POLICY TO CAPITAL INVESTMENT FACILITY (PCIF)

TERMS OF REFERENCE FOR A UN Multi-Partner Trust Fund

A Joint UNCDF-UNDP Global Platform to enable blended finance in sub-investment grade market segments.

Translating Policy Intent into Investable Impact for the SDGs

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Acronyms

DAC: Development Assistance Committee
DFI: Development Finance Institution
FfD: Financing for Development
GCF: Green Climate Fund
GEF: Global Environment Facility
IMVL: Impact Monitoring, Verification and Learning
INFF: Integrated National Financing Framework
LDC: Least Developed Country
MDB: Multilateral Development Bank
MEL: Monitoring, Evaluation, and Learning
MOA: Memorandum of Agreement
MPTF-O: Multi-Partner Trust Fund Office
MSME: Micro, Small and Medium-sized Enterprise
NDC: Nationally Determined Contribution
ODA: Official Development Assistance
PCIF: Policy to Capital Investment Facility
PISTA: Platform for Investment Support and Technical Assistance
PPP: Public-Private Partnership
RBF: Results-Based Financing
SDG: Sustainable Development Goal
SFH: Sustainable Finance Hub (UNDP)
SIDS: Small Island Developing States
SOP: Standard Operating Procedures
TA: Technical Assistance
UNCDF: United Nations Capital Development Fund
UNDP: United Nations Development Programme
IMM: Impact Management and Measurement
INFF: Integrated National Financing Framework

1. Introduction

This Terms of Reference (ToR) sets out the strategic rationale, design principles, and operational framework for the Policy to Capital Investment Facility (PCIF)—a platform co-established by the United Nations Capital Development Fund (UNCDF) and United Nations Development Programme (UNDP) to mobilize the scale and quality of capital required to translate national development and climate policy ambitions into measurable, on-the-ground investment outcomes. The platform enables UNCDF and UNDP to resource mobilize and deploy funding to joint programmes that overcome a number of institutional constraints that otherwise will complicate and/or delay collaboration.

PCIF is anchored in the recognition that development and climate finance have long been fragmented across isolated projects and donor priorities, persistently sidelining national plans. Despite growing political consensus on the need for country-led financing architectures—reflected in the G20 Baku-to-Belém Climate Roadmap, the Sevilla Commitment and Platform of Action, and the UN Financing for Development (FfD4) process—a persistent gap remains between policy ambition and actual capital deployment, particularly in Least Developed Countries (LDCs), Small Island Developing States (SIDS), and fragile and crisis-affected contexts.

PCIF responds to this gap with a clear value proposition:

- **Deploys catalytic concessional capital** to de-risk and incentivize high-impact investments, crowd in private and institutional finance, and strengthen local financial ecosystems.
- **Operates across the full policy-to-capital continuum** —from upstream policy design, pipeline development, and institutional reform to downstream capital mobilization, market transformation, and impact demonstration.
- **Embeds national ownership** as a foundational principle, operating within and in support of country-led financing architectures, Integrated National Financing Frameworks (INFFs), and SDG finance taskforces.

Established by UNCDF and UNDP —building on their joint Policy-to-Capital continuum framework—PCIF is structured as a collaborative, multi-stakeholder platform. It is designed to complement the broader financing ecosystem, including national development banks, multilateral climate and biodiversity funds, bilateral donors, impact investors, and private capital providers. PCIF invites participation from governments, Development Finance Institutions (DFIs), Multilateral Development Banks (MDBs), philanthropic foundations, and the private sector to co-develop, co-finance, and scale solutions aligned with national sustainable development priorities.

This ToR outlines the Facility's context, objectives, governance, and operational model. It positions blended finance not only as a capital mobilization mechanism, but as a development instrument capable of closing the SDG financing gap—ensuring that communities most in need of investment are the first to benefit from its solutions.

2. Background and Challenges

2.1 The SDG Financing Gap and Fragmentation of Development Finance

The world faces a profound and growing shortfall in development financing. Estimates suggest that developing countries require over USD 4 trillion annually to meet the Sustainable Development Goals and climate commitments by 2030, yet current public and private capital flows fall far short—and are heavily concentrated in middle-income markets rather than in the LDCs, SIDS, and fragile and crisis-affected contexts where needs are most acute.

This gap is compounded by structural fragmentation: development finance has long been organized around individual donor projects rather than coherent national investment programs. The result is a proliferation of siloed initiatives that undermine national ownership, create duplicative administrative burdens, and fail to build the domestic financing capacities that are the hallmark of truly transformative development.

Key financing barriers include:

- High risk perception in frontier and early-stage markets, deterring commercial and institutional investors.
- Weak policy and regulatory environments that prevent capital from flowing to priority sectors.
- Underdeveloped project pipelines and investment readiness gaps, particularly for MSMEs, municipal infrastructure, and last-mile communities.
- Limited capacity of domestic financial institutions to structure and underwrite SDG-aligned investments.
- Fragmented international financing flows that bypass national coordination mechanisms and priorities.

