



UNITED NATIONS
MULTI-PARTNER TRUST FUND
FOR SUSTAINING PEACE



BLENDED FINANCE INVESTMENTS

OBJECTIVE: To achieve sustained peace through the advancement of the SDGs and increasing private investment in the areas most affected by the conflict through innovative financing models, where official development aid resources are used to reduce the risk of social investments in these territories.



USD \$ 2.1 M

MPTF total amount

USD \$ 13.2 M

Private sector leverage
leverage ratio: 1:6

*In addition to direct investments PBF funded
US \$0,9M for impact measure and operational expenses.



30 months

Duration

15/12/2019

15/05/2022

Start/end date



**ACUMEN, INCOFIN,
CORPOCAMPO,
IC FUNDACIÓN,
BANCÓLDEX,
SUPRACAFÉ,
WEGROU/MERCYC.**

Implementing
partners

The UN's financing approach for SDGs, from "Funding to Financing", aims at establishing new partnerships for mobilizing private resources with innovative financing models, also using limited ODA's resources for leveraging investments (Blended Finance), and reaching locations where private actors would otherwise invest less or not at all.

In Colombia, there is a strong and direct correlation between development gap and conflict areas. Nearly 88% of the 170 municipalities most affected by violence and armed conflict are located in rural and remote areas with limited economic capacity, characterized by a lack of access to public goods and services paired with a lack of quality as well as geographical coverage of education, deficient access to health services and high rates of informal employment and unemployment. Therefore, Colombia has an historic opportunity to overcome violent conflict, addressing its root causes by achieving SDGs across the country and to sustain peace. To do this, it is necessary to attract private investments for the most fragile regions, to promote sustained and sustainable economic growth and social development.



28%



Financial
progress

38%



Technical
progress



Risk for impact investors is reduced

Resources for stabilization and
sustaining peace are increased

Private sector increases
their social impact investments

Quality of life of rural population
most affected by violence
and conflict is improved



THEN:

The historical gaps and inequalities that have fueled the conflict will shrink, strengthening territories' stabilization, advancing the SDG agenda and sustaining peace.



Naciones Unidas
Consolidación de la Paz

2.046



Total beneficiaries

2.995

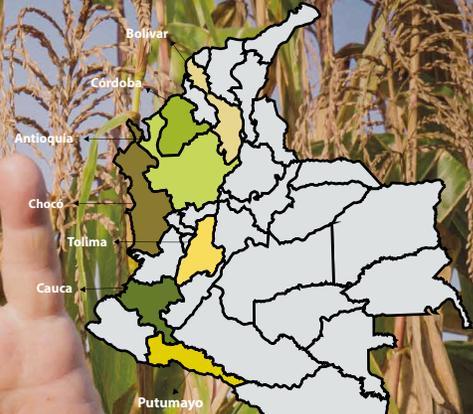


Credits granted

4.500



Impacted families



WHY BLENDED FINANCE?

An innovative mechanism of Development Finance where the “blend” among international cooperation and private sector resources allows to give viability to projects where the private sector would not invest on its own due to risk or profitability issues. Blended Finance instruments have a catalytic effect when considering the mobilization of both private financial resources (leverage) and the commitment to development impact. It has a direct impact on the Sustainable Development Goals and was born from an initiative led by Multilateral Development Bank under their “from billions to trillions” commitment to mobilize more resources towards the eradication of poverty and inequality.

