Mid-Term Review (MTR) of the Joint SDG Programme: Innovative Finance for Clean Tech Solutions in Uruguay's Renewable (REIF) Project

Product N°3 - Mid-Term Review Report

Prepared for:

Renewable
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Innovation Fund

Consulting:

Mid-Term Review (MTR) of the Joint SDG Programme: Innovative Finance for Clean Tech Solutions in Uruguay's Renewable (REIF) Project (SAP: 200092)

Prepared for:

Renewable Energy Fund: Innovative Finance for Clean Tech Solutions in Uruguay

United Nations Industrial Development Organization (UNIDO)

Uruguay

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Abbreviations and acronyms

1ET	First energy transition
2ET	Second energy transition
GoU	Government of Uruguay
JP	Joint Programme
MTR	Mind-Term Review
NDC	Nationally Determined Contributions within the framework of the Paris Agreement of the UNFCCC
REIF	Renewable Energy Innovation Fund
SDG	Sustainable Development Goals
SMEs	Small and Medium-sized Enterprises
ToR	Terms of Reference
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organization

Executive Summary

A. Project Description

Fund Name	Joint SDG Fund
Joint Programme Title	Innovative Finance for Clean Tech Solutions in Uruguay´s Renewable Energy Sector: The Renewable Energy Innovation Fund (REIF)
Short Title	The Renewable Energy Innovation Fund (REIF)
Country and region	Uruguay
Promoters and Executing institutions	Joint SDG Fund United Nations System of Uruguay • Regional Resident Coordinator Office (RCO) • United Nations Industrial Development Organization (UNIDO) • United Nations Development Programme (UNDP) • United Nations Entity for Gender Equality (UN Women) Government of Uruguay • Ministry of Industry, Energy and Mining (MIEM) • The Office of Planning and Budget (OPP) • National Administration of Power Plants and Electrical Transmissions (UTE) Private financial institutions
Background	Design date: November 2020 Start date: January 2021 Closing date: December 2024
Total Investment	$ 10 000.000 from Joint SDG Fund Investment seeks to leverage: $29,4 M from private financial institutions, $21 M from the GoU and $17,7 M from UTE, for a total co-financing ratio 1:7.

"The Renewable Energy Innovation Fund" (REIF) aims to support Uruguay's second energy transition (2ET) and it is aligned with the 2030 Agenda and the principle of "leaving no one behind". The expected result is the reduction of CO_2 emissions in key economic sectors, primarily industry and transport, increased participation of women in the clean energy economy, ensuring universal access to renewable energies and stimulating innovation and competitiveness in the country.

The Project intervention is organized based on four components:

- The Renewable Energy Innovation Fund (REIF),
- Technical Assistance and Feasibility Studies,
- Regulatory Framework Adjustment and Institutional Capacity Building, and
- Knowledge Development, Sharing and Technology Transfer

The four components are developed transversally in the different activities covered by the project under its five priority outcomes:

Outcome	Outputs
1. Decarbonization of key economic sectors, primarily industry and transport, reducing dependency on fossil fuels.	1.1. Investment mobilized by REIF to GHG reducing assets
	1.2. Increased penetration of electric buses
	1.3. Expanded charging network
	1.4. Enhanced regulation, capacities and knowledge for 2ET Technologies reducing GHG emissions
2. Improved efficiency of the power system, primarily through technological innovation and the improved use and benefits derived from the renewable energy surplus.	2.1. Increased storage capacity
	2.2. Increased penetration of technologies offering demand flexibility capabilities
	2.3 Companies innovation, access to finance and employment strengthened by JP
3. Enhanced vulnerable groups access to clean and affordable energy	3.1. New connections
4. Enhanced gender equality and women empowerment across the priority sub-sectors of the second energy transition	4.1. Strengthen capacities and knowledge of companies in the priority sub-sectors to develop and implement gender equality practices and increase the job prospects of women

	4.2. Collection of gender-specific data and development and implementation of action plan to increase women's ability to access finance in the priority sub-sectors
5. Impact-informed financing mainstreamed in the local financial sector, and through it its capacity to identify and further support SDG-aligned projects.	5.1. Co-financing with REIF
	5.2. Replication of REIF model in other SDG areas

B. Evaluation Process

Design

- The JP supports the National Energy Policy's goals of promoting non-conventional renewable energies, ensuring universal access to energy, and substituting energy sources. It also aligns with the need for adequate financing mechanisms to improve energy efficiency in residential and industrial areas. Likewise, it aligns with Uruguay's NDCs by introducing technologies for electric storage, transitioning to low-emission vehicles, and promoting low-carbon technologies in various sectors.
- The JP's intervention consists of the offer of different financial instruments and provision of technical assistance. While all types of technical assistance is deemed particularly relevant by the beneficiaries, the attractiveness of the financial tools as they are currently designed has proven to be low.
- The design of the results frameworks is a major area for improvement of the JP. Although the indicators appear to be correctly aligned with the overall objectives of the Programme, most fail to serve as an effective basis for evaluating program success, which is mainly due to their lack of specificity or measurability. This hinders strategic decisions from being taken to correct JP shortcomings.
- The Project's triple-impact framework includes a key innovative gender component. However, specific activities to increase women in managerial positions and ensure firms complete gender-related forms are lacking.

Progress to Date

- The main evidence of the JP's success is the operationalization of the tools, as well as the dissemination of impact frameworks in the banking sector. On the other hand, without taking into account the delays that have affected the achievement of the objectives, the main evidence of insufficient progress towards achieving results is the difference between the planned distribution of the budget between technological verticals and the actual distribution. The level of resources dedicated to the development of new technologies and the number of SMEs receiving support are the other two main areas for improvement.

- In terms of financial execution, the REIF established partnerships with seven major banks in Uruguay, representing 80% of the relevant banking sector. REIF achieved a 1:3 co-financing ratio with private banks but the government capital flow through tax incentives and direct investments to reach the 1:7 co-financing target is difficult to monitor. Private sector interest is strong, but limitations include the maximum financing amount and bureaucratic processes that deter SMEs. The government's independent management of public infrastructure projects hinders tracking leveraged capital within REIF activities.
- The main barriers identified that are needed to be overcome are the lack of attractiveness to the REIF's financial tools, the insufficient offer of projects related to 2TE technologies adhered to the REIF and the limited interaction among the REIF and the final beneficiaries.
- The JP has significant potential to drive transformative change by supporting partner banks in integrating impact analysis, improving beneficiaries' project performance, and enabling SDG-aligned funding. To realize this potential, the Programme must ensure the additionality in project financing, the appropriation of the impact analysis frameworks by the partner banks, and a more thorough consideration of social impact. Expanding investments, improving the attractiveness of the financial instruments, and exploring scalability could further enhance its impact.

Project Management

- The JP's complex governance is both a strength and a challenge, bringing diverse expertise while complicating coordination. On the whole, the management of the Programme can be considered moderately effective.
- As regards the implementation phase, the establishment of governance bodies with high complexity and novelty, involving all the expected partners, is a major success of the Programme. On the other hand, the implementation has suffered numerous delays, as evidenced by the ratio between the budget planned and the budget executed each year. This was mainly due to the complexity of legal requirements and decision-making processes.
- As for the execution phase, on the one hand, the responsibilities of each entity are considered clear by most parties and allocated in accordance with their respective competencies. On the other hand, the fluidity in the execution, as well as the coordination and internal communication between executing partners, could be improved, as it has been the case with the creation of the "Mesa Chica".
- About reporting, although annual reports have been properly delivered, information provided through the results matrix lacks complete data, hindering a robust analysis.

- Regarding external communication, despite substantial efforts made to promote the JP, the latter is still considered to lack the visibility and diffusion needed to be scaled.

Risk Management and Sustainability

- At the moment of the MTR, the main risks identified now are:
  - Risk of Impact and Additionality: Concerns arise over the REIF ability to achieve its intended triple impact: environmental, economic, and social/gender. Although it was strategically decided to start with electromobility and heat pumps, some actors express their concerns of not prioritizing innovation in investment projects.
  - Risk of Political Interference: Unforeseen political events, like changes in ministerial authorities, hindered project activities, with potential disruptions from ongoing electoral processes. This interference may lead to rushed commitments, potentially compromising the project's triple impact goals.
  - Reputational Risk: Associated with the UN, arises if the exit strategy for their support to the Fund is not properly structured, posing risks to the organization's reputation.
  - Sustainability Risk: Emerges from low interest in adopting the project by the Government of Uruguay and/or the private sector, compounded by the dependence on UN actors for technical support and coordination.
- The sustainability of the REIF project hinges on several factors. Financially, while the government and banks express interest, additional capitalization is needed for larger projects. Socially, alignment of supply and demand, streamlined processes, and improved outreach are crucial. Institutionally, government commitment and a more effective governance structure are vital for long-term success and impact.

C. Recommendations

Topic	Recommendations
Design	Adjust indicators for outcomes and outputs to align with REIF activities. Remove national objective indicators and modify non-specific ones to link with Programme activities for accurate progress measurement.
	Share gender-related results from technical assistance to remove barriers. Contrast results with the needs of final beneficiaries to ensure practical impact on companies in target sectors.
Progress to date	Conduct a technical assistance specifically to identify projects eligible for REIF. Use this information to approach businesses directly,

	streamlining the client attraction process.
	Consider incorporating other financial tools within REIF. Improve current tool by offering better rates to necessary projects. Use guarantees to enable banks to support more clients and larger projects. Allocate fund resources more effectively, especially for project extensions.
Management	Set a monthly meeting schedule for the 'Mesa Chica' to make decisions and update stakeholders on progress.
Sustainability	Extend REIF for at least another year due to unmet leverage goals and the program ending in 2024. This extension will also help in transmitting more technical knowledge to commercial banks about impact analysis
	Enhance engagement with a range of stakeholders, including local communities, government agencies, private sector partners, and civil society. Explore opportunities for international organization involvement to enhance project impact and sustainability.

1. Introduction

In the year 2020, the United Nations for the Industrial Development Organization (UNIDO) Regional Office for Argentina, Chile, Paraguay, and Uruguay, along with the United Nations Development Programme (UNDP), UN Women, the UN Resident Coordinator Office and the Government of Uruguay (GoU), applied for the United Nations Joint SDG Fund (JP) – Component 2: Additional financing leveraged to accelerate SDG achievement (Joint SDG Fund Outcome 2). The proposal titled "Innovative Finance for Clean Tech Solutions in Uruguay's Renewable Energy Sector: The Renewable Energy Innovation Fund (REIF)" was selected to receive support from the Joint SDG Fund.

Through this programme, the GoU and United Nation System aim to encourage a second energy transition (2ET), which is seen as an opportunity and driver to achieve further economic and social development goals. In other words, the 2ET is considered as a catalyst for enhancing competitiveness and improving living standards and a strategy to advancing the 2030 Development Agenda in four SDG clusters:

I. Competitiveness cluster (SDGs 9, 17)
II. Inclusiveness/gender cluster (SDGs 5, 8)
III. Environmental sustainability cluster (SDGs 7, 11, 13)
IV. Partnership for action on sustainable development (SDG 17).

In addition, a successful 2ET would critically support the achievement of Uruguay's NDC commitments, which establish ambitious mitigation objectives in the energy sector.

As part of the Project progress evaluation, the "Innovative Finance for Clean Tech Solutions in Uruguay's Renewable Energy Sector: The Renewable Energy Innovation Fund (REIF)" has commissioned the consulting firm DEUMAN to conduct document analysis and interviews with key actors from the institutions involved in the project implementation. The aim is to understand each actor's experience from their sector perspective and role played, and to gather insights and recommendations for the future of the Project.

This Mid-Term Review of the Project will assess the progress in achieving the objectives and results of the Programme, based on the Full Proposal approved by the United Nation System in Uruguay. It will also evaluate the initial indicators of success or improvement opportunities of the Project, with the purpose of identifying necessary modifications to guide the project towards the achievement of all originally planned results. Additionally, the Mid-Term Review of the Project will evaluate the project's strategy and its risks for sustainability.

1.1. Objectives of the Mid-Term Review

- Evaluate the progress towards achieving the Joint Programme's objectives and key development and financial results.