2.2 The Rise of Country-Led Financing Architectures

In response to these challenges, the international community is increasingly turning to country-led financing arrangements as a means to streamline capital flows and restore national ownership. These arrangements—variously termed 'country platforms', SDG finance taskforces, or INFF-linked coordination mechanisms—share core features: they are nationally led, multi-stakeholder, aligned with domestic priorities, and designed to unify diverse sources of finance behind programmatic, long-term investment pathways.

Political momentum is strong. The G20's Baku-to-Belém Climate Roadmap, the Sevilla Commitment adopted at FfD4, and multiple MDB joint statements all call for inclusive, country-led coordination platforms that move beyond donor-driven project approaches. The Sevilla Platform of Action explicitly encourages the alignment of international support behind national financing architectures, integrated financing strategies, and de-risking instruments that can crowd in private capital at scale.

Yet a critical implementation gap persists. Effective country-led financing architectures require not only strong policy and institutional frameworks, but concrete financial instruments, investment pipelines, and risk-sharing tools. This is precisely the space PCIF is designed to fill.

In line with UNCDF's Strategic Framework and UNDP's Strategic Plan, PCIF will serve as an operational financing arm for deploying derisking finance (via guarantees, investment grants (primarily reimbursable but not only) and structuring and technical advisory related to financial intermediaries at the country level. It will help translate INFFs, national development plans, climate commitments and recovery frameworks into investable pipelines and deployable financial instruments. The Facility will be anchored to national priorities on crowding in private sector finance for development outcomes in last mile, early stage market segments, UN system support and external capital around concrete transactions and measurable development outcomes that is additive to ongoing efforts by MDBs and DFIs.

2.3 The Policy-to-Capital Gap: Why Finance Falls Short of Policy Ambition

The fundamental problem is structural: policy intent and capital deployment operate in disconnected systems. Governments craft national development plans, NDCs, and SDG financing strategies, but these rarely translate automatically into investable pipelines or actual transactions. Investors lack the market intelligence, risk mitigation tools, and pipeline visibility needed to deploy capital. Local financial institutions lack the capacity and instruments to on-lend to underserved sectors. And international capital flows are often conditional on risk profiles that most LDC and fragile markets cannot yet demonstrate.

Bridging this gap requires a deliberate, sequenced approach that simultaneously strengthens the policy environment, builds investment pipelines, deploys catalytic capital to de-risk early transactions, and generates the track record needed to attract larger commercial flows. This is the core logic of the UNDP–UNCDF Policy-to-Capital continuum, and the operational foundation of PCIF.

PCIF's additionality lies in financing the missing link between policy ambition and investable transactions. It will complement existing donor programmes, vertical funds and development finance institutions facilities by preparing, de-risking and demonstrating transactions that would otherwise remain unfunded and not financed by the market because the pipeline is too early for traditional financial intermediaries without derisking as the perceived risk is too high, the market segment is too small or the transaction cost of administering finance is too high for conventional finance. PCIF will use concessional resources only where they are needed to unlock additional capital, prove investability, or strengthen the domestic systems required for finance to flow at scale.

2.4 The UNDP–UNCDF Comparative Advantage

UNCDF and UNDP bring uniquely complementary and mutually reinforcing capabilities to address this challenge:

- **UNDP** specializes in strengthening the enabling environment for SDG-aligned finance. Through INFF diagnostics, SDG Investor Maps, fiscal reform support, and pipeline identification tools such as PISTA, UNDP translates national strategies into structured financing frameworks and investment opportunity maps. Furthermore, the joint Crisis Bureau and SFH Crisis Finance Facility team brings specialized expertise on fragility, conflict and crisis, ensuring the above mentioned financing solutions are adapted to at-risk and crisis-affected settings. Increasingly, these origination functions are being consolidated under UNDP's emerging Investment Accelerator flagship, the institutional embodiment of pipeline generation as a core UNDP function, which brings together PISTA, the timbuktoo pan-African innovation platform, Impact Venture Accelerators (including the Green Growth and Jobs Accelerator) and other similar initiatives into a unified deal-flow engine spanning startups, MSMEs and larger investment programmes.

- **UNCDF** deploys catalytic, risk-absorbing capital and advisory support in early-stage and last-mile markets where commercial investors, MDBs, and DFIs hesitate to enter alone. With a unique capital mandate and fiduciary capacity within the UN system, UNCDF deploys investment grants, concessional loans, guarantees, and blended finance instruments to unlock public and private capital in LDCs and fragile contexts.

Together, UNCDF and UNDP provide a seamless policy-to-capital continuum. As their joint offer states: UNCDF and UNDP help bridge the gap between policy ambition and real investment for developing countries, building a more inclusive global financial ecosystem.' PCIF is the institutional vehicle through which this joint offer operates at global scale, with country-level depth.

For contributors, PCIF offers a single platform connecting policy reform, pipeline development and catalytic capital deployment. UNDP identifies where national financing priorities, policy reforms and enabling conditions can support investment. Built on work completed and/or working in tandem, UNCDF structures and deploys the financial instruments needed to move those opportunities into the market. Together, the two institutions provide partners interested in supporting job creation early stage, high-risk markets with a coherent route from national priorities to investable transactions, with clear roles, shared accountability and a common results framework.