Private sector partner	Main results	Blended finance instrument
 Acumen – International Social Impact Fund	Consolidation of the “Investing for Peace Fund” to invest with patient capital in community led agribusinesses in paddy rice and powdered panela plant for export. Reaching more than 700 producers .	Resources contributed to the Investing for Peace Portfolio. Acumen as an impact fund will inject patient capital / junior equity to set up companies in association with community-led associations.
 Bancóldex – National Development Financial Institution	Special credit line was launched at the end of 2020 to finance UNEP ecosystem-based adaptation technologies (MEBA). With this special line it is expected to disburse 2.500 loans for small agriculture producers through local microfinance institutions.	Bancóldex used the funds as an interest rate subsidy , so that the special credit line had an attractive and competitive intermediation rate for local microfinance institutions.
 CorpoCampo – Colombian Private held company	Invest in “The Açai berry dream” were 300 farmers and former combatants produce Açai and CorpoCampo guarantees the purchase and ensures income stability. Additionally, the Açai palms cultivation has potential for selling carbon credits.	The resources were used for traditional technical assistance to support short-term and food security crops, while the Açai palm reaches its productive stage in a 4-year cycle investment.
 IC Fundación – Colombian Private Philanthropy Foundation	Invest in “Chocolate of Colombia”, supporting Fairtrade certification, good practices and adjustments to the cocoa processing plant for the development of value-added derivative products to be exported. This investment will provide a licit income for 800 cocoa beans producers in this region affected by conflict, organized in 10 associations.	The resources will be used for traditional technical assistance for the payment of local technicians who will support cocoa farmer associations certification and for machinery acquisition to strength cocoa value-added process transformation.
 Incofin – International Social Impact Fund	This investment made viable a US\$ 4 M operation loan of Incofin to Contactar microfinance cooperative. With these resources Contactar is expanding its presence in remote municipalities, while promoting banking penetration and reducing the historical financial gap in the south of the country. 2.995 loans disbursed. 45% of these loans were disbursed to women .	The resources will be used for an exchange guarantee known as a cross currency swap* , which made the loan operation profitable for both the borrower and the lender.
 Supracafé – International private held company	To invest in the Association of Women Coffee Growers of Cauca (AMUCC) and increase the base up to 420 women , guaranteeing profitable and legal economic alternative in this region affected by the conflict.	The resources are used for traditional technical assistance , registration of the AMUCC coffee brand, and a contribution to the Revolving Fund for pre-financing of the harvest.
 Wegrou – Start-up & Mercy Corps – INGO	Launch of the “From bean to cup” platform for selling specialty and organic coffee produced by women without intermediaries. This promotes the resilience of women heads of households and victims of the conflict. (www.indiegrou.co).	50% of funds are used in seed capital for the start-up and 50% for traditional technical assistance .



Quarterly Report March 2021

BUSINESS ENHANCEMENT

- During first three months of 2021, the first disbursement of USD \$33.000 was disbursed to the new company "Espiga del Atrato", built on the alliance between Acumen and Asprodema. The resources will be invested in production plant adjustment and used for short-term working capital for producers. Fedepanela, in alliance with Asogrepaca, continues to support producers from Campamento and Angostura to meet the quality requirements for the sugar cane powder plant. Two alternatives for budget adjustment are being analyzed in order to consolidate this investment and to start with the construction plant.
- Progress is being made with regard to the cocoa value-added production plant (IC Fundación), a cocoa beans roaster with 25 kg capacity was purchased and installed, as well as 4 melangers. Chocolate Colombia together with IC Fundación is requesting quotations and tests for plant improvements and equipment, such as a 1.000-liter double jacketed tank and a disk mill for pre-grinding cocoa.

RURAL DEVELOPMENT AND MARKET ACCESS

- With support from IC Fundación, 1.158 technical assistance and support visits were made to cocoa farmers of the 6 associations that are part of the Fairtrade certification process. Data gathered by the 813 cocoa farmers involved in the process was debugged. In early March, the official application for certification was submitted to Flocert International to grant Fairtrade certification to Chocolate Colombia and its partner associations.
- In February, the Indiegrow (Wegrou/Mercy Corps) platform was launched for the direct purchase and marketing of organic specialty coffee under the "50 amigas" brand in the international market, particularly the US. As of March 31st, 119 bags of 340gr were sold in the US and locally. The coffee has a trademark registration and is registered with the national food and health authority. For more information and to purchase "50 amigas" coffee click here.
- During first quarter of 2021, 126 technical visits were made to AMUCC women coffee growers in the municipalities of Caldono, Cajibío, Piendamó, Morales, El Tambo and Popayán, focusing on technical support and transfer of knowledge regarding good practices in sustainability, fertilizers and integrated weed treatments (Supracafé).
- The Acaí Berry Dream from CorpoCampo already has established commercialization contracts with 145 producers and with an association of former combatants. They have received short-term crops and incentives for participation, giving them food security and a transitional income while the agroforestry acaí plants reach their productive stage.