- Assess early signs of programmatic success or failure with the aim of identifying necessary changes.
- Assess the Joint Programme's strategy and its sustainability risks,

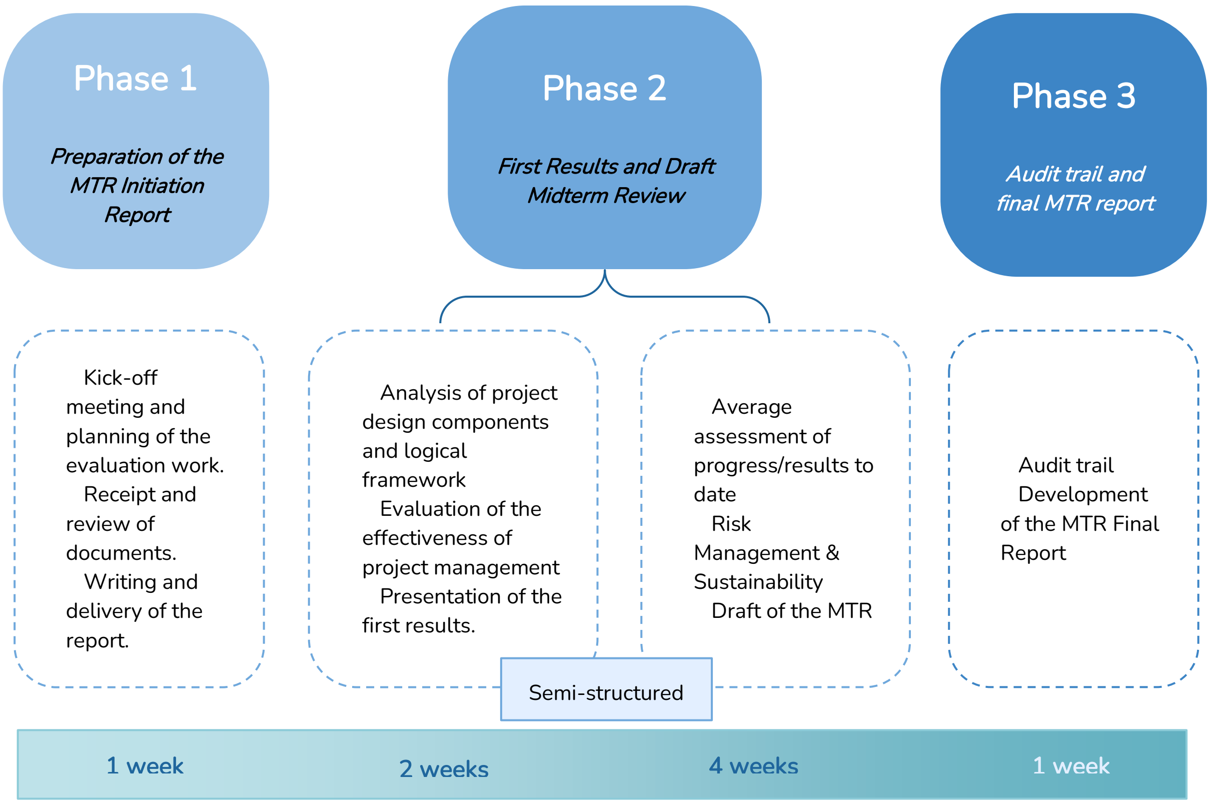
1.2. Scope, methodology and limitations of Mid-Term Review

The review will be conducted for the period between 2020 and the first trimester of 2024, and will be carried out considering the following four categories, as presented in the ToR:

- **Design:** evaluation of how it was designed and whether it was possible to comply with the guidelines of the Joint Fund for the SDGs for its construction.
- **Progress/ Results to date:** evaluation of the first advance of results according to the execution of the project up to the moment of the review.
- **Management and sustainability:** evaluation of the trajectory of project execution and how the proposed activities are being carried out.
- **Risk management and sustainability:** evaluation of the sustainability of the project considering the identified risks.

The methodology proposed is divided into 3 phases corresponding to each of the objectives outlined in the same reference document (ToR). Figure 1 presents each of them along with the detailed activities that will be carried out.

Figure 1. Methodological approach



Source: Own creation

One of the main limitations is the constrained evaluation timeframe (8 weeks). Therefore, group interviews were conducted by institutions, delimiting these according to the availability of the actors in the period for this activity. A total of twelve interviews were conducted (Annex 2 and Annex 3).

2. Project Description

2.1. Project development context

Fund Name	Joint SDG Fund
Joint Programme Title	Innovative Finance for Clean Tech Solutions in Uruguay´s Renewable Energy Sector: The Renewable Energy Innovation Fund (REIF)
Short Title	The Renewable Energy Innovation Fund (REIF)
Country and region	Uruguay
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Background	Design date: November 2020 Start date: January 2021 Closing date: December 2024
Total Investment	$ 10 000.000 from Joint SDG Fund Investment seeks to leverage: $29,4 M from private financial institutions, $21 M from the GoU and $17,7 M from UTE, for a total co-financing ratio 1:7.

The project "The Renewable Energy Innovation Fund" - (REIF) for its acronym in English, is promoted by the SDG Joint Fund and the purpose of the Programme is to support and promote Uruguay's second energy transition, in line with the 2030 Agenda and the principle of "leaving no one behind", through the transition to low-carbon technologies in the industrial, transportation, commercial and residential sectors. The expected result is the reduction of CO_2 emissions in key economic sectors, primarily industry and transport, increased participation of women in the clean energy economy, ensuring universal access to renewable energies and stimulating innovation and competitiveness in the country.

REIF is an innovative initiative based on the development and implementation of private Investment Fund implemented by three agencies of the United Nations System of Uruguay (UNIDO, UNDP, UN WOMEN), the private sector (co-financiers), and the Government (subsidies and tax credits to projects financed by REIF).

The Project is organized based on four components to overcome the aforementioned challenges, unlock the financing potential, and accelerate SDG achievement:

- The Renewable Energy Innovation Fund (REIF),

- Technical Assistance and Feasibility Studies,
- Regulatory Framework Adjustment and Institutional Capacity Building, and
- Knowledge Development, Sharing and Technology Transfer

The four components are developed transversally in the different activities covered by the project under its five priority outcomes, described in the point 2.3.

2.2. Gaps and barriers the Project aims to solve

During the past decade, Uruguay underwent a successful first energy transition (1ET), achieving a notable transformation of its power matrix with a 98% renewable energy share by 2019. This transition resulted in a significant surplus of structural energy, mainly from non-dispatchable renewable sources. Despite this, Uruguay still faces relatively high energy costs. In the new decade, the Government of Uruguay (GoU) is initiating a second energy transition (2ET) to further economic and social development goals. The 2ET is seen as a catalyst for competitiveness, inclusiveness, environmental sustainability, and partnership for sustainable development, aligning with SDGs and NDC commitments.

However, there are various types of barriers that prevent or delay Uruguay's 2ET. Some of the barriers identified are:

- **Economics.** 2ET technologies often have higher initial costs compared to their alternatives. Although their lifecycle costs may be lower in some cases with higher utilization rates, lack of experience can lead to uncertainty. These high upfront costs can pose financial barriers, especially when these technologies are not a core part of a company's business and compete for limited budgets or time against other critical investments.

- **Regulatory.** Some technologies in Uruguay, and globally, are in early stages of adoption, lacking supporting regulations and standards. This creates uncertainty for both supply (investment levels and promotion strategies) and demand (payback uncertainty due to potential regulatory changes).

- **Technological.** The limited track record of certain technologies poses significant risks regarding their real-world performance, especially considering variables that are challenging to model and vary widely across different contexts. Additionally, the differences between these technologies and traditional alternatives raise concerns about their servicing capacity, including time and cost, due to the inadequacy of existing support systems. Furthermore, some technologies have operational limitations, such as electric vehicle battery capacity, which hinders their broader adoption.

- **Infrastructure.** Certain 2ET technologies rely on the existence of fundamental infrastructure, without which their implementation remains constrained.

- **Resource.** Some of the energy surplus management models that can support the 2ET are indirectly subject to resource risk, as such availability of energy surpluses depends mostly on hydrological factors. Such unpredictability may result in uncertainties regarding internal rate of returns and paybacks for 2ET technologies, which could hinder investment, if not somehow mitigated.

- **Market.** The unpredictability of certain market factors hinders development of technologies directly dependent on them. Technologies whose payback depends on market-based power prices (or peak-valley power price differentials, as in the case of some storage solutions) might have limited uptake if there is a high-risk perception associated with them.

2.3. Objectives, outcomes, and outputs

The GoU's expects the 2ET to achieve two main goals:

a) **Decarbonizing key economic sectors:** while the energy mix in the power matrix is now 98%[1] clean, the primary energy matrix is still about 37% fossil-based.
b) **Improving the efficiency of the power system:** a better use of the energy surplus through the incorporation of storage, power-to-X, and demand management solutions enabled by smart grid technologies can lead to further socio-economic as well as environmental benefits.

The project is organized based on five pillars, which in turn make up the expected results:

Table 1. Outcomes and outputs of the Joint Programme

Outcome	Outputs
1. Decarbonization of key economic sectors, primarily industry and transport, reducing dependency on fossil fuels.	1.1. Investment mobilized by REIF to GHG reducing assets
	1.2. Increased penetration of electric buses
	1.3. Expanded charging network
	1.4. Enhanced regulation, capacities and knowledge for 2ET Technologies reducing GHG emissions
2. Improved efficiency of the power	2.1. Increased storage capacity

[1] Share of renewables in 2019. Such share varies annually based on hydrological conditions.

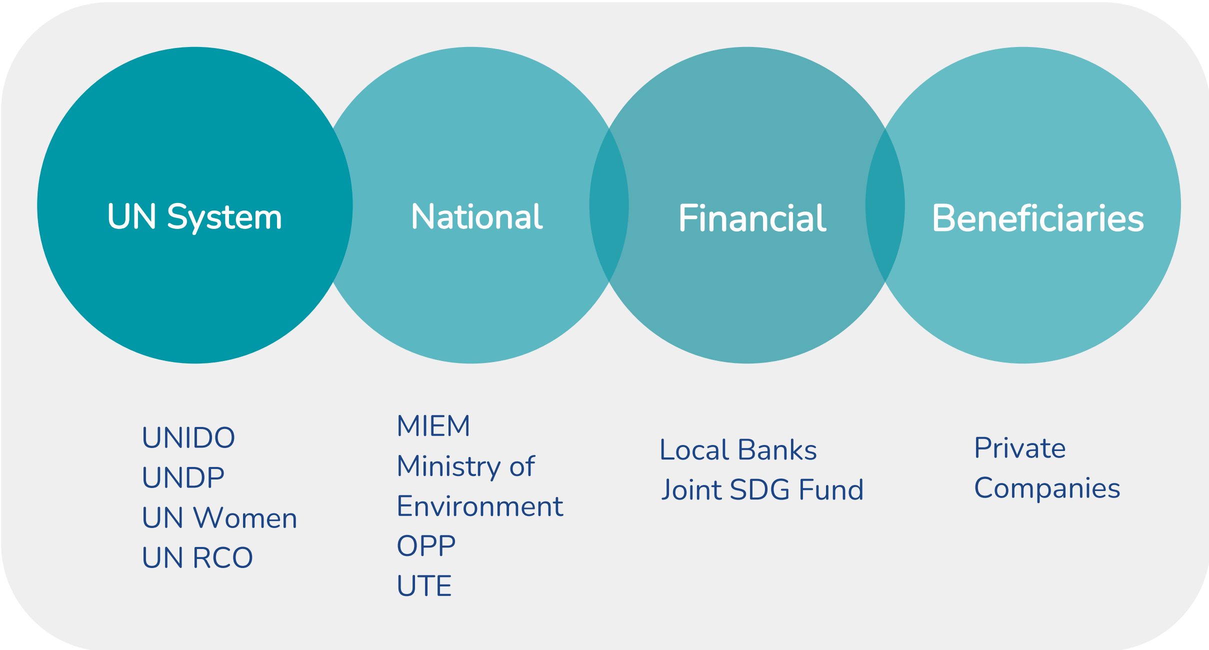
system, primarily through technological innovation and the improved use and benefits derived from the renewable energy surplus.	2.2. Increased penetration of technologies offering demand flexibility capabilities
	2.3 Companies innovation, access to finance and employment strengthened by JP
3. Enhanced vulnerable groups access to clean and affordable energy	3.1. New connections
4. Enhanced gender equality and women empowerment across the priority sub-sectors of the second energy transition	4.1. Strengthen capacities and knowledge of companies in the priority sub-sectors to develop and implement gender equality practices and increase the job prospects of women
	4.2. Collection of gender-specific data and development and implementation of action plan to increase women's ability to access finance in the priority sub-sectors
5. Impact-informed financing mainstreamed in the local financial sector, and through it its capacity to identify and further support SDG-aligned projects.	5.1. Co-financing with REIF
	5.2. Replication of REIF model in other SDG areas

Source: Documents of the Project

2.4. Partnerships and stakeholder engagement

This Project counts with the involvement of UNIDO, UNDP, UN Women and the UN Resident Coordinator Office in Uruguay, which acts as UN main counterpart in terms of dialogue and interaction with the Joint SDG Fund in New York. From the Governmental side perspective, in the initial document it is mentioned that this JP counts with the leadership of the Ministry of Industry, Energy and Mining (MIEM), the Ministry of Environment, the Office of Budget and Planning (OPP) and the National Electric Company (UTE), which are part of the Project Steering Committee. The Programme also seeks co-financing from the private sector through strategic alliances with local banks.

