



Joint Programme 2021 Annual Progress Report

SDG Financing Portfolio - Component 1

Cover page

UNCT/MCO: Uruguay

Reporting Period: 1 January - 31 December 2021

JP title: Reshaping Market Conditions and Strategy to Finance the Transition to Sustainable Development in Uruguay

PUNOs: UNDP, UNICEF, UN-Women, WHO/PAHO, IOM

Government partner: Presidency of the Republic

Target SDGs: SDGs 3, 4, 5, 12, 16, 17

Gender Marker: 2

Approved budget: USD 910,000

Co-funding: USD 226,000

Total Disbursement by 2021: USD 910,000

Total estimated expenditures: USD 356,542 (est. Delivery rate: 39.2%)

Total estimated commitments (including expenditures): USD 458,793 (est. Committed rate: 50.4%)

RCO focal point name: Gustavo Adrian De Armas Pereira

RCO focal point email: gustavo.dearmas1@un.org

Executive Summary

Copernican Twist During the implementation of the Investor Map in Uruguay (we decided to do it by ourselves) we realized that the Uruguayan sustainable financial market had been constrained because of the lack of enablers, that enhance the connection of the abundant fund to profitable and impact projects. After this finding, our efforts were conducted towards the facilitation of the enablers, grains that combine supply and demand. This twist reinforced a bottom-up approach, resumed in the activities listed below:

Impact Reports, Certificates, Seals, and Guidelines In the construction of local capacity buildings, we can accelerate and reinforce the capabilities of the impact ecosystem. For the SME we are delivering an impact report methodology jointly with the Development Agency (ANDE). For big companies and value chains, we will be delivering a gap analysis in three main Uruguayan sectors, forestry, meat, and construction. This analysis will serve as input to the construction of sustainable certifications, seals, or guidelines. A special mention to the support of UNDP to the Sustainable Purchase of the Government, that will be a significant enabler in driving the sustainable market.

Strategic Alliances The creation of dialogue spaces is the cornerstone in the development of sustainable financial markets. Last December the Sustainable Financial Roundtable was launched in Uruguay with the support of IDB, Uruguayan Central Bank, Ministry of Economy and Finance, and the United Nations.

Thematic Bonds and Sovereign Bond In this bottom-up strategy, we are conducting several pre-feasibility studies to determine the conditions for the issuance of Thematic Bonds. The Agencies are working on this topic: WHO in a thematic bond of Telemedicine; UN-W in a Fund and a Program of women investing in women with formations courses and a business platform; UNICEF is collaborating with UNDP in the education to work Social Impact Bond; and UNDP involved in much of the activities listed and also in a Sustainable Housing Bond and Sustainable Meat and Sustainable Milk Bonds.

Annual Progress

Overall JP self-assessment of 2021 progress:

Satisfactory (majority of expected results achieved; 1 to 3 months delay in implementation)

Comments on self-assessment: After completing 60% of the total length of the Program (Uruguay started SDG 1 in October 2020) we have almost achieved 50% of the work plan and activities planned in the Proposal. In 2022 will be the year of deliveries, most of them are planned to start in March, after the holidays. The mobility restrictions and risk of contagious from COVID-19 force us to reschedule many of the in-presence activities such as courses or design thinking workshops. This affected especially the deliveries of activities proposed for Output 1 (Awareness raising and capacity building). Nowadays with an important immunization rate, many activities will be done simultaneously. According to Output 2 (Creation of Dialogue Spaces), we had accomplished with some delays the launch of the sustainable finance roundtable, a place to conduct many of the strategic conversations among the key players of the financial market and the government. Finally, for Outputs 3 and 4 (develop and test investment vehicles and develop reporting and accounting frameworks), we have signed and agreed in started pre-feasibility studies for thematic bonds that include the design of impact frameworks drafts in each case.