3. Introducing the Policy to Capital Investment Facility (PCIF)

3.1 Vision and Overview

The escalating urgency of the SDG financing gap—combined with the political momentum of FfD4, the Sevilla Commitment, and national development planning processes—demands a robust, coordinated response that goes beyond advocacy and fragmented project finance. Countries, especially those most affected by financing gaps in LDCs, SIDS, and fragile, conflict and crisis-affected contexts, require actionable solutions and investment that translate national strategy into tangible outcomes.

UNCDF and UNDP, building on their joint Policy-to-Capital framework, have established the Policy to Capital Investment Facility (PCIF) as an innovative, scalable global investment platform structured to unlock the capital required to drive systemic transformation in how development finance flows—from fragmented, donor-driven projects toward coherent, nationally owned, investment-ready systems. The expectation is that an overall capitalization of the Facility to the amount of $500 million will mobilize $2 billion that will enable the support to and/or creation of 500,000-700,000 jobs in early stage, high-risk markets for traditional financial intermediaries.

PCIF uses blended finance to unlock private and institutional capital, minimize public costs, and drive impact across the full policy-to-investment continuum. With the SDG financing gap estimated at over USD 4 trillion annually, PCIF will serve as a catalytic (4x leverage) instrument to narrow this gap in frontier markets and underserved economies.

3.2 Strategic Objective

PCIF's overarching strategic objective is to catalyze an inclusive, nationally owned transition to sustainable, investment-ready development financing architectures that support crisis recovery, build resilience, accelerate SDG progress, improve livelihoods, create jobs, unlock economic opportunities and foster peace in LDCs, SIDS, and fragile and crisis-affected contexts.

To achieve this, PCIF aims to mobilize capital at scale for SDG-aligned solutions that:

- Shift financing systems from fragmented, donor-driven flows toward coherent, country-led investment architectures.
- Deliver measurable improvements in access to finance, economic inclusion, livelihoods generation, jobs creation, and resilience for underserved populations.
- Strengthen domestic financial ecosystems and public institutions' capacity to attract and manage development finance.
- Generate replicable blended finance models that demonstrate the investability of frontier and last-mile markets as well as fragile, conflict, and crisis-affected ones.

3.3 Problem Statement

Despite growing political commitment to country-led financing architectures, the gap between policy intent and capital deployment persists for structural reasons that require deliberate, well-resourced intervention. PCIF is specifically designed to address seven interconnected barriers:

- High-risk environments: Political instability, currency volatility, and limited institutional capacity deter private investment in frontier and fragile markets.
- Weak policy and regulatory frameworks: Inconsistent standards, gaps in fiscal incentives, and absent enabling environments prevent capital from reaching priority sectors.
- Underdeveloped investment pipelines: Governments and subnational actors lack the technical capacity to translate national strategies into bankable projects.
- Limited financial institution capacity: Local banks and intermediaries lack the skills, products, and risk-sharing tools to finance SDG-aligned investments at scale.
- Fragmented international support: Donor-driven project approaches undermine national ownership and fail to build sustainable domestic financing systems.
- Demonstration gap: The absence of proof-of-concept transactions and track records deters commercial capital from entering new market segments.
- Missing-middle finance: MSMEs, municipal entities, and community-level actors fall between humanitarian aid and large-scale development finance, remaining chronically underserved.

3.4 Theory of Change

The PCIF Theory of Change provides a clear, evidence-based framework linking its blended finance approach to measurable development outcomes. It illustrates how catalytic capital, technical assistance, and policy support interact to unlock systemic transformation across the policy-to-capital continuum.

Desired Change:

Countries achieve inclusive, nationally owned financing architectures that translate policy intent into capital flows, delivering accelerated SDG progress, improved livelihoods, and resilient economic systems—particularly for communities in LDCs, SIDS, and fragile, conflict and crisis-affected contexts.

Impact:

Mobilization of blended and catalytic capital at scale for SDG-aligned solutions shifts financing systems toward country-led architectures, delivers measurable development outcomes, and strengthens domestic financial ecosystems in underserved markets.

Inputs	Policy support and institutional reform advisory (UNDP SFH, Crisis Bureau); Catalytic blended finance capital (UNCDF); Technical assistance and pipeline development; Risk-sharing instruments (guarantees, first-loss, concessional debt); Capacity building for governments and financial institutions; Monitoring, Evaluation and Learning systems; Strategic partnerships with DFIs, MDBs, bilateral donors, and private investors.
Core Activities	Deploy the five-stage Policy-to-Capital workflow (Diagnose → Design → Structure → Deploy → Demonstrate); Provide INFF and crisis response diagnostics and SDG Investor Maps; Develop integrated national financing plans and investment pipelines; Structure and deploy blended finance instruments; Strengthen local financial ecosystems; Convene multi-stakeholder financing platforms; Operationalize impact management and measurement systems.
Outcomes	Outcome 1: Strengthened policy and enabling environment for SDG-aligned investment; Outcome 2: Investment-ready pipelines developed across priority sectors and geographies; Outcome 3: Catalytic capital deployed, de-risking early-stage transactions and crowding in private finance; Outcome 4: Local financial and investment ecosystems strengthened, with increased domestic capacity to finance development priorities.
Impact	Accelerated SDG progress in LDCs and underserved markets; Reduced poverty, strengthened stability, improved infrastructure, expanded green energy, stronger social services, and enhanced resilience, lasting peace; Systemic shift from fragmented donor-driven finance to coherent, country-owned investment architectures. Overall, with a capitalization of $500 million into the Trust Fund, there is an expectation of the support and/or creation of 500,000 - 720,000 jobs.