ACCESS TO FINANCING

- The credits granted by Incofin to the Cooperativa Contactar were disbursed between October 2019 and March 2020. 2,995 credits were disbursed, of which 45% were given to women with an average rate of 42,8% annual nominal rate (more than 10 percentage points below the current usury rate for microcredit). The average amount of disbursements was COP \$ 3 million (US \$ 810 approx.) The PDET municipalities with the highest disbursements are: Piendamó, Puerto Asís, Villagarzón and Santander de Quilichao.
- The special credit line designed by Bancóldex with the support of the United Nations Multi-Partner Trust Fund for Sustaining Peace and UNEP is focusing on the financing of technologies for ecosystem-based adaptation measures. It is available for the 11 microfinance intermediaries that are currently registered the entity and have a strong presence in PDET / ZOMAC municipalities. During first quarter, two microfinance institutions have demanded a quota for USD \$572.000 of available resources, equivalent to a 17% of the line.
- Progress is being made on the logistic design of the coffee prefinancing revolving fund of the AMUCC women for Supracafé investment. Documentation required for the application and approval of credits was structured and logistical steps of transportation routes defined.

GENDER

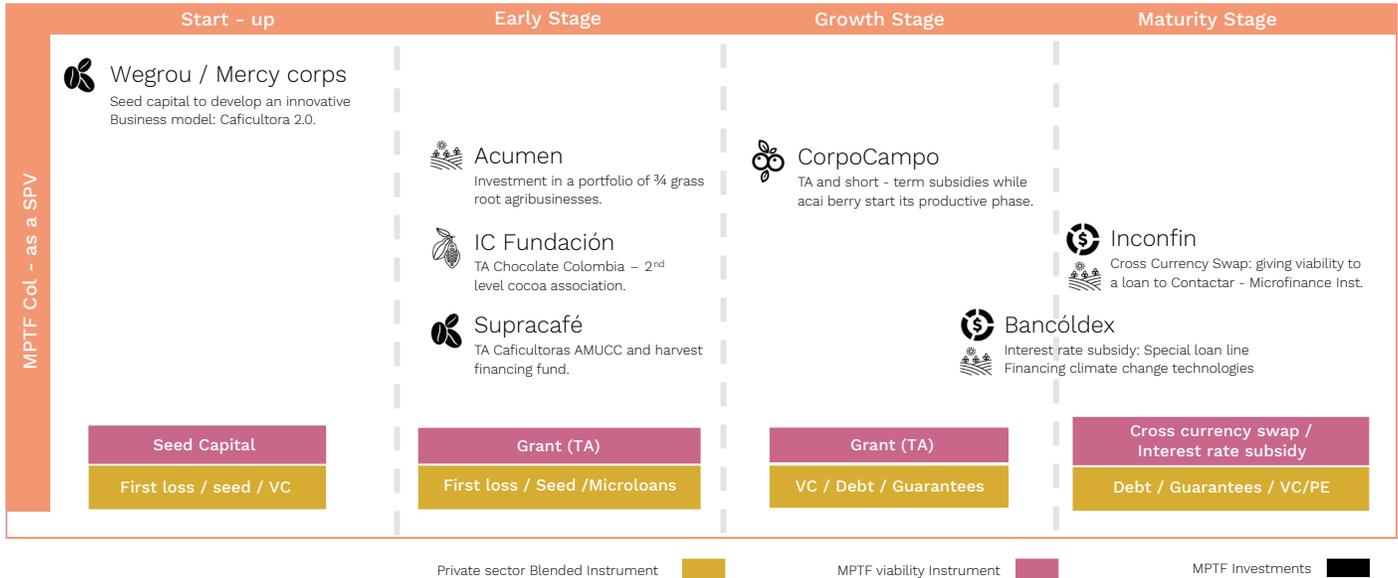
- Two investments have a 100% gender approach: Supracafé supporting the women of AMUCC and Caficultora 2.0, implemented by Wegrou and Mercy Corps. In the case of these investments all activities and beneficiaries are focusing on the reduction of the differences in gender equality by providing an opportunity for decent work and empowerment through coffee grower culture.
- A gender-sensitive strategy was developed for Chocolate Colombia (IC Foundation) and presented to the assemblies of the associations to be certified during the second semester of 2020. This approach is also very important for FairTrade certification.
- 105 of the 300 beneficiaries of the Corpocampo investments are women. Technical assistance and training grants have been provided for USD \$ 7,524. In 2021, consulting will be hired to strengthen this approach and provide specialized attention to rural women linked to the project.
- There are three women on the board of directors of the new company that was funded in alliance with Asprodema – Espiga del Atrato (Acumen).
- 43% of the portfolio of Cooperativa Contactar (Incofin) is disbursed to women without even establishing a minimum threshold. Further, the cooperative has decided to support the following activities with its own resources: (1) Development of financial education modules with an inclusive approach; (2) Proposal for the development of a commercial model with a gender perspective.

