



Joint Programme 2022 Annual Progress Report

SDG Financing Portfolio - Component 1

Cover page

UNCT/MCO: Uruguay

Reporting Period: 1 January - 31 December 2022

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

Stakeholder partner: National Government; Civil Society Organizations; Private sector; IFIs/DFIs;

Thematic SDG Areas: Decent jobs & universal social protection; sustainable finance ; Transforming education; Climate action & energy transformation;

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

Top-up received as part of DEM: No

Total estimated expenditures: US\$ \$ 804,044.0

Total estimated commitments (including expenditures): US\$ \$ 34,573.0

Gender Marker: Gender-transformative (for example, the JP explicitly aimed to address the structural and root causes of gender inequality, such as by combining social protection with community dialogues and economic empowerment activities that aim to shift gender social norms and power relations)

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Executive Summary

During 2022 the SDG JP consolidated an important contribution on the creation of the sustainable financial market of Uruguay. The three major achievements can be centered in:

- The SDG JP contributed in gaining the recognition of UN as key player in the sustainable financial system, as source of knowledge, best practices and connections around the globe. This valuable achievement enables further exchange with the national government and to discuss potential steps regarding a INFF process at country level
- At the end of 2022 the Uruguayan financial market recognizes the importance of create enablers that connect supply and demand, and many of the activities conducted by the SDG JP were the beginning of a more ambitious plan and some others are still in a prefeasibility phase.
- The SDG JP boosted the United Nations as a key player in the Sustainable Finance Market by assuming the valuable role in the signalization of impact and also as a connector between stakeholders and a link with

experiences around the world and specially in the region.

Each of those achievements were constructed over several activities and communication materials that will be explained in detail further ahead in this Report. SDG JP started the first movement of a more comprehensive and long-term role of the UN System in the Sustainable Financial Market.

Annual Progress

Overall JP self-assessment of 2022 progress:

On-track (expected annual results-achieved)

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

During the implementation of the SDG JP many adjustments were made to the original theory of change. We can point out three main key results, linked to the adaptations made to the original Theory of cChange:

A change in the mindset. A “Copernican shift” requires time and effort in raising awareness and capacity building. To succeed in the call-to-action strategy requires a focus in the conduction and creation of sandpits, dialogue spaces, encounters, exchanges, that bring the capability to make a sustainable improvement in the market, jointly with the creation of a strong ecosystem. In Uruguay, the germinal sustainable financial market was leaded by spread efforts from different organizations, each one with a particular approach. Some of them has the leadership and the capability to drive and push the change, like the IFIs and MDBs. Some others like NGOs, Cooperatives or B-Corps are also very involved but with a more holistic approach, but as important and strategic as the first group. In any case, there was no place to exchange the different perspectives and create mainly dialogues and connections. In this context the SDG JP in Uruguay contribute with a bunch of initiatives, as follows:

§ Lectures in academic courses

§ Sustainable Finance Course for public policy designers

§ Talks in specialized forums

§ Trainings, publications, videos and events focused on Gender Lens Investments (GLI)

§ Consultations with diaspora members and key stake holders identifying initiatives and good practices of diaspora contribution to financing the transition to sustainable development (at national, regional and global level).

During the year 2022 and after the relaxation of mobility restrictions, many talks, courses and participations in forums were conducted in presence and virtually. The main result achieved is gaining the recognition of UN as key player in the sustainable financial system, as source of knowledge, best practices and connections around the globe.

In order to have a comprehensive approach, we classified the demand in three main groups: SMEs and entrepreneurs; large companies and value chain; and the public policy of the government. For each of the segments we developed specific outputs:

- SMEs and entrepreneurs:

§ Impact Business Model Design Manual: guide deliver for those companies that seeks for the transition towards a sustainable business model, but doesn't know what it means. Also, the Manual is a tool for entrepreneurs that are starting an impact business.

§ Workshops: deliver to businessman and businesswomen as well as consultants and consultancies specialized in the develop of new companies and startups of entrepreneurial ecosystem.