Overall progress and key developments to date (3 key JP milestones)

To construct local capacity buildings, we call for a proposal to accelerate and reinforce the capabilities of the impact ecosystem, to provide the state of art and techniques in Impact Reports and methodologies for Impact Consultancy firms and also for inhouse company human resources. For the SME we are delivering an impact report methodology jointly with the National Development Agency (ANDE). For big companies and value chains we will be delivering a gap analysis for the impact metrics, taxonomies, and reports, three main Uruguayan sectors were selected: forestry, meat, and construction. This analysis will serve as input to the construction of sustainable certifications, seals, or guidelines. A special mention to the support of UNDP to the Sustainable Purchase of the Government, that will be a significant enabler in driving the sustainable market. In late December we also agreed to start working with the ministries of Environment and Agriculture in a Seal/Guideline for Sustainable Cattle/Meat Production and Dairy Production. Many studies were conducted in the past years and nowadays to tackle the CO2 and CH4 emissions in cattle production. Uruguay is one of the principal meat producers in the world, and almost 90% of the land is used for cattle production in natural grass. UNW is working with the Ministry of Livestock, Agriculture, and Fisheries, the Ministry of Economy, and ANDE on a TA to develop an impact analysis report of the guarantee fund for rural women to support their access to loans in the framework of the new agriculture policies to support gender equality. Additionally, UN-W is working on a proposal for the analysis of the COMAP (Investment Law Enforcement Commission) Board to introduce tax benefits for women-led businesses and corporate gender mainstreaming. Through UNDP we will be helping in the design of a Sustainable Tourism in Protected Areas Seal with the help of former experiences in Costa Rica and the Mexican Coast. Last December, the Sustainable Financial Roundtable (SFR) was launched. In accomplishing this objective the UNDP and OCR worked jointly with the IDB in a common understanding of a sustainable finance roadmap. The creation of dialogue spaces is the cornerstone in the development of sustainable financial markets in most of the successful experiences in many countries such as Spain, Chile, Brazil, Colombia among others. IDB started some time before in the design of the Sustainable Finance

Roundtable for Uruguay following the Chilean case, which implies a public-private initiative led by the local government. In the case of Uruguay, the SFR started as an initiative of the Central Bank and with the support of IDB, the Ministry of Economy and the UN System. The most successful initiatives were the proposal to conduct Thematic Bonds pre-feasibility studies. The recovery of the COVID crisis demand increase in investment, but the government faces important fiscal restrictions. In this bottom-up strategy, the possibility of receiving private investments to afford and conduct public policies was very welcomed. The UN Agencies are involved and working on this topic: WHO in a thematic bond of Telemedicine and Digitalization of Health Providers; UN-W in a fund and a program of women investing in women with formations curses and a business platform with much success in media presence; UNICEF is collaborating with UNDP in the education to work Social Impact Bond; and UNDP involved in much of the activities listed and also in a Sustainable Housing Bond and Sustainable Meat and Sustainable Dairy Bonds. All of those are possible financial vehicles to be tested, but we realized that in the next year we will be delivering pre-feasibility studies that will serve as a first step in the design of a Bond. The education for work Social Impact Bond could be the most reachable prospect. UNDP works jointly with IDB and the government in designing the Impact framework of a Sovereign Bond linked to Environmental objectives

Changes made to JP:

Main Challenges: Two main factors determine the delay of the JP implementation: The COVID-19 pandemic increases the level of uncertainty among CFO and CEOs of the companies, at the same time enabling the possibility of in-presence meetings, courses, and workshops. Fortunately, the vaccination program secured high levels of immunization. The economy is recovering on a good path and 75% of Uruguayan companies are back in revenues levels of pre-crisis. Recovering phase is in progress. The Sustainable Finance Roundtable (SFR), one of the key activities in the SDG JP program in Uruguay was in standby mode for several months (April to December). The implementation of the SFR requires coordination with IDB which was previously working on the same agenda with the government. During the COVID crisis month, the government priorities shift towards the health front.