Figure 2. Stakeholders involved in the MTR-P



Source: Own creation

3. Evaluation Process

3.1. Design

3.1.1. Coherence with key country priorities and policies

Uruguay has been implementing a series of efforts to achieve its emission reduction targets. During its first energy transition, changes were made on the energy supply side, shifting the electricity matrix towards renewable energy sources (biomass, hydro, wind, and solar), and the second transition seeks to decarbonize the rest of the energy sector through the demand side, focusing on sectors such as transportation and industry. Taking this in consideration, REIF appears as an innovative private co-financing tool that promotes the adoption of low-carbon technologies, in line with the objective of making the country CO_2-neutral by 2050.

The guidelines for these two energy transitions are found in the National Energy Policy 2005-2030, which establishes the need to diversify the energy matrix, especially from renewable and indigenous energies. REIF arises after the fulfillment of the short-term goals (2015), starts its operations from the medium-term goals (2020), and develops towards the long term (2030). The Programme is aligned with the objectives of each of these stages, promoting non-conventional renewable energies, universal access to energy, as well as the substitution of energy sources[2]. In addition, this policy establishes that it is essential to have adequate financing mechanisms to promote technological and process improvements that increase energy efficiency in both residential and industrial areas. Therefore, REIF is integrated as an innovative financing tool that promotes this requirement.

On the other hand, REIF is linked to the National Climate Change Policy (PNCC), to its guidelines related to electric mobility, incorporation of energy storage systems, and deepening the participation of renewable energies and other clean sources in the energy matrix, which are also aligned with both conditional and unconditional mitigation measures for the energy sector of Uruguay's NDCs. This is done through introducing technologies for electric storage, transitioning to low-emission freight vehicles, hand in hand with the expansion of the national recharging network, and promoting the adoption of low-carbon technologies in industrial and commercial sectors.

3.1.2. Relevance of the concept and design of the Project

Taking into consideration all the mentioned above, about the REIF's alignment to the national objectives, it could be said that the tool would be very well received from the stakeholders. This alignment between both private and public interests has proven to be a pillar of the program, as ownership from all the local stakeholders is essential for its long-term success. However, the design of the financial tools is deemed moderately relevant by the co-

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[2] Ministry of Industry, Energy and Mining (2005). Energy Policy 2005-2030. Available: https://www.eficienciaenergetica.gub.uy/politica-energetica

financiers. Indeed, the attractivity of REIF's financial instruments has been questioned by some partner banks . According to them, the loans provided lack incentives to offer them to their clients, as the bureaucratic process implied by a REIF loan may not be offset by its benefits.

> *"We do not perceive a benefit in terms of lower credit or the rates that we offer to the corporate portfolio, perhaps the SMEs see a benefit in terms of credit, but we would have to see if they could take care of all the bureaucratic part. [...] REIF is more or less similar to what we can do, we do not see it as a complement to our offer because it does not have better conditions than us and if I put it at the beginning of the operation, I might lose."*

> *"In a context of low rates, there are many companies that have no problems with financing and bureaucratic processes may deter companies from not taking REIF credit."*

On the contrary, the design of the technical assistance tools is deemed particularly relevant, especially for small companies, which have a lower level of resources.

> *"A client may prefer to deal solely with the bank, if its technical part is better handled, while smaller companies find it more convenient to join the REIF because of the technical assistance that the bank cannot provide."*

Above all, REIF's support to banks for project impact assessment has been positively valued.

> *"I believe that what we, as a bank, have learned from having participated in this experience, is more than anything else to start considering those issues that the REIF considers in the analysis of an operation and that sometimes we are a little behind the demands of the international market. I believe that the greatest and richest experience may come from that side."*

> *"I participated in some workshops. The last one was about how they do the impact analysis. That has an additional value for us and even for the company, because it is also based on how we provided technical assistance to this company."*

Finally, the design of the results frameworks is a major area for improvement of the JP. In a critical analysis of the JP's indicators of progress, it has been observed that their level of relevance varies significantly between the different outputs. All the indicators from the outcomes 4 and 5 can be kept, while all the indicators from the outcome 3 should be changed. The outcomes 1 and 2 are more mixed. Although the indicators appear to be correctly aligned with the overall objectives of the Programme, most fail to serve as an effective basis for evaluating program success. This is mainly due to their lack of specificity and measurability.

These difficulties in establishing SMART indicators are believed to be partly due to the decision to base them on the SDGs and the complexity associated with this alignment. Moreover, many targets still have not been determined, which hinders progress assessment.

A thorough, ongoing review of indicators and targets is recommended. This will enable a more robust analysis of program results, enabling strategic decisions to be made accordingly.

Table 2 shows all the project indicators divided into their respective outcomes and outputs. The indicators considered insufficiently specific to assess the progress of the JP are shaded in light blue. It means that the result of the indicator doesn't depend only on the JP's progress, which implies that the result measured can't be used to analyze if changes need to be done to achieve the related target. They should be corrected.

The indicators shaded in light red are the ones that overlap with others more relevant. They should be erased. Other indicators require further clarification, which has been mentioned.

Table 2. Indicators of the project

Outcome 1
Renewable energy share in the total final energy consumption (SDG 7 - Target/Indicator 7.2.1) (primary energy)
GHG emissions reduced by REIF-funded assets (lifetime) (estimate) (tCO2)
GHG emissions reduced by new electric buses (annual)
% of achievement of NDC conditional commitment on electric buses
% of achievement of NDC conditional commitment on electric utility fleet
Development of green hydrogen industry
Output 1.1
REIF investment in GHG reducing assets (USD M)
Total investment to GHG reducing assets supported by REIF (USD M) *Need to clarify the difference with the previous indicator*
Output 1.2
Electric buses funded by REIF
Total new electric buses
Output 1.3
Number of AC charging points
Number of DC charging points
Output 1.4
Green hydrogen strategy and regulation development (gender-responsive)
Electromobility technology knowledge and capacities developed
Outcome 2
MWH of Surplus Renewable Energy incrementally utilized based on Program support

Need to clarify what it refers to
Total average energy costs reductions achieved by REIF supported companies
Output 2.1
Battery storage capacity financed by REIF (MWh)
Behind-the-meter total battery storage capacity (MWh)
Grid-connected total battery storage capacity (MWh)
Output 2.2
Demand-flexible consumption financed by REIF (MWh) Need to clarify what it refers to
New demand-flexible consumption (MWh)
% of households with smart timers
Output 2.3
Number of companies supported by JP (REIF investment or technical assistance) in the incorporation of 2ET technologies (SDG 9 - Target 9.4 - Program-adjusted Indicator) (sex-disaggregated data, % women-led SMEs)
Number of innovative 2ET technologies demonstrated by JP (that upgrade industrial technological capabilities) (SDG 9 - Target 9.5 - Program-adjusted Indicator) (tracks also: innovations that target GEWE or have substantial impact on women)
Increase of SME access to finance for 2ET (SDG 9 - Target 9.3 - Program-adjusted Indicator) (sex-disaggregated data, % women-led SMEs)
Outcome 3
% of population with access to power (SDG 7 - Target/Indicator 7.1.1)
Output 3.1
New households with access to power services (sex-disaggregated data, % women led households)
Rural schools newly connected to the grid (service enhanced from previous off-grid connection)
New power lines for rural electrification (km)
Outcome 4
Increase in number of women in managerial positions in REIF investee companies at time of JP closing relative to those at time of origination (SDG 5 - Target 5.5 - Program-adjusted indicator)
Percentage of women trained who -at JP's completion- report having advanced to managerial positions (or more advanced technical positions)
Output 4.1
Number of employees trained (share of women)
Number of private companies in energy sector signing on to WEPs (% women-led companies)
Share of private companies in energy sector implementing the WEPs (% women-led companies)
Output 4.2

Share of firms requesting funds to the REIF that present a completed gender-related form
Diagnostic report evaluating barriers that women face in accessing finance in priority sub-sectors
Number of gender specialists within workforce of the REIF
Analysis of existing landscape of innovative, gender lens financing sources in Uruguay
Campaign to raise awareness on the need to strengthen supply of gender lens financing in Uruguay
Number of projects which obtain a financial incentive based on successfully implementing gender-related results (% women-led companies)
Outcome 5
Number of local financial institutions that newly incorporated an impact framework (sex-disaggregated data, % women led FIs) *Need to clarify when the impact framework can be considered "implemented" ?*
Number of local financial institutions that are newly reporting annual financing provided for SDG-aligned uses
Sustainable finance roundtable created and under implementation, roundtable chapter for women created to enhance GEWE
Output 5.1
Number of local financial institutions co-financing with REIF (sex-disaggregated data, % women led FIs)
Financing leveraged by REIF from local financial institutions
Output 5.2
REIF model replicated for other SDG areas, locally or internationally

3.1.3. Gender approach of the design

The gender component is a key innovative aspect of the Project's triple-impact framework, sparking discussions among UN Women and other implementing agencies on integration strategies. While acknowledged as cross-cutting, it's crucial not to marginalize this approach as merely complementary to individual objective designs. Awareness-raising activities were conducted among agencies and the government to facilitate informed discussions and overcome barriers related to the gender component and an external consultancy was initiated to analyze project gender indicators and select relevant ones for the Uruguayan context. This analysis led to the formulation of outputs 4.1 and 4.2 for the gender dimension of the project (Section 2.3).

The analysis of the gender indicators developed for the Project reveals their consistency with the main needs identified to overcome the gender barriers detected in the gender baseline. Furthermore, being designed under a SMART approach, these indicators provide a clear guide for the implementation of effective actions, establishing a direct relationship between indicators and planned activities. However, as indicated in point 3.1.2. above, two of the gender indicators and their activities related that could be approached in a more specific manner:

- *Increase in number of women in managerial positions in REIF investee companies at time of JP closing relative to those at time of origination*. Although this indicator is consistent with REIF's objectives, there is no activity that directly promotes an increase in the number of women in leadership positions or that counts them in order to establish the baseline and goals for the end of the project.

- *Share of firms requesting funds to REIF that present a completed gender-related form.* This indicator implies that there was internal work in the company prior to its application to REIF, which may or may not be related to the program's activities.

Moreover, the Programme provides UN Women with the opportunity to apply tools and methodologies previously developed by the agency - such as the Women's Empowerment Principles (WEP) - specifically in the energy sector. In addition, within the framework of the "Strategy for Technical Assistance", REIF provides support to integrate a gender perspective both in investment projects and in the companies that implement them, which contributes significantly to ensuring inclusion and equity in all initiatives.

The Programme's results framework presents the challenge of introducing two innovative concepts into the private and public sectors: sustainability and gender. However, delays in coordinating the integration of gender caused that it was not implemented in parallel with the other activities of the JP like the issues related to impact or sustainability. As a result, in practice, there was a lack of knowledge on the part of banks and beneficiaries about gender issues, including the Women's Empowerment Principles (WEP), even though these are requirements for access to REIF.

