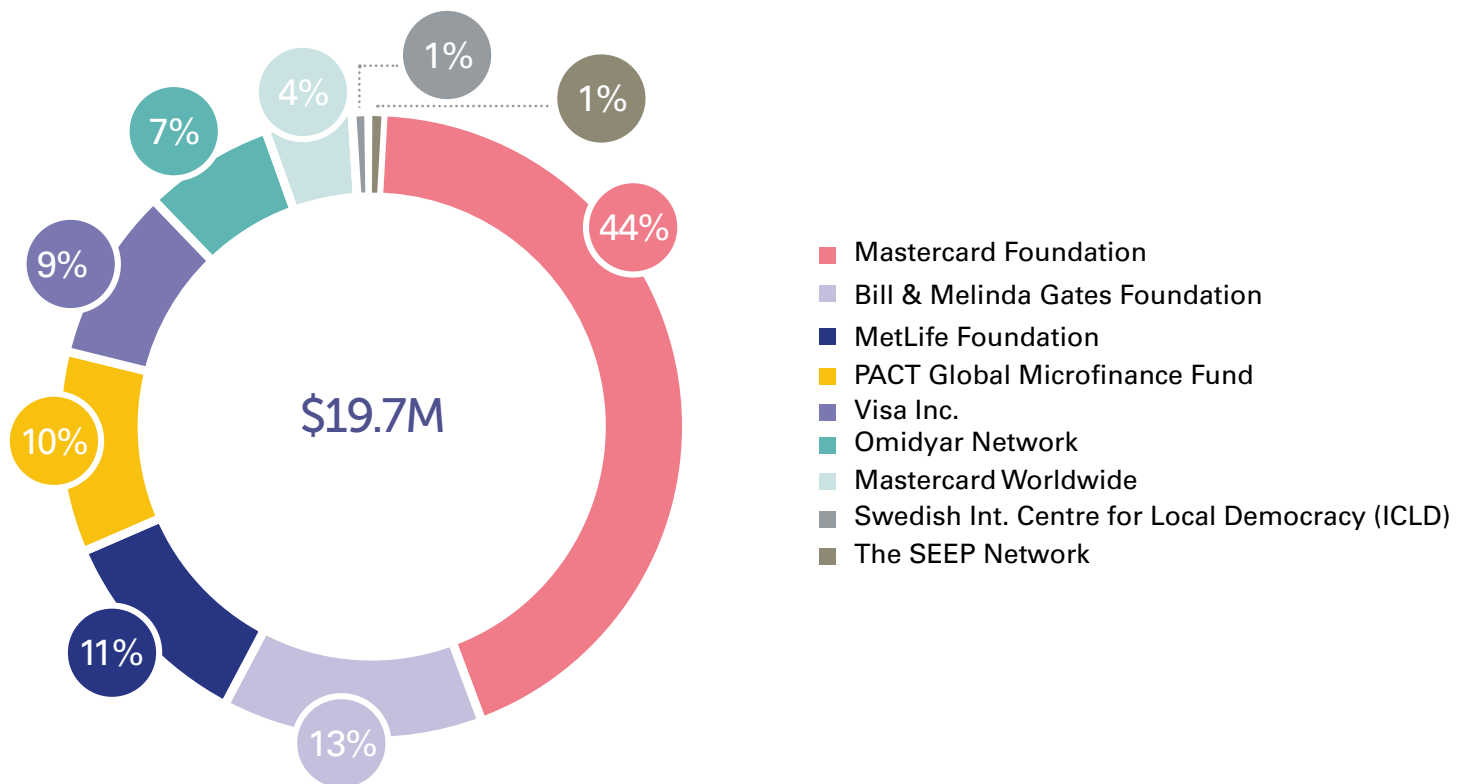
*The classification of resources has been adjusted from prior years for comparison purposes.