3.5 Impact Pathways: The Five-Stage Policy-to-Capital Workflow

PCIF's operational model is structured around the five-stage Policy-to-Capital workflow jointly developed by UNDP and UNCDF. This workflow provides the operational backbone for translating policy intent into investable impact, with clear lead roles, support functions, and outputs at each stage.

Stage 1: Diagnose — Country Financing Landscape

Lead: UNDP SFH and Crisis Bureau (RAPIDA, MSME SEIA) | Support: UNCDF (market intelligence, financial sector diagnostics)

Purpose: Identify where policy, fiscal, and market bottlenecks prevent SDG-aligned finance from flowing. Outputs include SDG Finance Diagnostic and Opportunity Reports with investment bottleneck matrices.

Stage 2: Design — Policy and Pipeline Development

Co-Lead: UNDP SFH and Crisis Bureau, CFF (policy design) and UNCDF (investment structuring advisory)

Purpose: Translate diagnostic findings into concrete policy and regulatory reforms and pipeline concepts. Outputs include Joint SDG Finance Action Plans with reform roadmaps, instrument options, and potential co-investment pipelines.

Stage 3: Structure — From Pipeline to Product

Lead: UNCDF | Support: UNDP SFH and Crisis Bureau, CFF (INFF alignment, impact standards)

Purpose: Turn the Action Plan into investable products. Outputs include completed due diligence, term sheets, and investment agreements ready for partner syndication.

Stage 4: Deploy — Capital Mobilization and Execution

Lead: UNCDF | Support: UNDP SFH, Crisis Bureau, CFF + UN Country Teams

Purpose: Deploy catalytic capital and crowd in larger flows. Outputs include executed investments, operational blended finance facilities, and tracked leverage ratios.

Stage 5: Demonstrate — Measurement, Learning, and Scale-Up

Lead: Joint (UNCDF IMVL Unit + UNDP SFH Results Team, CFF, Crisis Bureau)

Purpose: Measure leverage, systemic impact, and policy effect. Outputs include SDG Finance Results Reports and Investment Case Portfolios informing replication and donor confidence.

3.6 Core Founding Partners

PCIF is a collaborative platform leveraging the distinct and complementary capabilities of UNCDF and UNDP to enable a full-spectrum investment platform capable of driving systemic change across the policy-to-capital continuum.

Partner	Role in PCIF
UNDP	Serves as the policy lead of PCIF. Through the Sustainable Finance Hub, UNDP strengthens enabling environments, conducts INFF diagnostics, develops SDG Investor Maps, supports policy and regulatory reform and supports pipeline identification through PISTA. Through the joint Crisis Bureau and SFH Crisis Finance Facility team, UNDP ensures that all interventions are adapted and targeted to the needs and challenges in fragile, conflict and crisis-affected settings. UNDP ensures that PCIF-financed activities align with recovery and peace plans, national development plans, climate commitments, and the Sevilla Platform of Action. As an accredited partner to GCF, GEF, and other vertical funds, UNDP connects PCIF to the global financing architecture.
UNCDF	Serves as the investment lead of PCIF. As the UN's dedicated investment partner for underserved markets, UNCDF deploys catalytic, high-risk-tolerant capital in LDCs, SIDS, and fragile contexts. Without a credit rating, UNCDF can assume first-loss positions and work directly with MSMEs, local financial institutions and fund managers, subnational

Partner	Role in PCIF
	governments, and informal sector actors where commercial finance (or even institutional capital) is absent. UNCDF's unique capital mandate within the UN system enables it to offer grants, concessional loans, guarantees, and blended finance instruments that de-risk early-stage transactions and crowd in private capital.

The Facility is intentionally designed as a modular and expandable platform, capable of onboarding additional partners from across the development finance landscape, including DFIs, MDBs, national development banks, bilateral donors, philanthropic foundations, and private capital providers.

3.7 Alignment with Global Commitments

PCIF is informed by and aligned with the leading global frameworks shaping development and climate finance:

- The Sevilla Commitment and Platform of Action (FfD4, 2025), which calls for country-led financing architectures, integrated national financing, and de-risking private capital.
- The G20 Baku-to-Belém Climate Roadmap, which calls for inclusive, country-led coordination platforms to implement national climate and development plans.
- The 2030 Agenda for Sustainable Development and the SDGs, which provide the overarching impact framework for PCIF investments.
- The Paris Agreement and nationally determined contributions (NDCs), which define country-level climate investment priorities.
- The Istanbul Programme of Action (IPoA) for LDCs and the SAMOA Pathway for SIDS, which guide PCIF's geographic prioritization.