Updates on SDG financing framework

Inception phase	Assessment Diagnostics	Financing Strategy	Monitoring Review	Governance Coordination
Emerging (1-49%)	N/A	N/A	N/A	N/A

Descriptions on progress by INFF building blocks

Inception Phase: In the JP Proposal, the INFF Roadmap assumed a top-down approach, where much of the government staff were aligned in the 2030 Agenda. This evidence was established in a very different scenario. In 2020 the new government elected (there was swift from a left wind to a right wind coalition) received the effects of the pandemic and all strategies and objectives planned were replaced by the urgency of an uncertainty scenario caused by an unexpected an unknown event. We are following a bottom-up strategy that does not replace the outputs and activities of the JP proposal but changed the approach. We present sustainable finance as a possible avenue to solve fiscal restriction and Thematic Bonds as the vehicles to conduct private impact investments to impact projects. We understand that the new strategy will lead us to secure an INFF with the actual government. In past months we assisted to initial shifts in governments priorities towards a more sustainable transition, led by the issuance of a Sovereign Bond linked to environmental goals and the appointment of the Uruguayan Ministry of Economy and Finance, Azucena Arbeleche, as a member of the IMF and World Bank’s Development Committee. We are gaining momentum and 2022 could be the year to advance in the definition of a more sustainable development agenda for Uruguay.

Assessment & Diagnostics: NA

Financing Strategy: NA

Monitoring & Review: NA

Governance & Coordination: NA

Priority Cross-cutting Issues

How did the JP adapt to the COVID-19 context

We are presenting the Sustainable Finance agenda as the enabler to conduct the post covid recovery. A “greener recovery” demands impact investments and the development of an impact/sustainable ecosystem is highly needed for the Uruguayan economy, which has a huge gap to be filled with more developed economies in sustainable development agendas and sustainable finance developed markets.

How did the JP apply the Gender Marker

UN-W is one of the PUNOs conducting the JP in Uruguay. A financial approach that includes a gender lens in impact reports and taxonomies will contribute to closing the gap of income between genders and empowering women in businesses. During the Project, jointly with ON Women, there have been specific requests to deliver studies to deliver a gender lend taxonomy for a financial facility for rural women; qualification of the public bank BROU credits portfolio and for the delivery support to the gender and sustainable workgroup of the Export Union in Uruguay. UN-W has also conducted a study on mapping opportunities on gender lens projects and pipelines that could be invested in the Impact Investment framework. Up to date, UN-W and SDG JP presented a document Mapping Gender Lens Impact Investment in Uruguay and launched the Program “Mujeres Inversoras” (Women Investors) that facilitate courses to women entrepreneurs and women investors and also will deliver a crowdlending platform to enable lending facilities to projects and companies lead by women.

Estimated % of overall disbursed funds spend on gender: 14%

Alignment with cross-cutting UN issues (e.g. human rights, decent work, inclusion, LNOB)

Concerning this issue, during the implementation of the Investor Map, we had several meetings with key players of the private and public sectors. The methodology on the IM suggests some guidelines to conduct interviews that conduct the conversation through many topics related to human rights, decent work, and gender and inclusion. In the design of Impact Frameworks, we understand, there are the most important contributions to the materialization of sustainable KPI for companies and public projects.

How did the JP work to build ownership and buy-in of key stakeholders

Some activities are implemented with the special aim to build capacities to ensure de continuing of SDG strategy in the long run. The Sustainable Finance Roundtable will certainly be the most important. From the SDG JP, we will be supporting the first steps with active participation. Especially courses and capacitation in designing impact business models and impact reports will be delivered to local Consultancies firms, looking forward to reinforcing the sustainable ecosystem. Help in the design of Certification, Seals, and Guidelines for strategic sectors will contribute to a more permanent structure of people and resources committed in capacitation, auditing, and monitoring process.

