

## Joint SDG Fund – Component 2 – SDG Financing

Template for the Joint Programme Final Progress Report (preparatory funding)

**Purpose:** to provide the UN Joint SDG Fund’s donors with evidence that preparatory funding provides good value for money - so that we can continue allocate resources to your programming.

**Instructions:** be succinct and to the point; emphasize only results and issues that you want to bring to the attention of the Fund; do not go over the max number of pages.

**Deadline:** January 31<sup>st</sup>, 2021

### Cover page

**Reporting period: June 30 – December 30, 2020**

**Country:** Bolivia

**Joint Programme (JP) title:** “Green and social investments for sustainable development and recovery from COVID-19”

**Short title:** Green and Social Investments in Bolivia

**List of PUNOs:**

United Nations Development Programme (UNDP), International Labour Organization (ILO), The United Nations Entity for Gender Equality and the Empowerment of Women (UNWOMEN) and United Nations Capital Development Fund (UNCDF).

**RC (name):** Susana Sottoli [maria.sottoli@un.org](mailto:maria.sottoli@un.org)

**Representative of Lead PUNO (name and agency):** Luciana Mermet, UNDP Resident Representative in Bolivia, [maria.luciana.mermet@undp.org](mailto:maria.luciana.mermet@undp.org)

**Government JP Focal Point (name and ministry/agency):** Ministry of Economics and Public Finances, name to be confirmed on becoming new government appointments

**RCO JP Focal Point (name):** Arturo Aparicio **E-mail:** [arturo.aparicio@un.org](mailto:arturo.aparicio@un.org)

**Lead Agency JP Focal Point (name):** Dennis Ernesto Funes, UNDP Deputy Resident Representative  
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**Budget** (Joint SDG Fund contribution): **USD 100,000.00**

**Budget Expenditures:** **USD 99,000.00**

**Delivery Rat:** **99%**

## **Short Description of the Joint Programme (1 paragraph for each section)**

*This description will be used to update your country page in our online platform (please scan the website before answering) <https://sdginvest.jointsdgifund.org/proposals>*

Financial leverage (estimated target in US\$): **USD 717,500,000.00**

### Challenge:

*Explain the key challenge(s) the JP aims to tackle with reference to both development and financing challenges and how they interconnect.*

Bolivia has a stable financial system but suffers limitations due to misaligned incentives and regulations, limited awareness of investment ready sectors, low digital financial inclusion, and lack of guarantee schemes to facilitate funding for most vulnerable economic segments. This is now exacerbated by the impacts of COVID-19 both in the real economy, specifically in the informal sector, and the financial sector. Crisis, whether it is due to climate, health, political or social origins generate stress in the financial sector especially when the business sector is uncompetitive, unproductive, with gender and labour gaps and market de-linked.

### Innovation (financial instrument/mechanism/approach):

*Summarize the financial mechanism(s) proposed and why the approach is different from conventional and/or alternative approaches and how it is fit for purpose to address the challenge described above.*

The JP will support a Programme of financial and non-financial services to help in the recovery efforts and to catalyze private and public funds through four SDG Impact Financing Vehicles and a Technical Assistance Fund (TA fund), both strategic entries and leverage points to intervene in the system: Two Pre-existing vehicles aligned to the SDGs standards provided by UNDP: i) Asset Managers: US\$ 150 million Capital SAFI's Multi-Impact Fund and US\$ 67.5 million Alianza SAFI's Sustainable Fund; and ii) Sustainable Bond Framework elaborated by the Productive Development Bank (BDP for its acronym in Spanish) with a US\$ 500 million investment in both green and social eligible projects. Two vehicles to be created with SDG funds: iii) US\$ 2.5 million Guarantee Fund to guarantee a percentage of Development Microfinance Institutions (IFDs) securities issuance which will improve the risk rating of securities and therefore can access to the Capital SAFI's Multi-Impact Fund; and iv) US\$ 1 million Reimbursable grants and Venture Capital Fund addressed to Financial Services Providers (FSP) to promote Digital Financial Services (DFS) ecosystems, green business, gender safeguards and decent work in post-COVID-19 scenario. The JP will create a US\$ 3.3 million

Technical Assistance facility financed by the SDG Fund to deliver TA tools addressed to asset managers and IFDs linked to the Guarantee fund, BDS providers and enterprises to adapt and/or recover from the COVID-19 crisis, increase productivity, innovation, access to differentiated markets, introduce good environmental and social practices, improve quality of jobs, and introduce gender safeguards and women's economic empowerment. Building the inter-connection between the four financing vehicles and the TA fund, both sides of the Programme -financial and non-financial- contributes and reinforce each other.

*SDG Impact:*

*Please describe the development impact the JP aims to achieve. Do not list the SDGs.*

26 SDG targets have been selected to monitor progress on 10 key SDG goals identified. The programme is tied to SDGs 2, 5, 7, 8, 9, 10, 11, 12, 13 and 15, which create the underpinnings for directing capital to areas of the economic, productive, and social development matrix of Bolivia that currently exhibit room for improvement towards the achievement of a more equitable and sustainable quality of life for its citizens and future generations. In this sense, SDGs 5, 8 and 10 are transversal to all activities, initiatives and objectives, as they seek to ensure that the improvements and benefits of investing in a more sustainable (both social and environmental) way of producing, consuming, and providing access to services are appropriately reaching disadvantaged and excluded groups as well as benefiting society at large. SDGs 2, 7, 9, 11, 12, 13, and 15 are more directly correlated with investments enabled by the financing vehicles, technical assistance and access to blended finance opportunities provided by the Joint Programme.