4. Programmatic and Investment Strategy

4.1 Blended Finance Approach

PCIF is powered by blended finance—a proven approach that strategically combines concessional capital positioned by donors with commercial financing from DFIs, national development banks, and private investors to unlock investments that would otherwise be too risky or early-stage to attract market funding.

PCIF deploys the right level of concessionality in an agile, targeted manner—minimizing public cost while maximizing leverage and additionality. UNDP's deep technical and policy expertise enables the Facility to scan and interpret signals from the policy landscape—such as evolving fiscal incentives, INFF priorities, regulatory reforms, and climate commitments—ensuring PCIF capital is deployed where enabling conditions are in place or emerging.

PCIF targets an average leverage ratio of 1:4 or higher[1], drawing on the established benchmarks of blended finance practice. UNCDF specializes in high-risk, early-stage, and underserved environments where concessionality must be deeper to unlock viable transactions. As markets mature, PCIF creates the conditions for commercial capital to follow.

PCIF delivers impact through four mutually reinforcing functions:

- Creating a Continuum of Support: Aligning financing instruments to project maturity—from early-stage grants to concessional growth capital and commercial co-financing.
- Strengthening Local Financial Institutions: Building domestic financial ecosystems through guarantees, soft loans, and advisory support that enable local banks to serve underserved market segments.
- De-risking and Incentivizing Investment: Shifting the risk-return equation using first-loss capital, results-based financing, and guarantee instruments, making frontier markets attractive to commercial investors. Beyond downside mitigation, PCIF deploys return-amplification and impact-incentivization instruments, outcome and pay-for-success payments, impact-linked pricing (margin step-downs tied to verified results) and milestone-based top-ups that reward measurable development performance and improve realized returns for co-investors.
- Attracting Private Capital: Structuring investments that improve risk-adjusted returns, enabling DFIs, impact investors, commercial banks, and private financial institutions to finance SDG-aligned ventures, with a key focus on domestic resource mobilization.

4.2 Blended Finance Toolkit

PCIF deploys a robust and adaptive toolkit of blended finance instruments across the policy-to-capital continuum:

A. Concessional Finance (UNCDF-led)

- Investment grants and reimbursable grants for early-stage ventures and pipeline development.
- Concessional loans (0% or below-market interest) to de-risk priority projects.
- Performance-linked loans with terms conditional on achieving SDG or climate outcomes.
- First-loss capital and subordinated debt to improve the risk-return profile for senior investors.
- Capital Acceleration Facility: A venture-studio window for incubating high-risk, early-stage innovations in LDCs, SIDS, and fragile contexts.

B. Guarantees and Risk-Sharing Instruments (UNCDF-led)

- Portfolio guarantees: Risk-sharing with financial institutions to support lending to MSMEs and SDG-aligned businesses.
- Single-project guarantees: UNCDF-backed financing for specific high-impact investments.

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[1] Early-stage venture windows may apply deeper concessionality and a lower immediate transaction-level leverage ratio than the Facility's overall benchmark, where justified by market-building and LDC pipeline-development objectives.

- First-loss tranche guarantees for thematic funds and blended finance vehicles.
- Political and currency risk instruments, in collaboration with DFIs and multilateral facilities.

C. Policy and Pipeline Support Instruments (UNDP SFH-led and Crisis Bureau, including CFF)

- Crisis response diagnostics (RAPIDA, MSME SEIA)
- INFF diagnostics and integrated financing strategies.
- SDG Investor Maps identifying private investment opportunity areas.
- PISTA-linked pipeline development and pre-feasibility support.
- Feasibility and impact assessment studies
- Policy and regulatory reform advisory to create investment-enabling environments.
- Fiscal reform and public financial management support aligned with SDG investment priorities.

D. Technical Assistance and Capacity Building (SFH and Crisis Bureau, including CFF)

- Institutional capacity building for local financial institutions and fund managers, regulators, and government counterparts.
- Investment structuring advisory for the creating of specific funds, special purpose vehicles (SPV), PPPs, mobilization/syndication of co-financiers and co-investors, etc.
- Project preparation support and due diligence assistance.
- Impact management and measurement (IMM) systems aligned with UNDP SDG Impact Standards and ISO standards.
- Training for local actors, including MSMEs, cooperatives, and subnational governments.