3.2. Average assessment of Progress to date

3.2.1. Progress towards achieving results

Table 3. Progress to Results Matrix

N°	Outcome	Level of progress	Output	Assessment
1	Decarbonization of key economic sectors, primarily industry and transport, reducing dependency on fossil fuels.		Investment mobilized by REIF to GHG reducing assets	Due to the delays in implementation, REIF has fallen behind on its emissions reduction objectives

			Increased penetration of electric buses	The majority of financial resources has been dedicated to the electromobility sector - to better assess progress on this indicator, either it should be extended to other types of vehicles, or financing should be directed more specifically to buses
			Expanded charging network	Despite some technical assistance provided, this Output has been handled by UTE, letting the JP focusing more on electric vehicles
			Enhanced regulation, capacities and knowledge for 2ET technologies reducing GHG emissions	Green Hydrogen, energy demand management and electromobility capacities have been developed
2	Improved efficiency of the power system, primarily through technological innovation and the improved use and benefits derived from the renewable energy surplus		Increased storage capacity	No project related to this sector has yet been financed, except one technical assistance
			Increased penetration of technologies offering demand flexibility capabilities	Heat pumps are the second most targeted technology to date by the partner banks,

				after electric vehicles
			Companies' innovation, access to finance and employment strengthened by JP	The JP has primarily focused on low-risk projects, with few resources dedicated to innovative technologies and SMEs. However, technical assistance provided by ANII and the partnership with the University of Montevideo may contribute to resolving this issue in the next phase of the Programme.
3	Enhanced vulnerable groups access to clean and affordable energy		New connections	This Output is handled by UTE, which explains why there are no activities executed so far within the JP. **However, the JP is expected to generate a positive impact in the vulnerable groups. At the end of section 3.2.2. are some SDGs that the JP could accelerate.**
4	Enhanced gender equality and women empowerment across the priority		Strengthen capacities and knowledge of companies in the priority sub-sectors to	Workshops, sensibilization materials and gender analysis of the electromobility

	sub-sectors of the second energy transition		develop and implement gender equality practices and increase the job prospects of women	sector have been carried out. A cultural change in the priority sub-sectors has yet to take place.
			Collection of gender-specific data and development and implementation of action plan to increase women's ability to access finance in the priority sub-sectors	Based on a gender-focused study regarding the implementation of REIF, gender equality has been integrated into the impact framework that is used to evaluate projects. Although it has been shared to partner banks, they have yet to incorporate it into their processes. Technical assistance to evaluate gender gaps and implement action plans is to come
5	Impact-informed financing mainstreamed in the local financial sector, and through it its capacity to identify and further support SDG-aligned projects.		Co-financing with REIF	The objectives related to the number of co-financing institutions and to the 1:3 private co-financing ratio have been achieved
			Replication of REIF model in other SDG areas	A potential replication was discussed with other countries, but nothing has been initiated yet

It should be noted that JP's table of indicators and results to date did not provide a sufficiently robust basis to assess the progress of the Project actions carried on. Indeed, the additional inputs of the interviews have been key to provide a critical analysis regarding which areas of the Programme were considered successful and which were not:

- As explained in subsection 3.1.2 about the Programme design, most indicators are not relevant to evaluate the program's achievements, as they are not specific or measurable enough.
- Several indicators do not have a baseline, target or actualized data, which makes it impossible to assess their results.
- As the Programme is late due to an implementation phase that took longer than expected, even outputs that have been well addressed didn't achieve their objectives.

According to the interviewees, the main evidence of success of the JP is that the financial tool REIF is already up and running, projects are coming in and there is interest from the public sector and private sector, which is initiating the implementation of impact frameworks in its process.

> *"I think the biggest success is that there are concrete projects."*
>
> *"It has obviously been a success to have started operations. In a broader view of the UN system in the framework of the reform, the JP contributes to generate an innovative financial fund and to Uruguay's 2TE."*
>
> *"The main successes in the financial area are the reception of REIF, having signed cooperation agreements with all the banks that operate in the market, having been able to materialize credits, to show that the methodology is valid and to be able to continue with the pipeline. [....] Perhaps it is underestimated, but the fact that a bank decides to share with you a client's financing, when they have excess liquidity, is very positive."*

On the other hand, the main evidence of insufficient progress towards achieving results is: the difference between the planned distribution of the budget between technological verticals and the actual distribution ; the low level of resources dedicated to the development of new technologies ; and the low number of SMEs receiving support.

On the whole, the foundations seem in place to achieve the objectives in the future. The areas for improvement identified to this end will be detailed in the subsection 3.2.3 entitled "Impact enhancement and scalability".

3.2.2. Analysis of financial execution

During the REIF design process, the objective was to achieve an investment that seeks to leverage: $29,4 M from private financial institutions, $21 M from the GoU and $17,7 M from

UTE, for a total co-financing ratio 1:7. As part of this goal, the aim for 2023 was to establish partnerships with at least five local financial institutions.

By the end of 2023, seven cooperation agreements have been established with major commercial banks in Uruguay: BBVA, Heritage, Santander, Itau, HSBC, BROU, and Scotiabank. Together, these banks represent 80% of the relevant segment in the banking sector. These agreements lay the groundwork for collaboration in identifying, evaluating, and co-financing energy transition projects that contribute to achieving the SDGs.

For the first quarter of 2024, REIF approved four financial operations, amounting to US$ 1,209,520 in reimbursable financing, leveraging US$ 3,248,333 of bank lending. Companies receiving financial support also have access to individual technical assistance for project impact measurement, gender perspective analysis, and recommendations, as well as technical and pre-feasibility studies.

Table 4. Financial Leverage Monitoring Table

Source of financing	Name of investor	Type of co-financing	Amount of Effective Co-financing Contributed at the Time of MTR (USD)	Note on supporting documents, objectives linked to specific financial instruments
Private	Heritage	Amortizable Loan	233 333	The data presented in the Progress Report on the implementation of REIF 2024 does not match that of the Annual Report for 2023.
Private	ITAÚ	Credit Line agreement	600 000	
Private	BBVA	Amortizable Loan	1 750 000	
Private	BROU	Credit Line agreement	665 000	
TOTAL			US$ 3.248.333	**11% of target from private financial institutions**

Source: Own creation

It is a remarkable fact that since REIF has started operating as a trust in early 2023, the 1:3 co-financing ratio with private banks has been achieved, which is in line with the target proposed in the project design. However, the government has not yet injected a direct capital flow into the project as required by the design to achieve the 1:7 co-financing ratio. Based on this finding and the interviews conducted, the following should be highlighted:

- There is a clear interest on the part of the private sector to co-finance projects in conjunction with REIF, especially because of the advertising branding associated with the Programme, since it has the backing of the United Nations, and because of the technical advice covering logistical and human resources for impact and sustainability analysis, which some banks have not yet implemented in their portfolios. Despite this, they recognize certain limitations when it comes to attracting clients:

- ○ The maximum amount of financing offered by REIF can be a limitation when it comes to large projects. According to the banks interviewed, the credit rates offered by them or by REIF to corporate portfolio clients do not differ significantly, and they could even finance these projects themselves at 100%.

  "The feature that REIF co-finances only a part makes it tempting to finance only some cases through the REIF ... but it is not true that they access a better rate than the bank, so there are no components that make it indistinguishable from working with the bank [...] we have never financed something that the bank alone would not finance."

  "We took a client with a good relationship, we did the test and it went well, but it is a credit that was going to be granted to the client, even without the REIF"

  "The amount is also a limiting factor, because it covers small projects [....] Many times we have larger projects that, although they fall within the verticals, do not qualify due to their size [....] The second energy transition projects involve larger investments."

- ○ SMEs are shown as potential clients to apply for REIF financing, but the bureaucratic processes involved in accessing the trust may be unattractive to them due to the lack of built-in capacity to complete the required documentation. The client must perceive the agility of the process to ensure that the benefits of joining REIF are not overshadowed by additional operational activities.

  " [...] as a hook, we do not perceive a benefit in terms of lower credit or the rate that we offer to the corporate portfolio. Perhaps the SMEs see a benefit in terms of credit, but we would have to see if they could take care of all the bureaucratic part"

  "Sometimes the integration of a third-party entity generates different levels of interest depending on the actors [....] A client may prefer to take the funds with the bank as it has its technical part more assumed, while companies of a smaller size find it more convenient to integrate the REIF for the TA that the bank cannot provide."

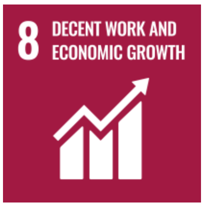
  "... in a context of low rates, there are many companies that do not have problems with financing and the bureaucratic processes may dissuade companies from not taking credits by the REIF".

- The Uruguayan government's functions and commitments do not include the direct injection of capital into the JP activities, so monitoring the co-financing ratio from public institutions in the JP has been limited. Although the Ministry of Industry, Energy and Mining (MIEM) and the National Administration of Power Plants and Electric Transmission (UTE, in Spanish) carry out the public infrastructure investments agreed to improve the national energy conditions. Like these projects are managed and executed independently by each institution and without any intervention of the JP F it is not possible to track indicators of leveraged capital within JP activities. The evaluation team suggests to clarify in the Project documents that the government's leverage is through tax incentives and direct investments that can be monitored by resources and activities of the JP, and adjust the total co-financing ratio.

The results to date have not yet achieved the scalability necessary to finance projects aimed at generating a positive impact for the local communities and population with a focus on geographies and people left behind. However, most of the activities in the Programme has the potential to lead the development of a positive impact in terms of accelerate the achievement of the SDGs:

The technical assistance provided to companies and the specific studies conducted to gather information and highlight gender disparities, addressing the gender gap.

The projects and technical assistance encourage the energy transition of electricity generation, storage and distribution activities, contributing to promoting access to sustainable and affordable energy.



Promotes sustained, inclusive and sustainable economic growth in Uruguay through financial support for clean energy technology projects, which can generate employment and promote business development.

The projects and technical assistance introduce clean technologies in key sectors like transport and industry, contributing to the development and innovation in sustainable infrastructure and industry.

Promotes the reduction of inequalities within Uruguay by facilitating access to financing for sustainable energy projects, which can benefit marginalized communities and promote economic inclusion

REIF contributes to the development of sustainable infrastructure in Uruguay, which helps improve people's quality of life and promotes sustainable cities and communities.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Promotes efficiency in the use of resources and the adoption of sustainable practices in the Uruguayan energy sector, promoting responsible consumption and production. It also has a technology vertical to promote waste management and treatment technologies.

REIF mobilizes private sector financing, fosters inter-agency and inter-institutional cooperation and strengthens local capacities, playing an important role in promoting partnerships.

13 CLIMATE ACTION

The projects are assessed in terms of impact, including GHG emission reduction, environmental impact and social impact, contributing to decarbonize key sectors and mitigate climate change impacts.

3.2.3. Impact enhancement and scalability

The JP is catalyzing change in the sense that, through financial and technical support:

- **It helps the partner banks integrate impact analysis into their investment decision-making process,** especially local banks which lack the necessary frameworks, as evidenced in the subsection 3.1.2.
- **It improves the technical and financial performance of potential beneficiaries' projects**, by supporting them through the pre-application process and by providing information about the technologies in their sector.

"Clients today are not used to being asked to provide formal information requirements other than the typical financial ones, so when you go and ask them about energy, environmental, social, governance or gender issues, which is the essence of REIF, clients say "the bank doesn't ask me for that".

- **It enables projects aligned with the SDGs to access funding that would not otherwise have been available** - accelerating the second energy transition, improving access to energy, giving SMEs access to financing, and promoting gender equality.

- **It demonstrates the efficiency of blended finance for public spending.** Rather than providing a one-time donation that delivers an immediate impact but then concludes, this innovative approach has a dynamic where it can be scaled up significantly.

However, for a transformative change to occur, it is essential for the Programme to ensure:

- **The implementation of impact analysis tools and methods within partner banks,** by ensuring that the necessary resources and frameworks are in place for conducting these assessments once the JP concludes. Indeed, currently there is no specific requirement for banks to assess environmental and social impact standards when analyzing credit risk.

> *"I believe that the payment capacity continues to weigh, and if we do not take some measure to contemplate these other issues that REIF promotes to review, I find it difficult to adopt in the institutions. Until our Central Bank, for example, does not take any position to make the regulations more flexible or adjust them, it will be difficult, I think."*

- **The social impact,** by ensuring more thorough consideration in both the assessments and the portfolio of projects supported.

- **The additionality in project financing** by ensuring the budget is not spent in projects that would have been financed anyway by the banks if the Programme did not exist. Indeed, the partner banks interviewed unanimously share the opinion that, so far, the added value of the REIF has lied more in the technical assistance provided than in the credits granted.

> *"It did not add value to us... In fact, it is a credit that was going to be granted to the client, even without the REIF"*

> *"The advantage we see is the knowledge and availability of the technical assistance they (the REIF) give to clients... but they never finance something that the bank alone would not finance."*

> *"I believe that technical assistance is the way in which a greater impulse could be given, not so much on the financing side, as I understand that banks often have liquidity and the capacity to do so."*

Therefore, to enhance the impact of the JP and to meet the initial targets, the budget allocated to the REIF should be redirected: on the one hand towards technical assistance to the clients, and on the other towards more innovative projects - cleaner technology or more impactful business models - that banks couldn't finance on their own because of the risk associated.

With regard to the first point, it should be added that so far, most of the resources related to technical assistance have been devoted to the government. Therefore, as technical assistance to banks and clients is considered by some partners to be the Program's greatest added value, a reallocation of the budget dedicated to technical assistance could be relevant.

As for the second point, this shift in budget execution would be in line with the REIF's strategy, which was to focus first on sectors with the highest level of maturity (electric vehicles, heat pumps), before starting venturing into riskier projects once track record has been generated. Thus, the challenge for the Programme is now to enter this next phase of the strategy regarding project financing, in order to reconcile its two objectives : keep ensuring profitability, necessary for its sustainability and for meeting the expectations of the private sector, while supporting innovative projects, necessary for its impact and for meeting the expectations of the public sector.