*Partners:*

*Please list key partners involved in implementation as well as secured investors. Do not mention more than 4-5 partners. Do not mention generic stakeholders (e.g. Government, private sector), but only specific institutions/partners.*

- National Bank: Productive Development Bank (Sustainable Bond Framework for USD 500 million in green and social impact investments).
- Asset Manager: Capital SAFI (Multi-Impact Fund for USD 150 million).
- Asset Manager: Alianza SAFI (Sustainable Fund for USD 67.5 million).

## Final Progress Report (MAX 3 PAGES)

### 1.1. Progress achieved

Provide brief description of the project's developments, results and achievements during the preparatory phase including 1) financial vehicle design; 2) market assessment; 3) feasibility study; 4) pipeline assessment; 5) legal assessment; 6) investor mapping and matching; 7) others. Please list the names of strategic documents developed (if any).

- 1) Within the framework of the proposal preparation process, we have designed a "Guarantee Fund" as a financial vehicle for microfinance entities to have access to resources from the Multi-impact Fund of Capital SAFI. This Guarantee Fund will make it possible to prioritize credits aimed at micro and small companies that qualify to generate positive impacts on issues of decent employment, economic empowerment of women and environmental aspects. Without this Guarantee Fund, microfinance entities do not achieve the risk rating required to access good financing conditions for the Investment Funds. The Guarantee Fund already designed may be financed by the SDG-Fund and by other investors and donors and therefore already represents an important management product for the JP.
- 2) An important study in the process of preparing the proposal has been the diagnosis of Digital Financial Services (DFS), analyzing the state of the art of the market for these services, the barriers to their growth and investment opportunities in new and existing market players.
- 3) In order to identify the sectors with the greatest potential for post-COVID-19 recovery and for receiving investments with a catalytic effect and a social, gender and environmental focus, an analysis of sectors was carried out. The assessment aimed to prioritise those sectors in which the most favourable conditions exist to receive the JP's intervention. The results point to 5 sectors: Quinoa, Brazilian nut, construction, poultry, paper and derivatives, tourism (with a focus on the restaurant and hotel sub-sector).
- 4) The JP developed a technical assistance model based on the structuring of a sustainable governance system, including the Programme's partner actors as recipients of technical assistance and providers of targeted services (TA) to the target groups. This TA model mainstreams the results and opportunities identified in the sector selection study.
- 5) We have supported the analysis of the pipeline of eligible projects of the two Impact Investment Funds designed with Capital SAFI and Alianza SAFI under the SDG-impact standards promoted by UNDP; as well as the support in the formulation of the Sustainable Bonds Framework of the Productive Development Bank (BDP) under the principles of the ICMA and the standards for SDG- Bonds promoted by UNDP.

### 1.2. Challenges faced

Did the UNCT face any major challenges in the preparatory phase? Briefly explain the challenges, their impacts, and how you overcame those.

The main challenges faced from the UNCT perspective were the political and social instability for most of 2020 exacerbated by the COVID-19 pandemic and then the adjustment to the new Government of Bolivia after the successfully held general elections in November 2020. This strategic engagement with the new Government is progressing successfully and we expect 2021 to have very productive interactions and strategic partnership with the Government.

1.3 Partnerships leveraged

Did you leverage new partnerships during the preparatory phase (e.g. government, private investors, IFIs, bilateral/multilateral banks, etc.)?

- Yes
- No

Provide in bullet points the main highlights on strategic partnerships and with whom.

We have reached a partnership with IDB-Invest and Capital SAFI to design a work scheme in case the proposal was approved by the SDG-Fund. IDB-Invest would be an investor in the Multi-impact Fund designed with Capital SAFI and the JP would provide technical assistance to companies subject to financing from this fund.

We have also established a partnership with the Confederation of Private Entrepreneurs in Bolivia (CEPB) and with the Santa Cruz Chamber Of Industry, Commerce, Services And Tourism (CAINCO) to develop a joint scheme of technical assistance to companies that are interested in receiving financing from the Impact Investment Funds designed by Capital SAFI and Alianza SAFI

1.4. Co-funding mobilized

Did you secure additional funding or in kind support for the proposal during the preparatory phase?

- Yes
- No

If yes, please include amounts committed during the prep-phase.

Source of funding	Yes	No	Type? (\$ or in kind support)	Name of organization	Amount (USD)	Comments
Government	<input type="checkbox"/>	<input type="checkbox"/>				
Donors/IFIs	<input type="checkbox"/>	<input type="checkbox"/>				
Private sector	<input type="checkbox"/>	<input type="checkbox"/>				
UN/PUNOs	<input type="checkbox"/>	<input type="checkbox"/>				
Other partners	<input type="checkbox"/>	<input type="checkbox"/>				

1.5. Budget changes (if relevant)

If there were changes in the actual budget from the one shared as part of the Fund Transfer Request, please briefly justify these changes.

Please, explain briefly:

No changes were made to the budget, which was mainly destined to hiring the consultancies (Individuals and firms) that supported the formulation of the proposal.