Annual Reporting on Results

Results achieved in promoting the priority thematic SDG agendas

In Uruguay, the JP has 1 year of implementation. In 2021 and despite some unexpected drawbacks, it was time to set the stage, confirm the diagnosis, and take notes of the current and expected objectives of policymakers and decision-makers of the private sector. The 2022 year will be time for delivery. There are some actions and activities planned and some resources have been hired. SDG Target 17.3 (Mobilize additional financial resources for developing countries from multiple sources) is the main objective of the JP in Uruguay. During this year we conducted several meetings and offer professional advice to run feasibility studies for the implementation of Thematic Bonds. Those studies will be done in 2022 and some results in increases of financial resources are expected to be collected during 2022. Some of the initiatives will require more time to deliver a financial vehicle. SDG Target 12.6 (Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle) is a key factor for the development of the sustainable financial market in Uruguay. Preparing firms to be invested with impact lends, requires robust technics and knowledge in impacts reports and business model designs. In 2022 the JP will deploy a comprehensive program for impact SME ecosystem. Jointly with the National Development Agency (ANDE) we will be offering courses for a group of selected consultancy firms and companies of methodologies for design impact reports and impact business model designs with a special focus on entrepreneurial initiatives and SME, which are almost 90% of the local firms. Finally, led by UN-W, some important initiatives were launched at the end of 2021 and will have an impact on 2022. The Program Women Investing in Women will offer courses for owners of the firms and women that are interested to invest, and therefore a platform of crowdlending is planned. This program will have a direct impact on the SDG Target 5.5 (Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life).

JP contributions to the Joint SDG Fund's global results (especially around Outcome 2 & Output 4)

In the Project Document, there were no determined targets for Global Outcome 2 and are still needed. The deployment of the JP is expected to have a direct impact and have catalytic effects on financial leverage. Outcome 3 in the Project Document (develop financial vehicles) tackle the issue of the catalytic power of the SDG Fund initiative. COVID crisis and fiscal restrictions undermine and delay the effects during 2021, but there are many reasons to expect a new impulse in 2022 when recovery plans and postponed investments will take place. During 2021 we conducted several meetings and offer professional advice to run feasibility studies for the implementation of Thematic Bonds. A Bond for Sustainable Housing is planned and committed in a Memorandum of Understanding (MOU) signed last November. Another MOU was signed with the Ministry of Social Development to study the feasibility of an Impact Social Bond or a Pay for Result initiative for education-to-work programs. There are also some other possibilities in Thematic Bonds in Telemedicine and Digitalization of Health Providers, Meat Value Chain, Milk Producers, and Industry, among other possible options. According to the actions described the Target in 2022 for Indicators 4.1, 4.2, and 4.3 were defined.

Progress against JP-specific outcomes

In the second semester of 2021, the COVID crisis started a slow but steady drawback in cases and consequently in the number of deaths and distress of the health system. The government and private sector opened the recovery agenda, and SDG started to gain momentum. There is a special turning point in Uruguay that deserves a mention, and it was the decision to issue the first Sovereign Bond linked to Environmental commitments. After the announcement, IDB lead the program jointly with the Debt Office and invited UNDP to join the team. As time went through, inside the government the sustainability approach increasingly starts to gain space. In the last COP in Glasgow, Azucena Arbeleche, Ministry of Economy and Finance of Uruguay in her role as a member of the Board of Development of IMF and World Bank invited the credit institutions to link the cost of governments loans to the progress towards Paris Agreement targets. 2022 should be the year to secure or at least to increase the commitment

of the Uruguayan government to SDG and the 2030 agenda. The recovery agenda should rebuild better Uruguayan economy and sustainable finance can be the key and the space to perform the investment plans.

Progress against JP-specific outputs

In 2021 the Investor Map was a central activity at the end of the year it was finished. In the course of the implementation of the Investor Map, which was done by UNDP staff, important inputs were detected in meetings and in the effort to configure the sustainable finance market and map the different actors, their challenges, and demands. So, the Investor Map served as a guide to improve the strategy to deploy the JP in Uruguay. Another Output is the Sustainable Finance Roundtable (SFR), despite the delay of the conformation (it was thought for April, but finally the launch was in December) it’s a very important first step, as it has the support of IDB, the Central Bank, Ministry of Economy and Finance and the UN. The last Output to mention is the sum of launches and signatures of MOUs that draw the roadmap to 2022. Un-W launched the Program Women investing in Women, and UNDP signed MOU with Ministries of Social Development and Housing to star pre-feasibility studies of thematic bonds.