E. Liquidity, Aggregation and Exit Solutions (UNCDF-led, with UNDP market support)

- Aggregation and warehousing vehicles that pool sub-scale MSME and venture assets into diversified, institutional-ticket portfolios.
- Secondary and take-out facilities that recycle originator capital and give early investors a credible exit.
- Redemption and liquidity backstops to address the illiquidity that deters institutional capital from entering frontier and early-stage assets.
- Pathways to listing on SME boards and public exchanges, building on UNDP's work on capital-market access for high-growth ventures

4.3 Thematic Scope and Investment Prioritization

PCIF is fundamentally transaction-driven and thematically flexible, deploying capital across the SDG financing landscape based on country priorities and strategic alignment with the policy-to-capital continuum. However, PCIF applies a clear set of thematic entry points that reflect the comparative advantages of UNDP and UNCDF and the most acute financing gaps in LDCs and fragile, conflict and crisis-affected contexts:

Thematic Area	UNDP SFH and Crisis Bureau Role	UNCDF Role
Blended Finance / Guarantees	Programme design, TA, SDG alignment; policy/regulatory work; DFI convening	Structuring of blended finance facilities; issue/manage guarantees; risk assessment leveraging UNCDF's Pillar 6 access to the EU Gateway (EFSD+/CAFI)
SME / MSME Finance	Market diagnostics, partner mapping, enterprise development TA	De-risking facilities, concessional loans and guarantees to FIs; pipeline development
Digital Finance / Fintech	Digital finance policy, digital public infrastructure, enabling environment	Capital and advisory to DFSPs and fintech; pilots targeting last-mile users
Local Development Finance	INFFs, fiscal decentralization, local governance, public finance planning	Capital to local authorities; performance-based investment grants; subnational finance
Climate and Nature Finance	GCF/GEF accredited; NDC implementation; energy/climate compacts	Co-finance, instrument design, pipeline development aligned to NDC priorities
Fragile and Crisis Contexts	Recovery planning, resilience, livelihoods; private sector engagement	Investment grants and guarantees to MSMEs; strengthening nascent financial sectors
Islamic Finance	Sharia-compliant frameworks; green sukuk; zakat/waqf mechanisms	De-risking tools and blended finance for Islamic finance pipelines
Impact Management and Measurement	SDG-aligned impact frameworks; ISO standards; capacity building for governments	IMVL system at investment level; verification, aggregation and learning on portfolio impact

4.4 Investment Logic

PCIF's investment logic rests on three interdependent pillars:

- **Strategic consistency through evidence-based eligibility:** Investment areas and eligibility criteria align with the Theory of Change and national development priorities. UNDP monitors enabling conditions—including fiscal incentives, regulatory reforms, and institutional capacity—to inform pipeline-level prioritization.

- **Flexible, transaction-led implementation:** Investments are deployed through performance-based envelopes managed by UNCDF, with UNDP providing policy alignment and pipeline support. This structure enables context-sensitive delivery while safeguarding strategic coherence.

- **Portfolio-level learning and feedback:** The Secretariat manages a country demonstration framework to track investment performance and systemic outcomes. Drawing from UNCDF's IMVL data and UNDP's SDG finance dashboards, this tool generates insights for the Trust Fund Board and informs future funding envelopes.

4.5 Precision Deployment: UNDP and UNCDF Complementarity

PCIF is designed to operate across the entire investment continuum—from early-stage market activation to large-scale capital mobilization. This is made possible through the strategic sequencing and complementarity between UNDP and UNCDF.

In frontier markets and fragile contexts, UNCDF enters early—before the enabling environment is fully bankable—with catalytic, high-risk-tolerant capital. It targets actors and transactions overlooked by commercial finance: MSMEs, cooperatives, and subnational institutions. UNDP supports the policy and institutional conditions that make these investments viable and scalable.

As markets mature, UNDP's frameworks attract larger flows from DFIs, climate funds, and bilateral donors, while UNCDF's track record enables PCIF to demonstrate the investability of previously underserved market segments. The two institutions may co-invest where complementary deployment is needed to address market failures and bridge financing gaps.

Feature / Dimension	UNDP SFH	UNCDF
Primary instruments	Technical assistance; no balance-sheet risk	Grants, concessional loans, guarantees, TA
Target market	All developing countries; policy and systems level	LDCs, SIDS, fragile contexts; transaction and market level
Risk profile	Advisory only; zero balance-sheet risk	High risk-tolerance; early-stage, non-rated markets
Role in PCIF	Policy design, pipeline identification, enabling environment	Pipeline structuring, capital deployment, de-risking
Return focus	Development impact through policy systems change	Development-first; financial return secondary to impact
Output type	Frameworks, diagnostics, strategies, capacity building	Investments, financial structures, mobilized capital

4.6 Eligibility Criteria

PCIF investments must meet a set of core eligibility criteria serving as the foundation for screening and selection. These include alignment with PCIF's Theory of Change outcomes; demonstrated potential for SDG impact and financial additionality; a clear justification for the use of blended finance; and as relevant, country ownership and alignment with national financing frameworks; and a credible path to replicability or scalability.

For thematic windows operating at regional or continental scale, including the early-stage venture window, country ownership may be evidenced at the level of deployment in eligible countries, rather than requiring a single national financing framework as the anchor for the window.

PCIF will target support for countries eligible for Official Development Assistance (ODA), as defined by the OECD Development Assistance Committee (DAC) list, with a strong prioritization of LDCs, SIDS, and fragile, conflict and crisis-affected contexts consistent with UNCDF's mandate.

The full eligibility criteria will be included in the Facility Investment Plan and submitted for approval by the Trust Fund Board.