Top 10 Government Resource Partners, 2017

(All amounts expressed in United States dollars)

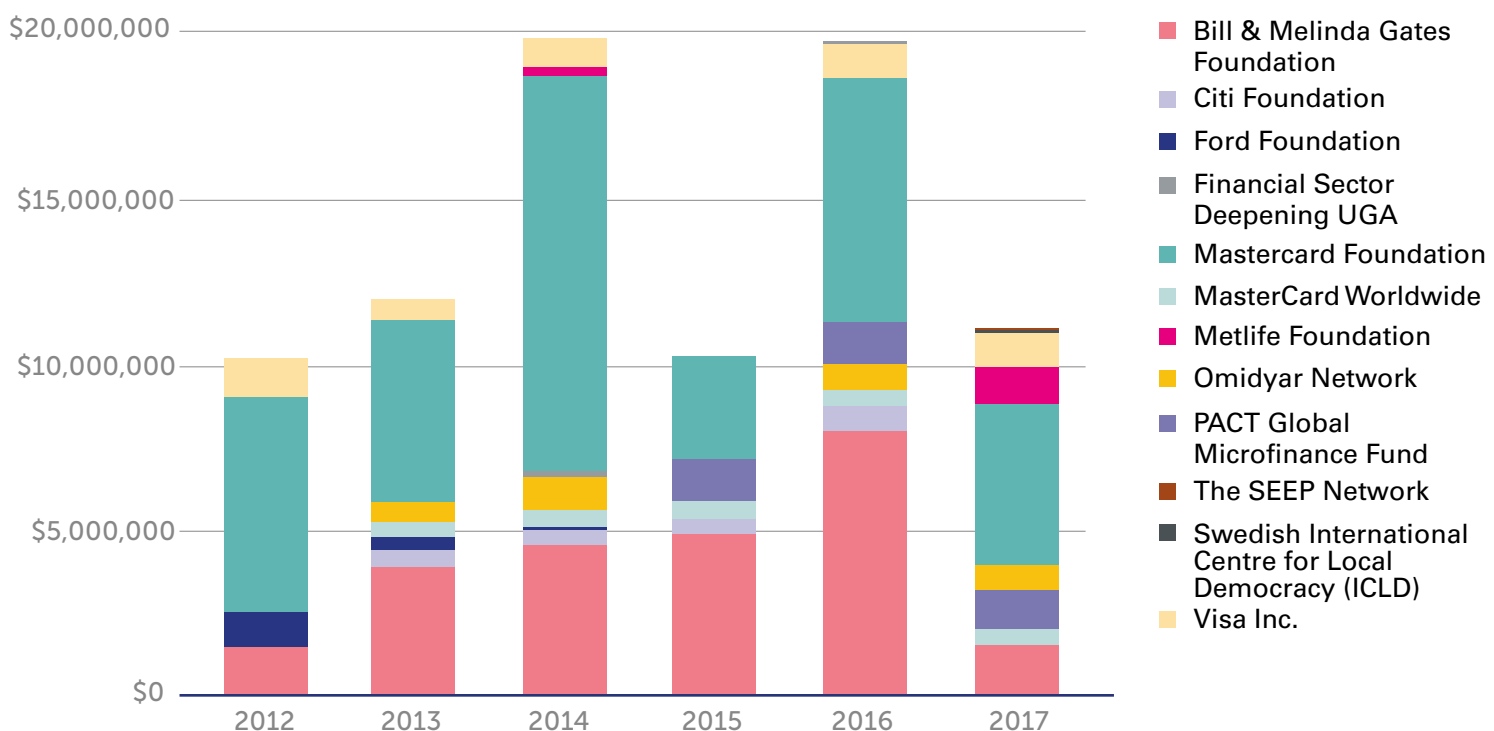


Top Private Sector and Foundation Resource Partners, 2017



Private Sector and Foundation Resource Partners Trend, 2012-2017

(All amounts expressed in United States dollars)