- Large Companies and value chains:

§ The Investor Map: although is a more brought tool, in conducting the research there were a big number of interviews with the principal economic sectors, mapping some of the most relevant initiatives and account of the principal difficulties. One of the most interesting findings are those that linked nature based economic activities

with sustainable development and the construction of sustainable value chain that interconnect vertically the companies of the same sector, as in the case of meat, forestry and dairy sector.

- **Public Policy:**

§ Sustainable Finance for Public Policy Designers Course. A 4-day course offered for directors and technical staff of the ministries and government agencies. The sustainable Financial Hub was involved in the content and some UNDP, UN Women, IOM staff were invited to the in-presence course.

§ UNDP CO will have the role of Verifier for the accomplishment of the KPI (key performance indexes) of the first Sovereign Sustainable Linked Bond (SSLB) issued by the Uruguayan government. This role configures a milestone and a consequence of a long-time effort from the UNDP Country Office in the finance for development agenda.

Main Challenges, adjustments and lessons:

- COVID-19 was clearly the main drawback for the program still at the beginning of the 2nd quarter of 2022. Omicron variation extended the mobility restriction until first day of May. Therefore, many events, courses and workshops were launched simultaneously during the third and fourth quarter of the year. The reconstruction phase after COVID Pandemic reinforce and increase the momentum in the sustainable finance agenda that is still growing. The lapse extension of the pandemic required great efforts in adapting the planification and the type of meetings and workshops. The SDG JP in Uruguay required an Acceleration Plan for the Second Tranche approval and a Non-Cost Extension for other 6 month in order to gain more time to deploy the communication plan and some other activities linked with the aim of raising awareness.

- A lesson that was learned in the past year was that some important changes in mindset or shifts in paradigms related with sustainability requires time. The rhythm in which the economic agents understand the rationale and learn the fundamental concepts behind the sustainable development is a key element in the construction of further advances. Even more, when sometimes the urgency in going faster conduct us to force the implementation of a public policy act, a firm barrier emerged, and we need to stop until all the agents involved were aligned. In some specific areas we are still waiting for the proper time. Big changes required a long time to set the scene and avoid any kind of shortcut to accelerate the roadmap pace.

- The INFF process in Uruguay required a great adjustment in the strategy to involve the government in the leadership and the participation in the steering committee. The top-down strategy was not adequate for the Uruguayan case, where the government does not have an explicit sustainable development strategy, but instead has short term goals in different sectors or specific public policies, the clean energy related with hydrogen projects is a valid example. The Investor Map jointly with the several prefeasibility studies of financial vehicles and other activities implemented by the SDG JP draw a bunch of concrete and visible experiences linked with the capability of the private sector to invest in sustainable activities that prove to have positive impacts in the Uruguayan economy.

SDG Acceleration

- SDG 17: since the end of the mobility restrictions, many activities that were postponed were conducted. Consequently, in 2022 there was an impulse in the level of liaison among the different institutions that have been working in sustainable finance locally. The result of this increase in meetings and exchanges was the construction of common plans and activities that are the previous stages of a construction of a strong local capacity building. Some examples are the Sustainable Finance Roundtable a joint endeavor of the Central Bank of Uruguay, the IDB and UNDP.

- SDG 12: the issuance of the SSLB (Sovereign Sustainable linked Bond) aligned public policy objectives towards the climate objectives defined by the KPI of the bond. Nevertheless, the accomplishment of those objectives requires the involvement of the private sector and specially some key activity sectors of the national economy. The Investors Map is playing the role of signaling how some natural based activity sector can transform each business model towards a sustainable one. This is the case of the livestock sector as the basement of the carbon neutral meat value chain. Finally in the same direction, recently some ministries are discussing with the private sector the

implementation of National Seals and Taxonomies.

- SDG 5: introducing gender lens into the finance decisions has been very welcomed in some economic agents and the government. Furthermore, sometimes the gender-lens approach become the entrance point to a more brought perspective linked to sustainability development.