4.7 Intended Beneficiaries and Target Stakeholders

PCIF serves a diverse ecosystem of stakeholders essential to advancing inclusive, country-led development finance:

- National governments: Ministries of finance, planning, and line ministries seeking to implement national financing strategies and attract investment to priority sectors.
- Subnational and local governments: Municipal authorities, local development agencies, and subnational entities requiring capital and advisory to deliver local public services and infrastructure.
- Micro, small and medium enterprises (MSMEs): SMEs, cooperatives, and social enterprises in underserved markets that are the engine of local economies but remain capital-starved.
- Entrepreneur Support Organizations (ESOs): Incubators, accelerators, innovation and technology hubs, business development service providers, and angel networks that originate and build investable ventures, i.e. the generation layer that financial intermediaries finance but do not themselves create.
- Local financial institutions and fund managers: Commercial banks, microfinance institutions, national development banks, and other intermediaries needing risk-sharing tools and capacity to expand SDG-aligned lending.
- Civil society and community-based organizations: Organizations connecting local communities to investment opportunities, particularly for inclusive value chains and community-level adaptation.
- Development finance institutions and multilateral development banks: Co-investors and co-financiers seeking de-risked pipelines in frontier markets.
- Private sector actors: Companies, impact investors, and institutional investors seeking credible, risk-mitigated entry points into SDG-aligned investment in developing countries.

5. Governance and Institutional Arrangements

5.1 UN Multi-Partner Trust Fund

To operationalize PCIF, and to simplify what otherwise would be operationally cumbersome and inefficient ways of working together, UNCDF and UNDP are establishing a dedicated Multi-Partner Trust Fund (MPTF), administered by the UN Multi-Partner Trust Fund Office (MPTF-O). The MPTF Office provides a centralized, transparent, and accountable mechanism for pooling donor contributions and allocating resources in support of PCIF's mission to drive the policy-to-capital continuum across developing countries. It avoids a number of technical constraints that other collaborative instruments will trigger including a UN-to-UN agreement for collaboration between UNCDF and UNDP. It also enables UNCDF and UNDP to administer funds allocated to them, in line with their specific rules, regulations, policies and procedures.

The MPTF is a grant-based pass-through mechanism, designed to disburse funding to eligible UN entities and other qualifying organizations. Within PCIF, these grants are converted into blended finance instruments and technical assistance by core participating organizations—primarily UNDP and UNCDF—including concessional loans, guarantees, results-based financing, and advisory services aimed at unlocking private capital for SDG-aligned investments.

In the initial phase of PCIF, financing will be channeled primarily through UNCDF for capital deployment and UNDP SFH, with support from Crisis Bureau, for policy and pipeline support. As PCIF scales, additional partners—DFIs, MDBs, national development banks, and other qualifying entities—may be onboarded to strengthen the platform's blended finance capabilities.

The PCIF is a global MPTF which operates through a set of flagship initiatives (“windows”). To balance the core principle of pooled funding with effective donor engagement, earmarking is discouraged but may be accommodated at the window level. This enables contributors to align their support with specific priority initiatives while preserving an integrated portfolio approach. The window-based structure also provides additional flexibility, including in relation to the management and reinvestment of reflows to trust fund from UNCDF-led transactions.These reflows shall be managed in accordance with policies established, including indirect cost if any by the Administrative Agent.

Allocations to UNCDF under early-stage contingent-capital windows may generate contingent payments or other reflows. Where permitted by the Fund’s Trust Fund Board and donor agreements, such reflows may be retained and redeployed for the same window through a UNCDF-approved redeployable arrangement or equivalent mechanism, and reported to PCIF governance through the Fund’s annual narrative report.

In addition, the MPTF may channel funds directly to existing - standalone UNDP/UNCDF Joint Programmes. Once funds are transferred, the funds are considered expended, and all decisions for those funds rests with the recipient Joint Programmes, including the treatment of balances upon financial closure.

5.2 Financial Model and Use of Funds

PCIF uses donor contributions as catalytic capital investment structuring and policy advisory. Contributions are received by the MPTF Office and allocated to approved windows in line with the Trust Fund Board decisions, and/or donor agreements. Resources are then transferred to Participating UN Organizations (UNCDF and UNDP) for implementation as per the MoU.

Depending on the window, PCIF resources may finance structuring and policy and pipeline identification and development support, technical assistance investment readiness, guarantees, concessional loans, reimbursable investment grants, results-based financing, first-loss positions or other blended finance instruments. UNDP-led resources will support policy, pipeline identification and development, and institutional capacity building. UNCDF-led resources will support capital deployment, risk-sharing instruments and investment structuring.

The Facility applies differentiated risk management across its activities. Policy support and technical assistance carry primarily operational and delivery risk. Guarantees, concessional loans, first-loss instruments and reimbursable grants carry financial and portfolio risk. These risks will be managed through eligibility criteria, due diligence, risk appetite parameters, safeguards screening, portfolio monitoring, stress testing and regular reporting.

PCIF will apply the principle of minimum concessionality. Concessional resources will be used only to the extent required to make high-impact transactions viable, crowd in additional capital, or demonstrate the investability of underserved markets. Losses, reflows, contingent payments and redeployable resources will be managed in accordance with applicable donor agreements, window arrangements and Participating Organization Financial Rules and Regulations, and reported transparently through the Fund’s regular reporting cycle.