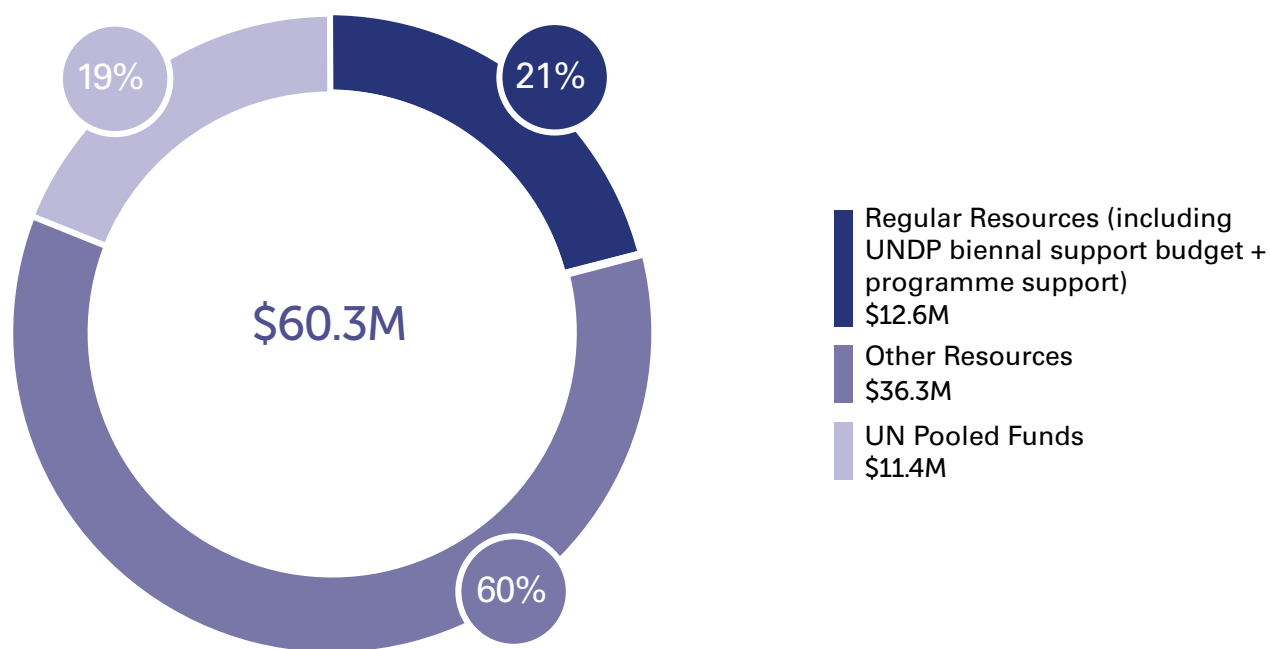


RESOURCES BY FUNDING CHANNELS

In 2017, resources earmarked for specific country or thematic programmes remained the largest source of UNCDF's annual income, a sign that the demand for UNCDF's services remains high.

