

INTERNATIONAL FINANCIAL INSTITUTIONS

UGANDA

Uganda was one of the first countries to receive UNCDF support to the local development finance system to implement performance-based grants. In 1998, UNCDF began to support five local governments to build comprehensive public financial management systems at the district level to facilitate local infrastructure delivery, policy development, and institution-building.

Two years after the UNCDF pilot, the World Bank and other development programmes contributed US\$295 million to similar grant programmes, and the Government of Uganda contributed \$309 million to it. Since then, UNCDF has invested an additional \$14 million, which has been matched by \$604 million from other entities to cover all 1000+ local governments. Overall, UNCDF's initial contribution facilitated a 45-fold increase in the Government's discretionary capital funds over this period. UNCDF's investment of \$14 million from 1999-2003 was scaled up by the World Bank and the Government of Uganda with an additional \$600 million from 2000-2017.



BANGLADESH

Over the last 15 years and through different phases of innovation, UNCDF spent \$10 million of core funding on piloting and testing approaches to fiscal decentralization in Bangladesh. Initially implemented in 2000 in just one of the 64 districts in Bangladesh, the programme was eventually scaled up through \$720 million in IDA funding from the World Bank, and additional funding from the Government to expand to the entire grass-roots tier of local governments in the country.

Under this programme, 10,242 investments were made locally. UNCDF increased 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 contributed an additional \$400 million to continue expanding the nationwide scale-up across the entire lower tier of local government.



NEPAL

Through Nepal's Ministry of Federal Affairs and Local Development, the World Bank and UNCDF jointly supported the G2P Human Development Social Protection Pilot project from 2011-2015. The pilot focused on delivering education grants to beneficiaries through branchless banking, and increased the transfer of funds to rural communities. A major component of the pilot was to encourage the shift from manual to electronic distribution of payments to improve the effectiveness and efficiency of cash transfers, and this was well received by the Government.

The lessons learned from the electronic transfer of the education grant led to a government commitment for scaling up social protection payments to beneficiaries through agent banking models. Critically, the pilot is now seen by the Government, local stakeholders, and some key development partners as a promising development in the management and delivery of social transfers at the local level.

In a similar vein, UNCDF, the World Bank and the Ministry of Federal Affairs and Local Development are also supporting the preparation of a strategy and implementation plan for the rollout of social security payments through agent/ branchless banking.

UNCDF will support the digitization of social security payments, which could ultimately be a key driver in the adoption of branchless banking in Nepal.



the International Financial Institutions



MOZAMBIQUE

In Mozambique, UNCDF jointly with UNDP piloted the Decentralized Planning and Finance programme. It ran from 1998 to 2002. The pilot programme was expanded to other provinces by GIZ and the World Bank from 2002 to 2006.

Based on these experiences, the World Bank, together with other development partners, financed the national programme on Decentralized Planning and Finance, a \$50 million loan programme during 2010-2015.

Currently, UNCDF and other bilateral partners are discussing with the Government of Mozambique the next steps to support the nationally-designed decentralization policy and its implementation strategy.



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 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.

By strengthening how finance works for poor people at the household, small enterprise and local infrastructure levels, UNCDF contributes to Sustainable Development Goal (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 the achievement of a number of different SDGs.

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