To meet the challenge described above, a review of the relevance of the financial tools could be conducted. The main recommendations identified from the interviews are as follows:

- **Managing a larger volume of investments**. Indeed, a critical point for the JP is the availability of non-reimbursable funds to support more innovative projects that carry higher risks and are, therefore, more challenging for banks to co-finance. Leveraging larger amounts could therefore help to catalyze projects that require not only technical assistance, but also a combination of bank credit, REIF credit, and non-reimbursable funds. As a result, the JP should look for additional sources of capitalization, willing to allocate funds to support sectors that are more challenging to develop.

- **Providing a more attractive interest rate.** For banks that already have implemented an impact framework, and for large companies that already have access to low interest rates, the added value of working with REIF has yet to be proven. In this case, the JP mainly brings administrative constraints and delays to the beneficiaries, as demonstrated in the subsections 3.1.2 and 3.3.1.

- **Offering also guarantees as a financial instrument.** This approach would enhance the banks' ability to finance a larger number of clients and offer better terms, based on the additional security it provides beyond what clients typically receive.

> *"Now we believe that the approach, perhaps it should not be to co-finance the project, but to guarantee it. It would leverage the possibility that the bank could finance more clients and the bank could give the best conditions based on the fact that it has an additional guarantee to the one that our client would have."*

The benefits could thus be extended, but could also be scaled, whether it is to other countries or other sectors:

- **Many countries, like Colombia, Argentina or Chile, express interest in implementing a similar financial instrument**, as they are seeing how the UN can engage with the private sector to provide financing for sustainable development. Knowledge sharing will be key in this process.

- At a regional level, the scalability is relevant for several reasons:
    - **The size of the trust fund currently restricts the scope of success achievable,** particularly in areas like green hydrogen and electromobility.

      > *"Today the size of the trust limits the scale of the success you can achieve (hydrogen and electromobility). A bank cannot lend to an economic group more than 15% of its equity, so effectively a bank will want to say to such a large project, well, either a trust is issued or a negotiable obligation is issued, but I cannot put all the capital in."*

      > *"The amount is also a limiting factor, because they are small projects. We often have larger projects for which co-financing is very marginal, so although it is included in the verticals, the ticket does not qualify, due to the size of the project."*

    - At the same time, **numerous investment funds currently require a mechanism to direct their investments into impact-focused policies in the region.** With funds ready to invest up to hundreds of millions in specific portfolios, having an established instrument, a skilled professional team, and a proven impact methodology is crucial capabilities that REIF can offer.
    - **Most local banks lack impact frameworks.** This dual-risk approach, with one party managing the financial credit risk and the other addressing the impact risk, is therefore relevant to catalyze change regionally.
- However, this regionalization will face some barriers:
    - **Aligning with the specific national regulatory frameworks of each country,** as legal and operational challenges can arise when scaling across different jurisdictions.
    - **Adjusting to each country's progress in the energy transition** and aligning with their political priorities.
    - **Ensuring that investments are evenly distributed** and not concentrated in a few countries is also a significant operational concern.
- **In addition to potential scalability to other countries, the REIF model also offers the flexibility to adapt to other sectors.** It may thus be envisioned as the first step towards creating a more extensive wholesaler framework, which could include multiple verticals like energy transition, agriculture, water and health under a broader umbrella structure. This would allow for a more integrated approach to addressing complex sustainability challenges.

3.2.4. Remaining barriers

During the initial phase of the Programme, several barriers to the development of 2TE technologies in Uruguay were identified, including economic, regulatory, technological, infrastructure, resource and market aspects (point 2.2.). To address these barriers, specific activities were proposed, such as the provision of technical assistance to gather information and strengthen the regulatory, technical and institutional capacities of the various actors involved in the project. In addition, specific investment projects led by government partners were implemented, such as the expansion of the basic infrastructure for electric vehicle charging, an initiative led by UTE.

The information gathered and the experience gained during these three years made it possible to identify more precisely the existing barriers and those that still need to be overcome by the REIF:

- **Adoption difficulties in Specific REIF technology vertical.** There are two technology verticals that present more difficulties in adopting the technologies proposed by the second energy transition. **By the interviews, some actors express that:**

> *"Going to the practical side and the initial objectives that cover the four verticals, the market is saying that it is not yet ripe to go to those sides and we are going to a classic program of replacement of either heating or rooms or vehicles. From that point of view, it is not as innovative as one would have liked from the beginning, but the market is not as ripe for innovations either."*
>
> *"There is an issue in the commercial or productive activity, when the productive process is running, already with a technology, inserting equipment is sometimes seen as something risky that may affect the productive process.*
>
> *"The market was not prepared for the project, even in terms of the most proven technologies.... There are many companies that still find it difficult to visualize economic benefits in the medium and long term."*

These statements allow us to understand that the Industrial stakeholders tend to be rather conventional - in the framework of 2TE - when it comes to formulating the development of their operations. They tend to lean towards projects with known technologies like (electromobility and heat pumps) rather than innovative technological solutions. Similarly, the verticals Power to X and Waste Management and Treatment technologies, carrying on other barriers like the scale of the market, regulatory issues or the scale of the fund to support large projects or multiple initiatives.

- **Need for dissemination and client acquisition to adhere to 2TE technologies.** At the beginning of the project, REIF faced the challenge of not having clients because counterparts do not immediately adhere to the project. Prior management had to be carried out by the Investment Committee for both financial institutions and potential beneficiaries, which took longer than expected. This is because banks, compared to the international market, are still lagging in incorporating environmental and gender issues into their project evaluation and weighting. The REIF also needed to establish framework cooperation agreements with the banks to overcome confidentiality barriers and sharing sensitive information. Likewise, companies with activities already underway are reluctant to halt their processes to implement technologies under evaluation or integrate environmental and gender issues in the requirements to access financing when in most cases they can get it through the banks without all these issues.

- **Little interaction between REIF and the final beneficiaries (companies).** Although there have been internal and external communication activities, communication and dissemination to the beneficiary companies is done through the banks as intermediaries, so it has not been strong enough to generate a phenomenon of visualization and replication of the project's success cases in companies that are not associated with any of the banking partners. The evaluator's team suggested implementing in the web page of the REIF an item of "virtual enquiries" to encourage the interaction at the same time you resolve frequent questions of the beneficiaries.

- **Gender gaps in access to finance.** Like the energetic, the finance sector is a male-dominated sector. Women are under-represented in the labor force and positions of power in finance. Women face several barriers to access financing, including social norms and gender biases against women as entrepreneurs or managers, lack of training on finance- or business-specific issues, lack of networks, few women to mentor other women, work-life balance, etc. Based on the consultancy conducted for the analysis and construction of the project's gender perspectives, gender barriers were identified and classified into three categories (Figure 3).

Figure 3. Main barriers to higher gender inclusion in REIF's priority sectors

BARRIERS OF GENDER	
Energy sector	Low availability of gender-related data and statistics
	Few women working in the sector
	Low number of projects with gender mainstreaming
Energy sub-sector	Electromobility: Mobility and job gap in transport
	Residential use: women spend + hours in energy-intensive care work
Finance sector	Few women working in the sector
	Access to finance for entrepreneurial activities is harder for women

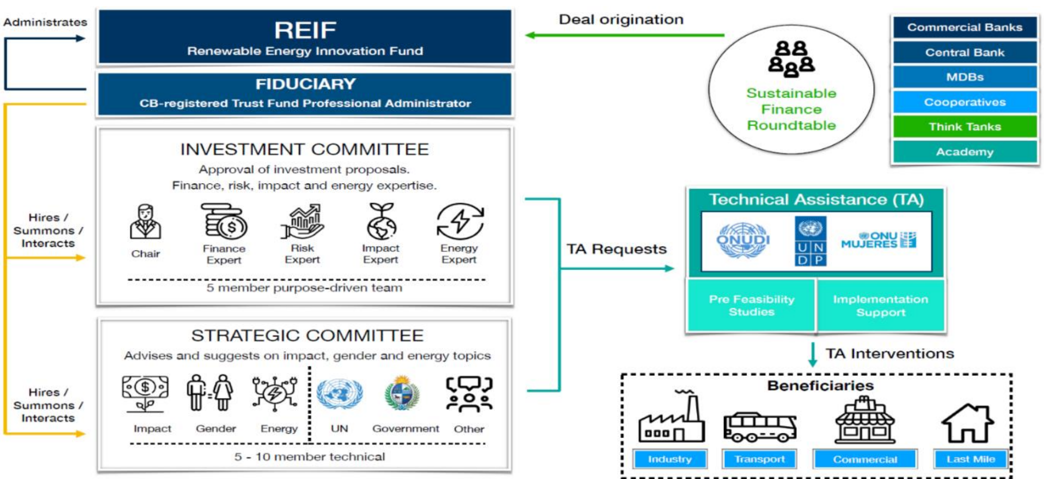
Source. Annex 6 - Technical Report – Gender gap analysis and recommendations to mainstream the gender dimension into the Renewable Energy Innovation Fund project

3.3. Effectiveness of Project Management

3.3.1. Management arrangements

The complex governance of the JP is at the same time a strength and a weakness of the Project. The diversity of partners involved contributes to bringing a wide range of expertise and resources, while making it more difficult to build a common vision and to coordinate. Figure 4 shows the governance of the JP and their main responsibilities.

Figure 4. Governance of the Joint Programme



Source: "SDG joint fund 2 Uruguay", as part of the REIF Project Document

On the whole, the management of the Programme can be considered moderately effective.

As regards the implementation phase, on the one hand, the establishment of the governance body, with a trust now up and running involving all the expected partners, is a major success of the Programme. On the other hand, the implementation has suffered numerous delays, as evidenced by the ratio between the budget planned and the budget executed each year.

As for the execution phase, on the one hand, the responsibilities of each entity are considered clear by most parties, and allocated in accordance with their respective competencies. On the other hand, the fluidity in the execution, as well as the coordination and internal communication between executing partners, could be improved.

Most difficulties encountered can be attributed to the novelty of the governance and frameworks that had to be set up initially, and to the complexity of the decision-making processes involving a substantial number of partners. More specifically, the following factors of delays stand out:

- The complexity of interagency and interinstitutional management. In the beginning, harmonizing the national legislation governing the fund with the international regulations under which UN agencies operate was an important challenge. This legal complexity, combined with a decision-making involving the approval of the government and UN headquarters, contributed to adding delays.

- Delays in the election of key decision-makers, such as the Project Coordinator, the trustee of the trust and the Investment Committee. The selection of Paula Cobas as National Joint Programme Coordinator and República Afisa as the trust company for the trust was successfully consolidated at the end of 2021. However, some actors expressed concern about the part-time involvement of key representatives due to other professional requirements.

- The substantial number of decision-makers within the Strategic Committee. As this governance body includes participation from over 20 individuals, including representatives and advisors of high-ranking officials, there was both a challenge in coordinating agendas and in getting approvals regarding strategic decisions. Changes in the public players involved in the Program exacerbated these difficulties. Over the past three years, only three meetings of the Strategic committee were held, hindering the construction of the JP's strategy. The last reunion took place more than a year ago, despite its key role in establishing the guidelines for the other entities. In response to this lack of agility, a reduced technical coordination and decision-making body called the "Mesa Chica" was established, enabling approval of REIF's basic technical guidelines by mid-2022: the Investment Policy, the Operations Manual, the Evaluation Manual, the Impact Framework, the Technical Assistance Strategy, and the selection of the Investment Committee. The implementing partners call for other similar initiatives.

> *"The governance should be streamlined with a 'Mesa Chica', fewer actors, redesigned. There should be more frequent meetings throughout the year, and something more dynamic."*

It must be noted that similar delays have occurred in other Joint Programmes, putting the difficulties encountered in management into perspective. Moreover, several stakeholders consider that now the governance and the frameworks are in place, the Programme can accelerate in its execution. To this end, it will be key to improving the overall efficiency of the Program, through better coordination and more agility.

Indeed, the level of internal communication on strategic issues is unanimously considered as the main area for improvement, especially now that the future of the Programme needs to be discussed. The RCO plays a vital role in this quest for efficiency:

- **By contributing to preserving the technical independence of the Investment Committee's decisions.** Thanks to RC's role, the committee's interactions with the external world are minimal - limited to necessary coordination on compliance with policies and manuals. It is therefore shielded from external influences, enabling them to keep their decision-making purely technical and professional.