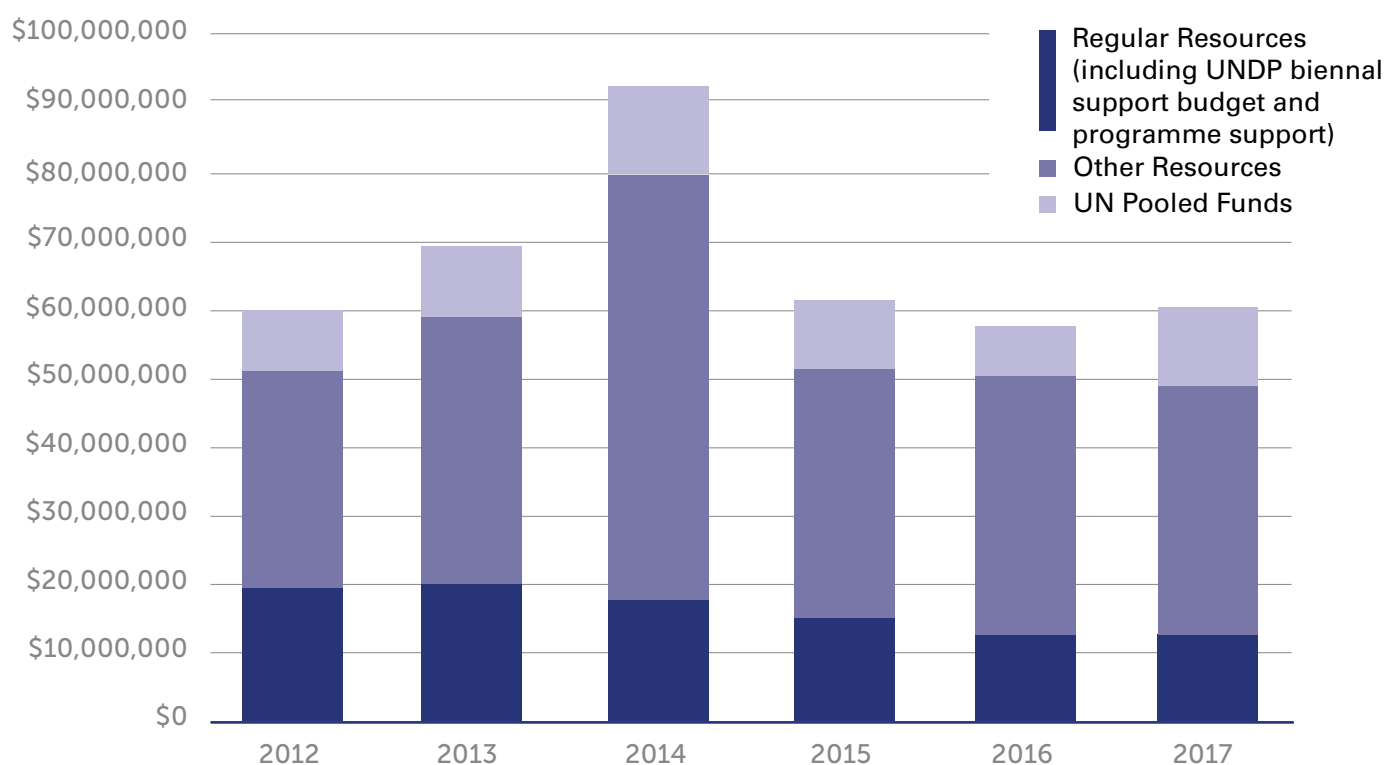
Resources by Funding Channel, 2017

(All amounts expressed in millions of United States dollars)



Resources by Funding Channel Trend, 2012-2017

(All amounts expressed in United States dollars)

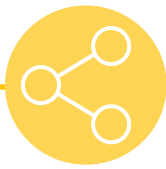


PROGRESS ON TRANSPARENCY



2011

UNCDF became a signatory of the International Aid Transparency Initiative (IATI)



2012

Published in the IATI registry for the first time



2015

Improved financial data to better correspond to IATI standards



2018

Updated reporting to new IATI Standards 2.02

Ensured real-time data sharing with UNDG Transparency Portal and d-portal.org.



