

STORIES OF LEVERAGE AND SCALE-UP



Unlocking Public and Private
Finance for the Poor

INNOVATIVE PARTNERSHIPS TO SUPPORT THE PRIVATE SECTOR

ENCOURAGING NEW SAVERS

UNCDF invested \$6.8 million and mobilized \$20 million from the Bill & Melinda Gates Foundation during Phase 1 of MicroLead (2009-2014), a program focused on bringing market leaders with a strong focus on savings to underserved markets. UNCDF funds were invested in Financial Service Providers (FSPs) from the South, which put a further \$100 million of their own equity into expansion of their financial services under the project. In five years, MicroLead mobilized more than \$645 million of “sleeping capital” through 15 projects in 13 countries in Asia and Africa.



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. 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 **localized investments** that show how fiscal decentralization, innovative municipal finance, and structured project finance can drive public and private funding that underpins local economic expansion and sustainable development.

BUILDING NEW BUSINESSES IN SOUTH SUDAN

In 2009, UNCDF provided Kenya-based Equity Bank a \$2.5 million grant to move into South Sudan. Equity Bank invested a further \$10 million of its own capital into the expansion of its branches and services reaching 132,000 deposit accounts by 2013. When peace disintegrated in 2013, Equity Bank kept these deposits secure, including the life savings of many low-income clients that will allow them to rebuild. As of June 2015, Equity Bank South Sudan had 132,000 depositors and the equivalent of \$167 million in deposits.



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INSTITUTIONALIZING YOUTH PRODUCTS

YouthStart was successful in institutionalizing youth products in 9 partner Financial Service Providers (FSPs) which have continued to scale their outreach. These FSPs provided access to savings accounts to almost 730,000 young people (44 percent young women and girls); trained almost 750,000 youth in financial education; and provided loans to almost 125,000 young entrepreneurs (54 percent young women). These young clients have accumulated over \$20 million in savings and taken out \$16 million in loans. 80% of youth clients sampled noted YouthStart's savings and credit products, as well as financial literacy training, had positively influenced their situations/lives, primarily in terms of increased financial capabilities and capacities to generate some income and greater independence and/or stronger self-esteem. In a more in-depth behavioral study, researchers found a correlation between participation in the programme and confidence in the future which may be a decisive factor for youth when thinking about risky sexual behaviors, migrating and/or radicalizing their behaviors.



UNLOCKING PUBLIC FINANCE FOR LOCAL ECONOMIC DEVELOPMENT IN UGANDA

Uganda was one of the first countries to receive UNCDF local development finance support and implement a performance-based grant system. In 1998, UNCDF began to support 5 local governments through comprehensive Public Financial Management (PFM) systems at the district level, local infrastructure delivery, and policy development and institutional building. Since then, UNCDF has contributed \$14 million, which was later scaled-up by other entities across all local governments (1000+) with \$604 million. The World Bank and other development programs used similar grant programs for \$295 million and the Government of Uganda for \$309 million. The scale-up by the World Bank occurred 2 years after the start of the UNCDF pilot. Overall, UNCDF's initial contribution helped lead to a 45-fold increase in the governments' discretionary capital funds over the period.

BUILDING LOCAL GOVERNMENT CAPACITY FOR INFRASTRUCTURE AND SERVICE DELIVERY IN BANGLADESH

Over the last 15 years and through different phases of innovation, UNCDF spent \$10 million of core funding to pilot and test approaches to fiscal decentralization in Bangladesh. What began in one of 64 districts in Bangladesh in 2000 eventually was scaled-up by the World Bank with \$720 million in International Development Association (IDA) financing and the Bangladesh government's own funding across the entire grass roots tier of local governments in the country. Under this programme, 10,242 investments were made locally. UNCDF raised the participation of poor households in the planning process from 4% in 2012 to 36% in 2015, of which 37% of the participants (295,000) were women. In 2016, Japan came forward with an additional \$400 million to continue expanding the nation-wide scale-up across the entire lower-tier of local government.