  > *"The role of the RCO has been key for us as an Investment Committee, for several reasons. First, because it has assured us technical independence in our decisions. I would say that we have no exchange with the outside world, except for our coordination with respect to compliance with investment policies."*

- **By establishing an inter-agency approach to the Programme, with common guidelines and coordination.** Indeed, within the UNO, each entity has its own mandate and operations, making it difficult to define strategic orientations and to develop cooperation.

- **By monitoring the Programme** and managing the dialogue with New York.

However, the RCO faces some challenges due to his lack of execution capacity and authority - which lies in Vienna for UNIDO and in New York for PNUD. Therefore, his responsibilities remain unclear to some partners, even though his role of monitoring and coordination is acknowledged.

> *"The issue is to understand more what the role of the RCO is. The RCO is more the dialogue with New York, function in monitoring and so on, but it is not very explicit*

> *what the role may be. At the implementing agency level we each have our own budget and we execute. […]*
>
> *We must also understand that the RCO is not our authority, so it is a coordination role, but it is a coordination role in which no type of authority can be subordinated to the activities that are being carried out. […]*
>
> *In general, everything has been quite bearable, despite the fact that responsibilities are not clear"*

Then, the second major area for improvement in management would be the level of agility in delivering financial support -although the perception of its quality varies depending on the participating bank. Some consider that the operational management was efficient and agile, and left the client satisfied. But for one of them, the process was not straightforward. Despite having a client with the necessary structure and expertise to understand a contract, it was considered slow and involved extensive documentation, which might have been overly cumbersome for a SME. The participation of REIF complicated the process compared to a traditional credit, without bringing cost savings for the beneficiaries. As a result, the partner bank recommended that the process be streamlined as much as possible to ensure that REIF remains attractive to potential clients of the Programme.

> *"Although communication at the macro level has always been very good, when it comes to implementation, that part should be faster. […] Something that is very important in our sector, is the agility in which we can finance, because many times the client does not have the three months it takes for the disbursement to be able to carry out the project.".*

3.3.2. Work planning and financial management

Although the design of REIF follows a results-based methodology, there is evidence of a non-optimal efficiency in internal planning and management due to the multi-agency and inter-institutional nature of the involved actors to get the advance in the indicators and results planned in the initial project documents. In the summary by objectives of Work Plan and Budget of the 2023[3], it can be observed that by the two first years, there's only 6.72% of the total budget of JP executed and this does not include any investment project through the REIF. Also, in the last template of annual results framework of 2023[4], the evaluators observed that some of the baseline and target results of the indicators are categorized "to be determined" or that there are some discrepancies with the initial targets between de implementers. This cause that the results of the activities realized through these 3 years

[3] https://docs.google.com/spreadsheets/d/1s01k2GB2lvwjZiK10e4Z4g1xFMkG-4nT/edit#gid=397987009
[4] https://docs.google.com/spreadsheets/d/1wQYQbxLs9qv5B1JGyYKqCprPHcO3Cg4s/edit#g

cannot be monitored by the initial indicators, so these did not achieve success. When the evaluators team ask about the internal planning and management, some of the actors said:

> *"The tools are good, they need to be deepened and advanced. Coordination has not been effective, because of things that go beyond it, not because there is a bad relationship with the agencies. [...] We should streamline governance, establish an agenda of meetings more frequently during the year, something more dynamic"*

> *"In technical assistance, there have been difficulties in launching the calls for proposals because it is necessary to adhere to the procedures of each of the agencies, the procedure must be changed so there is more fluidity in it"*

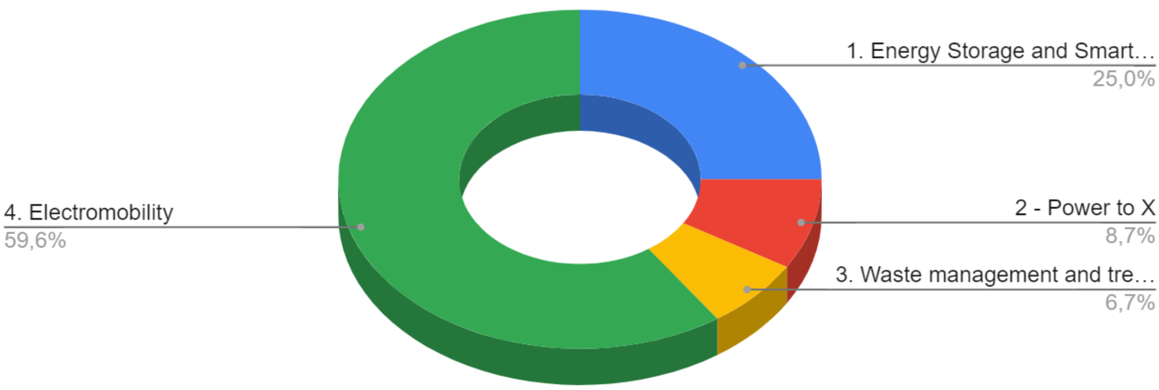
The lack of regular meetings between the members of the Strategic Committee to update activities and adjust schedules, limited the coordination opportunities and hampers progress towards the results. Additionally, as evidenced in previous paragraphs, there are challenges in goal definition and indicator adjustment, as well as a lack of exit strategies. Similarly, there is no tracking of budget or resources executed per output, but rather an integrated approach by agency and outcome. This limits the executing actor's visualization of the specific activities in which the budget is being allocated or executed, which does not allow them to recognize points of inter-agency synergy to generate a coordinated and incremental impact, improving the cost-effectiveness of the actions and the transparency of the execution to can be replicated in other sectors or countries. This also reinforces the agencies' tendency to work individually, limiting the potential of the Programme's multi-agency nature. A more coordinated and results-oriented approach is needed to maximize the Programme's impact and ensure a successful transition upon its completion.

Although, despite an initially high percentage allocated to finance projects within the impact framework, the actual outcome does not reflect the envisioned development across all four verticals. It's striking that electromobility projects consume over 60% of the funding, raising concerns about investment diversification. To better understand the limited progress in the "Waste Management and Treatment Technologies" and "Energy Storage and Smart Grids" verticals, the UNOs are evaluating the cost-effectiveness of technical assistance and capacity-building activities and making strategies to address this issue. Budget management for technical assistance is handled separately by the agency, hampering evaluators from analyzing the tangible results of these efforts. However, significant resources and time have been invested in technical assistance programs for the Government of Uruguay to develop topics like Green Hydrogen (Figure 5 and Figure 6). One of the stakeholders express their concerns about a lack of continuity commitment of the GoU.

> *"I believe that the challenge is to ensure that this client, which in this case would be the government, is with this project during the transition. Considering that there are internal elections, our challenge will be to ensure that the new actors entering to the GoU appropriate the tool. [...] A lot of time and effort has been invested in technical*

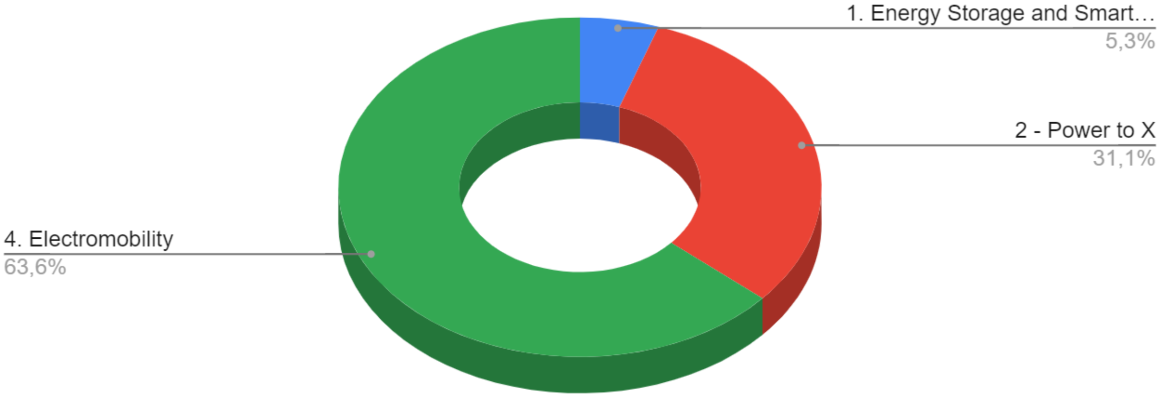
assistance programs for the government and there are concerns about defunding the TA linked to the projects and losing additionality."

Figure 5. Initial Projected Financing demand for the 4-year period (USD)



Source. Annex 10 - Impact Framework

Figure 6. Projected Financing amount to 2024 (USD)



Source. Projects Approved and in Pipeline of the Progress Report on the implementation of REIF 2024

The Programme has effectively utilized key public-private partnerships to achieve its goals. This is evident in the active involvement of government institutions like UTE and MIEM, along with strategic alliances forged with private banks. However, there remains untapped potential for further synergies and partnerships due to project delays. These opportunities include initiatives listed in Annex 1 of the Project Document, involving various project stakeholders, as well as multilateral environmental platforms like GEF. Through GEF, the project could access additional funding for climate change and biodiversity efforts, augmenting its traditional subsidy-based approach with criteria and technical support. While relinquishing some project selection authority, this collaboration could significantly increase project operations. Additionally, forging alliances with other multilateral organizations such as the IDB or CAF could broaden project impact by leveraging private financing for sustainable development and securing future funding sources.

3.3.3. Reporting and communication

The JP team and partners have partly fulfilled Joint SDG Fund reporting requirements. Indeed, on the one hand, the biannual progress reports have been completed on time and according to the template. But on the other hand, some indicators from the results frameworks remain without data, which prevents a proper review of the progress of the Programme.

Finally, the annual financial reports have also been completed, although not jointly due to the budgetary management specific to the UN implementing agencies. The financial contribution of the government and UTE could be better reported, through a common financial report together with the UN agencies for instance. It would ease the evaluation of the financial execution of the Program.

Regarding external communication, despite substantial efforts made to promote the JP, the latter is still considered to lack the visibility and diffusion needed to be scaled.

There are certain activities that have been accomplished, contributing to the promotion of the Programme:

- **The website serves as an active showcase** for the Programme and provides relevant and up-to-date information.
- **The "acknowledgement of each partner's role in all related external communications",** which was a Joint SDG Fund's requirement, has been fulfilled, except once in a conference press to launch the first REIF operations.
- **The JP benefits from the network of its numerous partners,** including the UN for promotion and financial institutions to attract companies.
- **An effort has been made to strengthen the identity of REIF**, ensuring that everyone follows a strategic line in communication. It is made possible by the coordinator, through which communications of all agencies are channeled.
- **Substantial amounts were spent for** communication in the implementation phase of the JP (website, identity, videos, events, etc.). Although the proportion of the budget devoted to communication decreased after this stage, it is expected to increase again to finance future outreach events.
- **REIF is starting to get invited and mentioned** including in the press and in international events, being recognized as an efficient way of leveraging financing.

- **More structured communication protocols are starting to be established,** whereas previously there was only a brand manual. Communications are now being channeled through REIF's official platforms (the website, social media, emails).

However, there has been identified some points to which efforts still need to be directed towards to:

- **A communication strategy** has been developed, but indicators and planned activities have not been monitored.

- **Social networks** are active, but far from the objectives of the communication strategy (256 followers on Twitter compared to the 1,000 expected).

- **The limited dissemination,** especially among non-experts in the energy sector, prevents the JP from having a greater impact by reaching a larger number of potential beneficiaries. However, the scale of diffusion should remain proportionate to the resources available within the JP.

- **Individual agencies having their own interests and identity concerns** constitutes one of the main challenges. Issues of visibility and agency ownership of the Programme were raised. It is a key factor of success as the growth and unified image of REIF will ultimately strengthen trust and cohesion among all involved.

3.4. Risk Management & Sustainability

3.4.1. Risk Management

Upon reviewing Annex 5 - Risk Management Plan, it is evident that certain risks have decreased in probability over time as a result of various activities undertaken or have proven to have less impact than initially anticipated. Among the factors that have decreased their level of risk, it is found that:

- **REIF finances projects with negative or neutral impact.** The implementation of the impact framework and guidelines for accessing the fund ensures that such projects are not considered.

- **REIF is disconnected from political priorities.** The GoU has been involved since the design phase, aligning the project with policies. The active role of the GoU ensures no deviation from REIF's objectives and activities with political priorities.

- **REIF distorts the market.** The financial conditions offered by REIF do not significantly differ from conventional financing practices offered by banks.

- **Lack of interest or limited scalability of the private sector**. The private sector showed high interest once involved in the project.

- **Impacts of COVID on companies' credit capacities.** The COVID impact on companies' credit was short-term. Additionally, REIF began contacting companies two years after the pandemic.

Still, some risks remain persistent, and new ones have emerged, indicating the dynamic nature of risk management within the project.