ENVIRONMENTAL SUSTAINABILITY

- The special credit line published and available through Bancóldex for the Microfinance Institutions is financing 28 measures for adaptation to climate change developed by UNEP in its MEbA program.
- A total of 335 hectares have been committed to the cultivation of endogenous Amazonian species in the investment in alliance with CorpoCampo. Particularly those areas developed under agroforestry models will be considered reforestation processes. While previously deforested pasture or stubble areas are reforested, future deforestation is also avoided, bearing in mind that relying on Acaí as a source of income is an attractive and legal opportunity of income. Since 2020 and with Partnerships for Forest (UK) a process has been underway to identify 2.000 hectares of wild Acaí stands in order to develop a forest management plan.
- The analysis done to the cocoa producers for the FairTrade certification, under the IC Foundation investment, the triple environmental strategy includes: (1) using the minimum amount of pesticides by adopting an integrated pesticide management and the use of pesticides with less toxicity; (2) handle pesticides properly to avoid risks and reduce human exposure to them; (3) recommending the sites for storing and final disposal of the waste.



BLENDED FINANCE INSTRUMENTS



INNOVATIONS

- The investments will contribute and promote the stabilization and development of the PDET municipalities. This is one of the first prototypes for the United Nations to have a Blended Finance "facility" in the country.
- As a result of these Blended investments, projects with interesting innovations are being developed, such as: (1) a new business model resulting from an unusual alliance between an NGO and a start-up for the development and marketing of the "50 amigas" brand; (2) The creation of private companies with patient capital from grassroots associations and from Acumen; (3) the Fairtrade umbrella certification for a second tier cocoa association - Chocolate Colombia.
- This initiative aims to promote the adoption of more instruments and modalities of innovative finance for development, while identifying best practices of joint work in cooperation with the private sector.

LESSONS LEARNED

- The private sector's interest in participating in this type of initiatives has been proven, along with its capacity to mobilize additional financial resources in an exponential manner, impacting development and sustainability. Through this call, resources were leveraged in a 1: 6 ratio, while the private sector, in its contribution and commitment, was linked to the SDG agenda.
- International cooperation and the UN System could position themselves as "intermediaries / brokers" instead of implementers, with the aim of solving the financing gap for ventures in the territories.



LEVERAGE

- Equity / first loss capital – Seed Capital
- Exchange risk mitigation – Cross currency Swap
- Interest rate subsidy
- Technical Assistance

MPTF RESOURCES

\$ 450.000
 \$ 300.000
 \$ 300.000
 \$ 1.050.000

USD \$2.1M

PRIVATE RESOURCES

\$ 1.189.520
 \$ 4.000.000
 \$ 4.000.000
 \$ 3.987.000

USD \$13.2 M