2017

Regular publication of programme data

Launched new website increasing data access



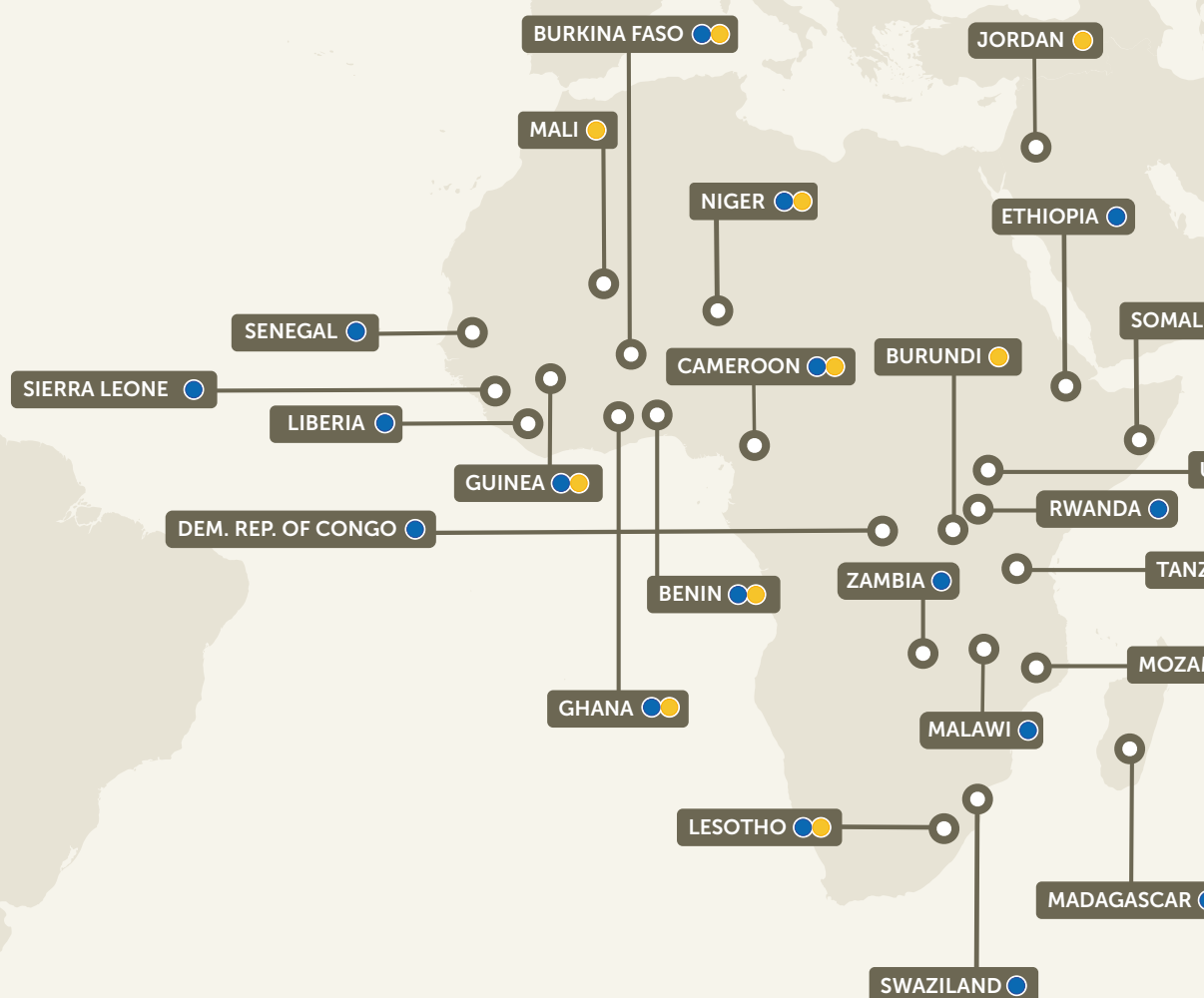
2016

Introduced regular uploading (at least once every quarter) of programme data on IATI



WHERE WE WORK

Country Presence in 2017



FINANCIAL INCLUSION

Bangladesh	Nepal
Benin	Niger
Burkina Faso	Papua New Guinea
Cambodia	Rwanda
Cameroon	Samoa
DR Congo	Senegal
Ethiopia	Sierra Leone
Fiji	Solomon Islands
Ghana	Swaziland
Guinea	Tanzania
Lao PDR	Tonga
Lesotho	Uganda
Liberia	Vanuatu
Madagascar	Viet Nam
Malawi	Zambia
Myanmar	



LOCAL DEVELOPMENT FINANCE

Bangladesh	Mali
Benin	Mozambique
Bhutan	Myanmar
Burkina Faso	Nepal
Burundi	Niger
Cambodia	Papua New Guinea
Cameroon	Solomon Islands
Ghana	Somalia
Guinea	Tanzania
Jordan	Tuvalu
Lao PDR	Uganda
Lesotho	



DISCLAIMER

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WHAT PARTNERS SAY ABOUT US



UNCDF is an important United Nations agency that supports the Government of Benin's efforts in the realization of its 2016-2021 action plan, particularly with regard to the development of local communities, through structuring projects that have a positive impact on grassroots populations.

Permanent Mission of Benin to the United Nations
2018 Annual Session of the Executive Board

The UNCDF Strategic Framework [...] highlights UNCDF's critical role to make finance work for the poor and to get finance flowing to where it is needed most. I see great additionality in UNCDF's programmatic and early investor work. As UNDP and the wider UN system accelerate support to LDCs and MICs to optimize public and private investment for SDG achievement, UNCDF's ability to deploy a range of financial instruments to de-risk and prove concept has considerable system-wide applicability. UNCDF's LDC investment platform is a vehicle ready for take-off, with existing capacity to direct investment to the most excluded people, businesses, and localities, thereby creating impact across a range of SDGs.

Achim Steiner
UNDP Administrator

Sweden appreciates UNCDF as a flexible and agile organization that can have a catalytic effect on investment for development. We know from experience that UNCDF can significantly leverage relatively small contributions. UNCDF's innovative business model and creative approach pave the way for sustainable investments and leveraging of public and private resources in support of national development priorities.

H.E. Ms. Isabella Lövin
Deputy Prime Minister and Minister for International Development
Cooperation and Climate, Sweden

We commend UNCDF's continuous stride for reaching the "last mile" with its inclusive and innovative financing solutions. We believe that UNCDF's focus on crowding in resources and de-risking portfolios for LDCs are contributing positively towards building a coherent, sustainable and diversified financing framework for leveraging the implementation of the 2030 agenda in these most vulnerable countries.

Permanent Mission of Bangladesh to the United Nations
2018 Annual Session of the Executive Board

UNCDF is making lives better in some of the most challenging regions of the world. We are proud to partner with them to create innovative public-private financing solutions and ensure that no country is left behind.

John Morris
Founding Partner, 17 Asset Management
USA

The United Nations Capital Development Fund is an example of what we want in a new UN, focused and impactful, and bringing into play all of the potential partners in development, including other UN agencies and donors as well as the private sector, civil society and national and local governments.