Updates on SDG financing framework

	Assessment Diagnostics		Monitoring	Governance
Inception phase		Financing Strategy	Review	Coordination
Advancing (50-99%)	Emerging (1-49%)	Emerging (1-49%)	Planned (0%)	Emerging (1-49%)

Descriptions on progress by INFF building blocks

Inception Phase: Since November 2020 the SDG Joint Program Component 1 has been deployed in Uruguay many activities were conducted following the Action Plan. Nevertheless, the potential impact was obstructed due to COVID restrictions. The Uruguayan government development plan is more a short-term goal driven than a long-term development strategy. Due to this finding, the SDG JP outputs were more aligned with a bottom-up approach rather than a top-down. Relevant outputs were drawn and are listed and linked to the different building blocks of the INFF: Inception Phase • Investor Map • Conduct a Course of Sustainable Finance for Public Policy Designers • Conduct several Workshops and Courses for different audience of Sustainable Business Design and Raising Awareness

Assessment & Diagnostics: Despite there is not a formal financing strategy or even a Roadmap, some preliminary studies were conducted and when they will be finished are going to serve as a starting point and will be relevant inputs for the government ministries and agencies involved. • Prefeasibility study for a Social Impact Bond in education for work and dual education • Prefeasibility Study for a Health Bond in Telemedicine or Digitalization of the National Health System • Design an Impact Framework Draft for a Sustainable Housing Fund • Design an Impact Framework Draft for a Sustainable Diary Bond • Women Investors Program jointly with UN-Women

Financing Strategy: NA

Monitoring & Review: • Publish a Manual of Sustainable Business Design

Governance & Coordination: • Collaborate in the Sustainable Financial Roundtable, as a space to conduct the sandpits and lead conversations around the importance of a sustainable finance strategy.

Annual Reporting on Results

JP contributions to the Joint SDG Fund’s global cost of living crisis

Next steps, scaling and sustainability [400 words]

The SDG JP has ending date for 31st March of 2023. In this term we are planning to deliver some final outputs, all of them are being launched. The outputs and activities are:

- 5 Podcast sessions describing sustainable finance concepts and 4 relevant sectors of the Investor Map. The supplier has been selected.
- Conduct at least 3 meetings with government offices to present and comment the Investor Map results.
- Finish and present the Prefeasibility Study of the Social Impact Bond for education for work.

- Finish and present the Prefeasibility Study for a Telemedicine Bond
- Select Consultant for the SDG JP Final Report
- The Uruguayan UNDP Country Office has applied for the INFF Facility in order to continue with the strategy of developing the sustainable finance market by implementing a formal INFF process with the commitment and support of the government.

Priority Cross-cutting Issues

Cross-cutting results/issues

- UN Women conducted a gender-sensitive impact investment study. Some findings of the study were related to the difficulties for women to access financing, the lack of financial instruments and services.
 - UN Women, together with local NGOs and with the support of the National Agency for Development, ANDE and the National Institute for professional training, INEFOP implemented the Program “Mujeres Inversoras” (Women Investors). This innovative training and technical assistance program simultaneously train and connect women investors and entrepreneurs in investment issues with a gender lens. The program also included an impact study .
 - UN Women deployed a second impact study of the National Guarantee Fund for rural women called “Empodera”. In this experience UNW worked with the Ministry of Livestock, Agriculture and Fishing (MGAP), the National for professional training (INEFOP), The Ministry of Economy and Finance (MEF) to developed an indicator’s matrix and deployed a set of interviews to the beneficiaries of the guarantee fund in the first two months of implementation .
 - As a result of a joint work of UN Agencies’ specialist, UN Women produced and deployed 7 one-minute videos on "Sustainable development and financing with gender lens".
 - PHAO/WHO and UN Women implemented in agreement with the National School of medicine a poll and a series of studies on the national perception and advancement of telemedicine. The study is being complemented with a perfectibility study on the development of a medicine digitalization thematic bond.
 - UNICEF implemented “Jóvenes a todo cambio” (Yong People or all Change), a program to enhance the participation, advocacy and strengthen the skills of adolescents and young people as change makers in the civil society and social entrepreneurship .
 - Training in basic automotive trades for adolescents and young people who are leaving the penal system. (UNICEF). In 2022, the working agreement continued with the National Institute for Adolescent Social Inclusion (INISA) and the Uruguayan Tyre Dealers Union (CECONEU) for the implementation of dual training courses for adolescents who are nearing their release. The service-learning methodology was also implemented in nine detention centres.
 - Study on dual education experiences and pre-feasibility for Pay-for-Result project. (UNICEF)
 - Prefeasibility study for an Impact Social Bond in dual education. The implementation would be the first financial vehicle of this kind in Uruguay and could be the first step of many other. (UNDP)
 - IOM developed a digital campaign #UruguayConecta, which mainly seeks to contribute to involve, enable and empower the Uruguayan diaspora as actors for the country’s sustainable development.