JP contributions to strengthening UN coherence, partnerships and reducing duplications of efforts

During this first year, the JP in Uruguay had monthly virtual meetings among all the Agencies that are involved in the program. Un this executive committee we discuss and coordinate efforts together. The aim of avoiding duplication of efforts and showing a common approach and understanding of the topics was and is a permanent concern. Many episodes can illustrate the coordination. As an example, in a couple of cases, UN-W was invited by a ministry or company to expose a gender lens approach and that was turned out to be the door to a more open discussion of a sustainable approach and the importance of the design of theory of changes and metrics. That was the case of the Fund for Rural Women or the credit feasibility for women for the BROU (the biggest and public bank in Uruguay).

Strategic Partnerships, Documents and Communications

How did the JP facilitate collaboration with diverse stakeholders in the SDG financing space

There is a couple of spaces in coordination with the government and MDBs. One is the collaboration of UNDP in the “Green” Sovereign Bond. The other one is the Sustainable Finance Roundtable with BCU (Central Bank), MEF (Ministry of Economy and Finance), and IDB. But there are some other bilateral encounters with almost all ministries and agencies of the government. The Investor Map methodology allowed us to invite to meetings and discussions around sustainable development, opportunities, and obstacles. Many of the meetings and interviews were led by the Agency of UN which has a closer relationship.

Did the JP secured additional financing (co-funding/co-financing) from the following stakeholders:

Government	Donors & IFIs	Private Sector	PUNOs	Other Partners
No	No	Yes	Yes	Yes

Comments on additional financing secured: There is a couple of spaces in coordination with the government and MDBs. One is the collaboration of UNDP in the “Green” Sovereign Bond. The other one is the Sustainable Finance Roundtable with BCU (Central Bank), MEF (Ministry of Economy and Finance), and IDB. But there are some other bilateral encounters with almost all ministries and agencies of the government. The Investor Map methodology allowed us to invite to meetings and discussions around sustainable development, opportunities, and obstacles. Many of the meetings and interviews were led by the Agency of UN which has a closer relationship.

JP organized events in 2021

JP Launch Event	Annual Donor Event	Partners Event
No	No	Yes in 2021

Number of strategic documents produced by the JP: 2

Number of strategic documents contributed by the JP: 0

Number of communication materials produced: 7

2022 Plans & Way Forward

JP priority activities & expected results for 2022

Investor Map results presentation to government and key private players

Impact Report and Impact Business Model Consultancy Guideline for Impact Reports and Impact Business Model design Course for Consultancy Firms and SME Workshops of impact design thinking model Presence in social media

Gap Analysis of Impact Reports and Metrics A Consultancy firm to be selected will analyze three sectors of the economy: forestry, meat value chain, and construction. Co-finance course for some firms to conduct an inhouse Impact Report

Sustainable Finance Course for Policy Designers

Seals/Certifications/Guidelines In Sustainable Tourism in Protected Areas jointly with UNDP, National Protected Areas System (SNAP), Ministry of Tourism, and local governments. In Sustainable Meat Production and Milk Production, jointly UNDP with Ministry of Agriculture and Cattle, Ministry of Environment.

Thematic Bonds Housing Social Impact Bond and Pay for Result For Meat Sector and Milk Producers Telemedicine and Digitalization of Health Providers Course for Sustainable Bond for local governments.

Women Investing in Women Program Jointly with UN-W, Uruguayan Women Business Organization (OMEU), SocialLab (local NGO) there will be offered some courses and workshops.

Deploy of communication strategy. Increase the number of social media posts, produce videos, podcasts, and infographics.

Final Report

3 major transformative results that will be achieved by the end of the JP

- 1) Test and evaluate at least one financial vehicle initiative that will be a “proof of concept” of sustainable finance and the importance to drive the recovery process of the Uruguayan economy.
- 2) Support at least 3 key initiatives in the private sector that reinforce enablers of the sustainable financial market. Build capacities of consultancy firms, independent professionals, public policy servants (technical and strategic staff), and the impact ecosystem (B companies, Global Compact, Deres, and other local institutions).
- 3) Raise awareness of sustainable development topics. Presence in social media, high-level conversations, discussion roundtables, and workshops with public, private sectors, and local and international investors.

Estimated rate of completion for each result as of 31 Dec 2021

Result.1	Result.2	Result.3
Emerging (1-49%)	Advancing (50-99%)	Emerging (1-49%)