- **Risk of Impact and Additionality:** A growing concern is the possibility that the project may fall short of achieving the triple impact it was designed for: environmental, economic, and social/gender impact. Proceeding with investment projects without adequately prioritizing the innovative character sought by the Fund poses a risk to the additional value of the yet-to-be-developed technological verticals.

- **Risk of Political Interference.** Since the project's inception, unforeseen political events have arisen, which added complexity in the internal management of the project. Looking ahead, the Uruguayan government's involvement in electoral processes throughout 2024 could jeopardize the continuity of project activities. There's a risk that public actors may prioritize fulfilling commitments hastily, potentially overlooking the triple impact of actions.

- **Reputational Risk.** This risk is specifically associated with the United Nations and arises if the exit strategy for the support they provide to the Fund is not properly structured.

- **Sustainable Risk.** This situation arises due to the low interest in the adoption of the tool by the Government of Uruguay and/or the private sector. Additionally, the "Strategic Committee" requires the participation of United Nations actors, meaning that the technical support and coordination of the UN cannot be dispensed with without an adequate exit strategy. The sustainability of the project will be addressed in more detail in the following section.

An unexpected positive impact has been the development of capacities and cultural changes within the participating financial institutions to evaluate and manage clean energy and low-carbon technology projects. Beyond the initial objectives, the program has facilitated a transfer of knowledge and best practices that can have a lasting impact on the local banking sector. The program has also succeeded in establishing agreements and participation contracts with all the commercial banks operating in Uruguay. While not an expected outcome, this lays a solid foundation for greater adoption and future scalability of innovative financial mechanisms implemented at the national level.

3.4.2. Sustainability

Financial sustainability

The sustainability of the REIF project is conditioned by several identified factors. In terms of financial sustainability, although the Uruguayan government is committed to the project's objectives, it may not have sufficient financial resources to maintain these solutions in the long term. On the other hand, banks have shown interest in continuing if the fund is capitalized , which is an opportunity to be seized.

> *"If we as a bank intend to make it feasible to finance more clients, and not only Corporate Banking clients, but also to be able to embark medium-sized companies in this type of projects, we should try to focus more attention on improving the synergy, fluidity and agility of financing."*

Various stakeholders agree that the training and local capacity building activities are an important component to ensure long-term sustainability and adequate strategies for knowledge transfer and ownership by local stakeholders are important to be implemented to mitigate the risk that achievements may not be sustained once international support ends.

> *"It is necessary to capitalize on the capacities that have been generated to sustain the project, linking project activities to other existing ones".*

> *"It is necessary to deepen the cultural change in the financial system with respect to the traditional way of evaluating projects, incorporating the variables of gender, environment and impact".*

> *"One of the signs that there will be a permanence over time of this type of support channels is the involvement of financial institutions, since the sectors of interest come to them when they need to develop a project [...] The fact that financial institutions learn this new way of evaluating projects, allows them to have a larger universe of customers and will have the interest that this can be maintained over time".*

In addition, it is identified that the current fund may be insufficient to leverage larger projects that require a significant change in the 2ET. This underscores the need to seek additional capitalization, possibly through broader collaborations with international financial institutions. Therefore, the REIF is leading diverse actions to raise the necessary information to understand the legal, financial and technical situations of the different scenarios of the Exit Strategic. It is suggested to explore alternative sources such as other international financial institutions or blended finance schemes that may offer greater benefits and incentives for private partners. Also, international institutional backing is a very attractive component that will help build trust, increase acceptance of the tool and attract more beneficiaries to the program.

The continuity of the Project depends on the active participation of financial entities, as well as the effective integration of the project into the traditional financial system.

Social sustainability

To ensure sustainability once the joint program is completed, it is essential that both supply and demand are aligned and that there is continued commitment from the relevant actors.

From the supply side perspective, while financial institutions do not perceive greater benefits in terms of rates and interest compared to their regular products, they value the technical assistance support provided by the REIF project. This facilitates their impact, sustainable and gender analysis for these projects. However, there does not appear to be a strong incentive in some of the implementers to continue offering these innovative instruments after the program ends.

> *"I believe that the ability to pay or the background does not take into account these other issues that REIF promotes to review. I see it as difficult for the institutions to adopt them. Until our Central Bank does not take a position on making the regulations more flexible or adjusting them, it will be difficult."*

> *"It was a pilot program that I believe is showing that it is possible, and I think it would be good if it could be extended, but for that you would need that co-financing. Personally, I do not believe that the government will put money into this program, but it is interested in making it work if a co-financier appears in the private sector."*

From the demand perspective, it is commented in section 3.3.2 that the bureaucracy could restrain the SMEs interest to accede to a credit through the REIF, which may affect future demand for these mechanisms. This could affect the long-term acceptance and adoption of these mechanisms by private financial partners. It's suggested to leverage the potential of the web page to show the process of evaluation, templates of the basic documents required and some examples of successful credits.

This action seeks to improve the increase of understanding the process and the requirements to accede to the fund could significantly boost demand and project success.

Institutional sustainability

The government of Uruguay has demonstrated a firm commitment to energy policies as State policies, which is a positive factor for the continuity of the REIF despite the future changes in government administration. To ensure long-term success, it is essential to strengthen the participation of state entities, both in terms of technical assistance, investment and adjustment of the regulatory framework, which would contribute to greater ownership of the project by the public sector and, ultimately, to its sustainability. Moreover, it is crucial to identify and train key actors within government institutions who have technical stability. This will ensure that the knowledge and institutional capacity required to operate and manage the JP financial instrument are maintained and evolved within the local context, regardless of external assistance.

Currently, the JP governance structure is complex and faces coordination challenges between multiple entities, which can inhibit its agility and effectiveness.

The continued commitment of government entities and improved coordination among various stakeholders are essential for the long-term sustainability of the Project. This includes not only government entities but also the private partners and financial institutions involved. Encouraging closer and more efficient collaboration and communication between these actors can lead to strengthening the governance framework. These actions will allow the REIF to not only survive the conclusion of external support, but also to thrive and expand, contributing significantly to Uruguay's sustainable development goals and its energy transition strategy.

Exit Strategy

This last stage of the project is important to be able to evaluate the impacts of the funded projects from start to finish, and will be key to determine which scenario will be appropriate for the closure of the REIF. Table 5 presents the 3 scenarios identified for the future of the Programme and the issues to be resolved in each scenario to successfully close the project.

Table 5. Scenarios of Exit Strategic and Issues to be resolved

Scenario I	Scenario II	Scenario III
Closing of the Trust with the closing of the JP	Capitalization of the Trust with new contributors and continued support from United Nations	Capitalization of the Trust with new contributors and exit of support from United Nations
• Destination of current operations • Future use and destination of funds available in trust • Trust Governance Arrangements • TA to investment projects	• National and international legal framework for enabling new contributions • Capitalization characteristics • Evaluate necessity of TA to investment projects • Evaluate the role of UN • Trust Governance Arrangements • Redefine Strategic Committee	• Assess the reputational risk of the United Nations • Evaluate the role of ONUDI • Redefining REIF's Value Proposition without the United Nations

Source: Future Note of the REIF 2.0

Each scenario has a particularity of project and knowledge transfer, some more complex than others. Every case should have a solid exit strategy to prevent the loss of the facilitating legal framework and diminished local capacity to manage the project independently. For this, the JP is collecting data of the legal, technical and financial situations of the scenarios to make a decision based on information.

In any of the identified scenarios, it is necessary to have enough time to generate information, define the corresponding action plan, and implement the necessary actions to successfully achieve project closure. Therefore, an extension of the project implementation period of at least one year should be considered to ensure the impact and additionality of the JP.

As reviewed, the scenario lined with the initial objectives of the JP is Scenario 2, since it achieved the continuity of the trust and the presence of NU counteracts the reputational and quality risk. However, the Programme needs to be adjusted before starting to look for contributors to the capitalization of the trust. The time this process takes should be considered in the action plan of each scenario. The legal, technical and financial information raised in each scenario is needed to suggest specific recommendations.

4. Conclusions and Recommendations

4.1. Conclusions

Design

The Programme's intervention design is coherent and apposite considering the context of the pursuit of emission reduction goals through the second energy transition, focusing on the demand aspect of the energy sector. REIF is closely aligned with national priorities and policies and constitutes a substantial contribution to the achievement of sustainability objectives, which is important to ensure its long-term continuity. It is relevant to also mention how the gender aspects have been integrated effectively, allowing the Programme to introduce empowerment principles in the energy sector. However, gender integration lagged behind sustainability efforts, resulting in insufficient knowledge among stakeholders, impacting access to funding.

With regard to the objectives and indicators proposed for the follow-up of the Programme, some of them lack specificity and alignment, so they do not reflect the level of progress and success of the intervention.

Progress to date

In terms of time, the REIF had some delays at the beginning, but the recent stepping-up of the activities has put the fund on a better timing. However, it is recognized that once the administrative component of implementation was completed, the activities of the REIF started to proceed fluently, allowing to unlock private sector financing for the achievement of the SDGs in a 1:3 ratio of co-financing as planned. It should be noted that it was mentioned that the disbursement process can be more agile.

The projects that had access to REIF funding are mainly the ones that have been proven to work in the uruguayan market, like electromobility and heat pumps, which represent that the market on other technologies like green hydrogen, waste to energy and energy storage is still in early stages of development. On the other hand, the component of the Programme related to impact-informed financial sector shows an important progress, especially because financial entities pointed out that the training, they received on impact analysis is relevant for the sustainability of the Programme.

Technical assistances on the different topics REIF works on have been very highlighted by the stakeholders of the Programme. The counseling given to financial entities, beneficiary businesses and GoU on gender, impacts, green hydrogen, and other matters are recognized as the added value of the Programme, as sometimes the funding can come from a commercial bank without REIF.

Project Management

The governance structure of the JP is both a strength and a weakness. While it brings diverse expertise and resources, coordination can be challenging. Feedback on financial support execution varies among banks, with some finding it efficient while others face complexity.

The Programme faced nearly two years of delay attributed to complex governance, technical-legal resource requirements, and delays in key personnel selection processes. Governance involving high-level actors posed coordination challenges, leading to limited progress and inefficiencies in planning and budget execution.

About the internal communication of the Programme, reports on the progress are presented to the Joint SDG Fund, and meetings were held with the Strategic Committee during the first two years, and the 'Mesa Chica'. However, the last meeting happened in June 2023. On the external communication, accomplishments include an active website, partner acknowledgment, and leveraging networks for promotion.

Risk Management & Sustainability

Some of the risks identified at the design phase of REIF are classified as to have a high impact, but as the activities have been advancing, it has been proved that the Programme would not face these challenges. Nevertheless, new risks have emerged, especially about the lack of innovative projects that need funding and the interest of appropriation of REIF from local institutions.

4.2. Recommendations

Design

1. Review indicators, and adjust them for the outcomes and outputs, keeping only those that are aligned with REIF activities. It is recommended that those that refer to national objectives should be removed as Programme indicators, and those that are non-specific can be modified to be linked with the Programme activities, so they can express the actual progress.

2. Disseminate gender-related results from technical assistance to remove barriers, contrasting the results with actual needs of the final beneficiaries of the JP. This ensures that the gender focus goes beyond generating knowledge, but also has a practical impact on companies in the target sectors.

Progress to date

- For the outcomes which progress was marked 'yellow' and 'red', the following is recommended:

N°	Outcome	Output	Recommendations
1	Decarbonization of key economic sectors, primarily industry and transport, reducing dependency on fossil fuels.	Investment mobilized by REIF to GHG reducing assets Increased penetration of electric buses Expanded charging network Enhanced regulation, capacities and knowledge for 2ET Technologies reducing GHG emissions	Devoting a greater proportion of technical assistance to the project application process, in order to maximize project impact and ensure that the project would not have been financed by the bank without REIF support. Also, this assistance can make the funding process less complex for some businesses.
2	Improved efficiency of the power system, primarily through technological innovation and the improved use and benefits derived from the renewable energy surplus.	Increased storage capacity Increased penetration of technologies offering demand flexibility capabilities Companies innovation, access to finance and employment strengthened by JP	Promote the financial tools REIF offers among the innovative organizations of the energy sector. Also, new technologies may need bigger investments, so REIF could extend benefits by managing a larger volume of investments, providing more attractive interest rates, or offering guarantees.
3	Enhanced vulnerable groups access to clean and affordable energy	New connections	Considering that UTE takes charge of the activities for achieving this outcome and REIF does not get involved, it is recommended that a new objective is proposed in line with getting vulnerable groups access to energy.
4	Enhanced gender equality and women empowerment across the priority sub-sectors of the second energy transition	Strengthen capacities and knowledge of companies in the priority sub-sectors to develop and implement gender equality practices and increase the job prospects of women Collection of gender-specific data and development and	Sensibilization on gender should be conducted, for both commercial banks and companies in the energy sector, especially SMEs. For the first, focusing on the evaluation of the projects they could fund, and for the second, so they can contribute to closing the gender gaps of the sector.

		implementation of action plan to increase women's ability to access finance in the priority sub-sectors	
5	Impact-informed financing mainstreamed in the local financial sector, and through it its capacity to identify and further support SDG-aligned projects.	Co-financing with REIF	Diversifying the financial instruments available to banks, with guarantees and non-refundable financing.
		Replication of REIF model in other SDG areas	

1. Carry out a technical assistance with the objective of identifying projects that can apply to REIF. With the information resulting from this service, the fund can approach the identified businesses directly to present the Program and the process of attracting clients would be streamlined.