Kemy Monahan
Director for Economic & Development Affairs
Bureau of International Organizations, U.S. Department of State



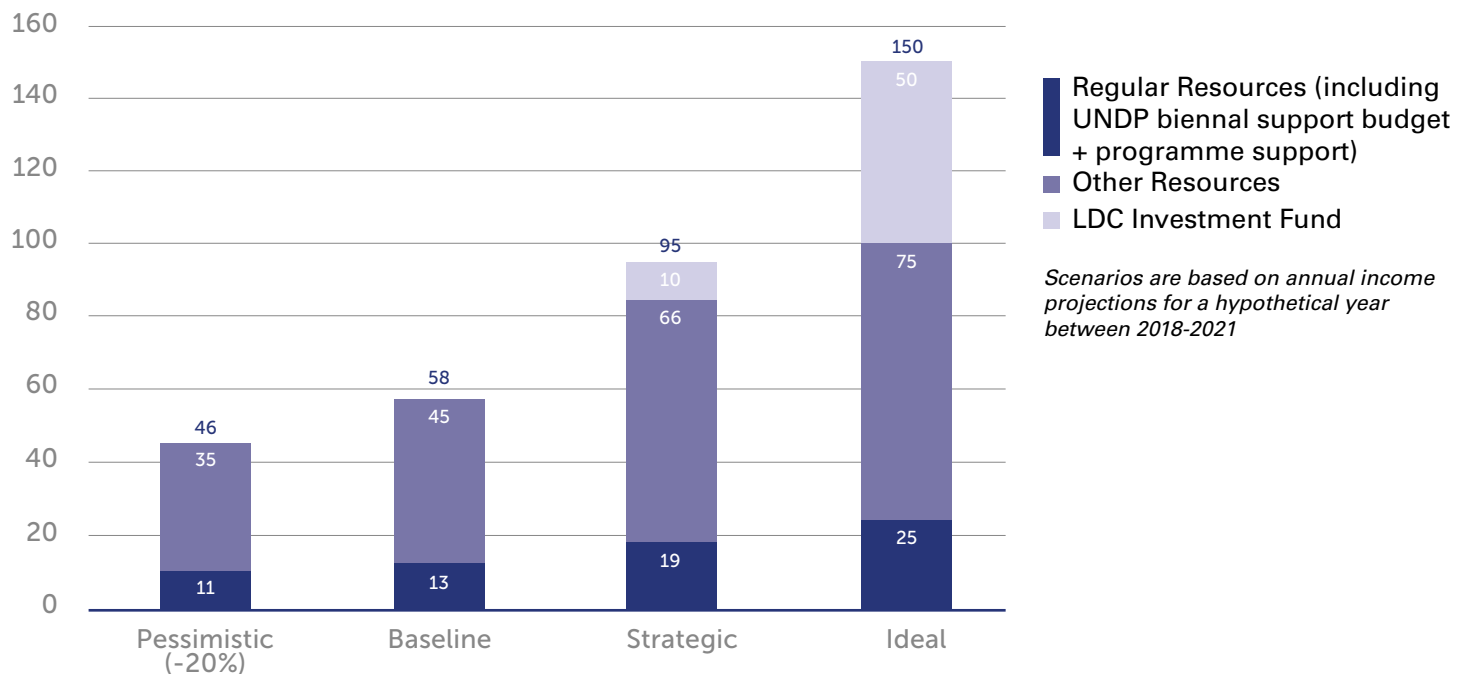
LOOKING FORWARD

With predictable funding and the right mix of resources, UNCDF can be a more catalytic and strategic partner to UNDP and the wider UN development system in testing innovative finance approaches.

The below graph shows the ideal income scenario that would ensure the full implementation of its Strategic Framework, in which UNCDF would have annually \$25 million core, \$75 million non-core, and a \$50 million LDCs Investment Fund. Under this scenario, UNCDF could be present in up to 40 LDCs.

UNCDF FINANCIAL INCOME SCENARIOS

(in millions of United States dollars)



ABOUT UNCDF

The UN Capital Development Fund **makes public and private finance work for the poor in the world's 47 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. UNCDF’s financing models work through two channels: 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.

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 and SDG 17 on the means of implementation. By identifying those market segments where innovative financing models can have transformational impact in helping to reach the last mile and address exclusion and inequalities of access, UNCDF contributes to a number of different SDGs.



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UN Capital Development Fund

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