How did the JP apply the Gender Marker

The JP is Gender-transformative (for example, the JP explicitly aimed to address the structural and root causes of gender inequality, such as by combining social protection with community dialogues and economic empowerment activities that aim to shift gender social norms and power relations). Evidence, data collection and analysis (e.g. gender assessments of programmes; policy briefs, costing for scale-up of social services);Policy dialogues, advocacy (e.g. direct inputs to national policies, strategies, laws, including women’s and girls’ rights groups in coordination mechanisms);Design of new gender-transformative programmes (e.g. new cash transfers to women-led households);Capacity development (e.g. training of social workers, local governments, local communities);

Focus on LNOB cross cutting principles

Human Rights	Persons with disabilities	Youth	Environmental and social standards
No	Yes	No	Yes

Strategic Partnerships, Documents and Communications

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

During the SDG JP program in Uruguay there were conducted several programs with different government counterparts as ministries and agencies. In this regard the partnership was in conducting courses, talks, studies mainly linked to raising awareness in sustainable finance or sustainable and impact related issues.

A special case is the invitation of the Central Bank of Uruguay and the International Development Bank to lead the Sustainable Financial Roundtable.

Not specific financial vehicles were launched so there is no possible to size the catalyzing effect of the SDG JP in Uruguay, but nevertheless there are some interesting prospects like Social Impact Bond, Sustainable Diary Bond and Telemedicine Bond.

Donor and Strategic events attended by JP in 2022

JP steering committee/ programme board meeting	Strategic partners/ donors event	Closing meeting/ event
No	No	No

JP contribution to SDG Financing

Drafted a bill, strategy, and/or approved a law increasing the fiscal space for the policy focus	Produced financing, costing, diagnostic and feasibility analyses as a basis to invest or increase spending on the SDGs	Improved efficiency (cost savings) in management programmes/schemes	Improved effectiveness of (value for money; social impact of \$1 spent) sector investment on the SDGs	Drafted policies/regulatory frameworks or developed tools to incentivize private sector investment on the SDGs	Structured financial instruments (public, private or blended) to leverage additional funding	new instruments or private additional funding
No	Yes	Yes	Yes	No	Yes	Yes

Main capacity building activities supported by the JP that allowed people to expand their knowledge on SDG Financing and INFFs

During the past 2 years, and especially since COVID restriction were eliminated, there has been a increasing in the “momentum”, sustainable finance is a more known concept and many economic agents are aware of the importance of the turning point in the international financial markets. 2022 was the year to accelerate the communication plan and to deploy the activities aimed to raise awareness. Some of the activities are listed below:

- Sustainable Finance Course for Public Policy Designers (#90 people)
- Impact Business Design (Mvdeo #70, Pta del este #30)
- 2 Sustainable Finance Roundtable virtual meetings (#180)
- Impact Model Design (Universidad Católica #60)
- Universidad de Montevideo Finance Event (#120)
- Participation in a meeting with an entrepreneurial association (DERES)

- Presentation of Investros Map advanced results to the agency Uruguay XXI
- Presentation of Sustainable Finance for the Construction Cahmber (#120)