2. Evaluate the possibility of the incorporation of other financial tools within REIF and the improvement of the current tool by granting a better rate to projects that might need it. Guarantees would enable banks to cater to a larger number of clients with more substantial projects. Additionally, by utilizing a certain percentage of the fund only in the event of non-payment by the client, the fund's resources can be distributed more effectively, especially in cases of project extensions.

3. Standardize the monitoring and reporting procedure for projects financed by REIF, to carry out more specific monitoring of the impacts that were sought to be achieved with these disbursements.

4. Support the GoU with technical assistance to establish regulatory frameworks or public policy incentives with gender guidelines. This, to promote the incorporation of gender policies in the private sector, and by consequence, increase the job prospects of women. This approach can also facilitate engagement and collaboration with beneficiary companies, as they would be further advanced in incorporating gender policies.

5. Assess companies using basic gender indicators, like gender quotas, initially. However, maintaining flexibility in the design allows for the gradual incorporation of more specific indicators as the project progresses. These indicators should aim to highlight aspects such as vertical and horizontal segregation of female participation within companies.

Project Management

1. Establish a regular frequency of meetings, ideally monthly, of the 'Mesa Chica'. Whether it is to make a decision, or to update every stakeholder on the progress being made.

2. Enhance synergies in projects with similar initiatives and academic institutions to provide training on technologies that are not yet well-known or established in the market.

3. Incorporate the triple impact of REIF into contracts or dissemination tools to differentiate it from other financing instruments and ensure that the team interacting directly with banks and companies is aware of the importance of gender perspective in projects.

4. Set up a monitoring plan for communication activities with the intention of tracking the results of the already established Communications Plan. This can help to distribute the resources to where the objectives are not being achieved.

5. Focus the external communications on organizations that work on the sectors in which REIF has not funded a project yet, such as Waste Management and Treatment Technologies, Energy Storage and Smart Grids and Power to X.

Risk Management & Sustainability

1. Considering that 2024 is the last year of the Programme and the goals of leverage have not been met, it is recommended that the REIF should be extended for, at least, another full year. Apart from the financial aspect, the expansion of time would be suitable for focusing on transmitting more technical knowledge to commercial banks about the impacts analysis.

2. Foster stronger engagement with a wide range of stakeholders, including local communities, government agencies, private sector partners, and civil society organizations. As well as exploring the opportunities for involving other international organizations to take part in the fund. Building strong partnerships can enhance the project's impact and sustainability.

3. Restrict funding from the REIF for conventional projects that could be financed directly by the private sector without the fund's support and focus on new technologies. Given the limited advancements in Waste Management and Power to X technologies, it is advisable to allocate funding towards research and development in these areas.

4. Considering that the JP is aligned with SDG 9 and target 9.3, it is recommended to aim for support in technical assistance for SMEs. In most cases, these small businesses can't have access to these studies or new technologies on their own.

5. Build a Closure Strategy, including actions to transfer the REIF responsibilities to a local organism.

6. Review initially identified risks, evaluate if the mitigation measures could still work in today's context and update them, if necessary. It is also recommended that newly identified risks should be included in the annual reports.

Annexes

Annex 1. Evaluation Matrix

Table 6. Evaluation Matrix of the Mid Term Review

Category	Subcategory	Classification	Justification of achievements
Design			The intervention of the Programme is pertinent, aligned with national policies and mitigation goals. The transversal, but specific at the same time, implementation of the gender aspect has allowed UNW to work with the Programme partners and beneficiaries to improve their gender policies.
Progress/Results	Outcome 1		REIF faces setbacks in emissions reduction goals due to implementation delays. and UTE is in charge of the charging network aspect.
	Outcome 2		Fund has focused on traditional technologies, but activities are being executed to expand the range of types of projects.
	Outcome 3		This Outcome is handled by UTE, nothing has been done so far within the REIF.
	Outcome 4		Gender-focused initiatives in the energy sector include workshops and analysis. Despite integration into impact frameworks, partner banks lag in implementation.
	Outcome 5		The objectives related to the number of co-financing institutions and to the 1:3 private co-financing ratio have been achieved. However, there is no visualization for the replication of the Programme.
Management Effectiveness			The first years of the Programme management was cumbersome, according to different partners. Nonetheless, with the settlement of the Project Coordinator, the Investment Committee and the 'Mesa Chica' operation and communication became more fluid. External communication should be strategically aimed at potential projects to fund, especially on non-traditional technologies.
Risk Management and Sustainability			The risks identified during the design of the Programme have not impacted the activities greatly, so far. Nevertheless, there are new risks that need to be addressed by proposing mitigation measures. Actions to guarantee the sustainability of the Programme once the UN intervention is finished, have not been established.

Source: Own creation

Annex 2. Interview guideline

Questionnaire for the Mid-Term Evaluation of the project "Innovative Finance for Clean Tech Solutions in Uruguay's Renewable (REIF)".

N°	Question	UNIDO	PNUD	UNW	GoU	IC	Banks	SDG Fund
	General Questions							
1	What is the relationship or role of the SDG Fund in the REIF project? Are the responsibilities and reporting lines clear?							
2	What specific REIF initiatives or projects has your institution been responsible for and/or involved in?							
3	Did your organization have or plan to add green financing services under its portfolio before learning about REIF?							
4	How did you hear about the Fund and what led you to become involved in the Project?							
5	What is your overall assessment of the project so far?							
	Design of the project							
1	What were the reasons that led the project to be selected among so many?							
2	What is your opinion on the relevance and effectiveness of the proposed financial instruments and other project interventions such as technical assistance to address the priorities of the UN Sustainable Development Cooperation Framework in Uruguay/country?							
3	Were there clear and feasible guidelines and objectives from the conception of the financial instrument? What changes would you implement to ensure the replicability of the project in other areas of interest to the state?							

4	Has the implementation of the REIF Project encouraged the fulfillment of national objectives regarding renewable energies, green hydrogen, electromobility, EE?							
5	Does the project design address gender issues relevant to Uruguay's sustainable development?							
6	Do the current gender indicators reflect the commitments made by REIF in its Gender Action Plan? Are they consistent with the impact of the activities carried out on gender issues?							
	Progress/Results to the date							
1	For you, what do you think are the main advances or evidence of success of REIF? Are you satisfied with the progress of the project in relation to the resources invested (monetary, human, logistical)?							
2	How can REIF extend the benefits of the project's successful results? To what extent could the solutions developed to date be scaled to other regions or economic sectors?							
3	Do you believe that progress to date has the potential to achieve transformational change beyond REIF, either as a catalyst for change and innovation in the financial sector or by unlocking additional financing for the SDGs?							
4	What were the main constraints or barriers faced by the project? What measures were taken to address these or to ensure the continuity of the project?							
5	What was the catalyst or strategies that unlocked additional funding for the fund? How can the project continue to build on its successes?							
6	Have the financial instruments developed generated or do they have the potential to generate a development impact for local communities and excluded people?							
7	What strategies or activities have been developed to increase the number of WEP (Women's Empowerment Principles) signatories and implementers in the energy sector?							
	Efficiency of management							

1	What were the causes of the delay in the start-up and implementation of the Project? What measures were taken in response to these constraints?							
2	How would you rate the role and quality of coordination and oversight provided by the UN Resident Coordination Office?							
3	How is the financial management of the project and the effectiveness of the REIF investment strategy evaluated?							
4	The Project design has a joint action nature for the implementation of the activities. How are these synergies being developed/taken advantage of?							
5	How do you evaluate the financial management of the project based on the cost-effectiveness of the intervention?							
6	Is the current demand as expected? If not, what strategies are being implemented to stimulate demand for credit?							
7	What monitoring and evaluation mechanisms does your institution have in place to ensure that project funds are used efficiently and effectively?							
8	What are the mechanisms for reporting communications or changes in activities or budget? Are these mechanisms adequate in terms of information transfer and transparency, or are there areas for improvement?							
9	What lessons have you learned during the three years of project implementation? What opportunities for improvement have you identified that could accelerate progress in the fourth year of the project?							
	Risk							
1	What do you think about the risks identified at the beginning of the project and did they relate to the actual barriers / constraints experienced?							
2	How are financial risks being managed given delays and underperformance?							
3	What are the risks associated with the UN System in Uruguay that could jeopardize the sustainability of the JP results?							

4	What risks do you consider most critical to the project's continued success?							
Sustainability								
1	What is the likelihood of financial sustainability of the financial instrument devised and launched after the end of the SDG Joint Fund support? Is there a strategy for phasing out assistance?							
2	What actions are being taken to foster ownership of the project by implementing partners and managers? Does the project have an exit strategy and a realistic approach to phase out technical and financial assistance?							
3	Which stakeholders would be best suited to continue managing the project when the SDG Fund support ends?							
4	What are the key factors that will require attention to improve the prospects for sustainability, scalability or replication of project results/outputs/outcomes?							
5	Can unanticipated or unexpected (positive or negative) effects (positive or negative) be observed due to JP interventions?							
Communication								
1	Is a JP communication strategy being followed that reflects its “joint” nature?							
2	What activities have been carried out to internalize and share project results and lessons learned with stakeholders and the general public?							
3	What mechanisms are in place for transparency and the transfer of knowledge and learning that will allow it to be replicated or expanded in the future?							
4	What means are being used to report on the progress and impact of the communication strategy to stakeholders and the general public?							

Annex 3. Schedule of interviews and stakeholders interviewed

Table 7. Schedule of interviews

Institution	March	April											May
	M	W	T	F	T	F	M	T	W	T	F	M	F
	18	3	4	5	11	12	15	16	17	18	19	22	10
RC	■												
Beneficiary		■											
OPP				■									
UTE							■						
MIEM													■
UNIDO							■						
UNDP												■	■
UN Women										■			
Investment Committee									■				
Joint SDG Fund											■		
Commercial Banks							■						
								■					
								■					

Table 8. List of stakeholders interviewed

Institution	Stakeholder	Charge
Office of the Resident Coordinator	Pablo Ruiz Hiebra	Resident Coordinator
	Sebastian Torres	Economist of the RCO
Sustainable Alternatives	Ricardo Wasersztein	Director of the Company

OPP	Horacio Bafico	Advisor to the Director of the OPP
UTE	Pablo Mosto	Planning Area Manager
	Enrique García	Planning Area
MIEM	Marcos Fernandez	Adviser at the National Energy Directorate
	Guillermo Ferrer	Director of Sectoral Demand Policies at the National Energy Directorate
	Walter Verri	Subsecretary
UNIDO	Manuel Albaladejo	Regional Represent UY
	Maria Pia Alonso	Technical Expert at UNIDO Regional Office
	Paula Nalerio	Communication Assistance of the Regional Office of UNIDO
UNDP	Alfonso Fernández	Represent of UY
	Francisco Pons	Head of Exploration on UNDP Accelerator Labs
	Magdalena Preve	Programme Analyst - Inclusive and Sustainable Development en UNDP
	Sabrina Rodriguez	Programme Assistant at UNDP
UN WOMEN	Lorena Lamas	Gender Specialist
	Anabela Aldaz	Gender Specialist
Investment Committee	Antonio Martínez	REIF Operations Manager
	Pablo Caldeiro Sarli	REIF Energy Expert
Joint SDG Fund	Heew Kim	Reporting & Evaluation Manager at United Nations Joint SDG Fund
	Maria Berenguer	SDG Financing Portfolio Manager
BROU	Patricia Sánchez	BROU Corporate Product Coordinator
	Marta Alzaibar	Account Executive at BROU

BBVA Uruguay	Francisco Vega	Senior Analyst at BBVA
	Andrés Iglesias	Analyst at BBVA
Itaú Uruguay	Matilde Ayala	Sustainability and Corporate Communication
	Inés Erausquin	Team Leader of Credits
	Alejandra Sanz	Analyst of Socio-environmental Risks

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