5.3 Governance Structure

The MPTF for PCIF will be governed by a Trust Fund Board, supported by a lean UN-managed Secretariat, and a structured decision-making process to ensure accountability and efficiency. The governance architecture has three main components: strategic oversight by the Trust Fund Board, day-to-day management by the Secretariat, and fiduciary management by the Administrative Agent (MPTF-O).

A. Trust Fund Board

The Trust Fund Board oversees all strategic, operational, and financial activities of PCIF. Meeting at least twice annually, the Board sets the Facility's global strategic direction, approves investment and performance plans, and provides strategic leadership. It ensures alignment with PCIF's Theory of Change and reviews portfolio-level performance and impact. Decisions are taken by consensus.

The Board is responsible for portfolio-level oversight, not individual transaction approval. Investment decisions are delegated to Participating Organizations within the bounds of pre-agreed Investment Criteria developed in alignment with the Theory of Change. The Board may, based on evidence from the MEL system, recommend strategic prioritization for future phases.

Trust Fund Board Composition (9 members):

- Two seats for Founding Partners: UNDP (Bureau for Policy and Programme Support (BPPS) Director (Alternate: Crisis Bureau (Director)) and UNCDF (Executive Secretary; alternate: Chief Investment Officer- UNCDF).
- Three seats for top donors: Reserved for the three largest financial contributors, reviewed and rotated every two years.
- One rotating donor seat: Assigned annually among contributing donors outside the top three.
- **Donor and Developing State Representation across funding windows:** In determining donor and developing state representation on the Trust Fund Board, due consideration will be given to ensuring balanced representation across the different windows of the Fund.
- Three seats for developing state representatives: Rotated every two years, with no more than one representative per region at a time.
- One ex-officio seat: UN MPTF Office as Trustee (non-voting).

Co-Chair Roles:

- Donor Co-Chair: Held by the highest-contributing donor, appointed for a two-year term.
- UN Co-Chairs: UNDP, responsible for ensuring programmatic oversight policy reforms, advocacy, and coordination with broader UN systems. UNCDF, responsible for oversight and deployment of financial derisking instruments and products.

B. Window level Joint Steering Committees (UNDP–UNCDF)

A Joint Steering Committee, co-chaired by the relevant UNDP and UNCDF Directorates, provides quarterly governance oversight at the institutional window level. These dedicated committees are responsible for approving country pipeline priorities, allocating institutional roles and responsibilities, and ensuring strategic coherence between UNDP's policy and upstream engagement functions and UNCDF's investment origination and deployment activities.

Based on technical inputs from UNDP and UNCDF teams, consolidated by the Fund Secretariat, the Joint Steering Committee formulates investment recommendations for consideration by the Board.

C. Allocation and Decision-Making Process

PCIF will operate through a tiered allocation and decision-making process that will be approved by the Trust Fund Board.

At the Fund level, the Trust Fund Board approves the Facility's strategic direction, annual investment and performance plans, thematic or geographic windows, and indicative allocation envelopes. The Trust Fund Board provides portfolio-level oversight. Individual transaction approval remains with the relevant Participating Organization, within agreed criteria and delegated authority.

At the window level, the Joint Steering Committees review country pipeline priorities and recommend allocations within approved envelopes. Recommendations will be based on agreed criteria, including country request, alignment with national financing priorities (as per National Development Strategy), additionality, expected development impact, mobilization potential, implementation readiness, risk profile and potential for scale.

At the transaction and activity level, each Participating Organization makes decisions in accordance with its own rules, procedures, fiduciary standards and delegated authority. UNCDF is responsible for capital deployment decisions, including guarantees, concessional loans, reimbursable grants and other blended finance instruments, within approved criteria and risk parameters in line with its Supplementary Guidelines to the UNDP POPP. UNDP is responsible for policy support, pipeline development, institutional strengthening and technical assistance within its agreed role.

The Secretariat will track proposals from pipeline identification through allocation, approval, deployment and impact and financial reporting. Allocations and decisions will be consolidated in regular reporting to the Trust Fund Board and contributors.

D. Secretariat

The UNDP-UNCDF managed Secretariat is responsible for the day-to-day management, coordination, and strategic implementation of PCIF. Hosted jointly by UNDP and UNCDF and drawing on relevant UNDP-UNCDF expertise, it ensures operational agility, drives the Facility's investment strategy, supports the Trust Fund Board, and maintains alignment with PCIF's Terms of Reference and objectives.

Primary Secretariat functions include:

- Portfolio Management and Strategy: Design and implementation of PCIF's investment strategy, eligibility criteria, and allocation of pre-approved funding envelopes to each of its windows.
- Policy Coherence and Enabling Environment Monitoring: UNDP SFH-led tracking of fiscal incentives, regulatory reforms, and enabling conditions across priority countries.
- Strategic Engagements and Partnerships: Resource mobilization in close alignment with UNDP Country Offices, UNCDF Regional Hubs and Country based field teams, donor relations, and coordination with public, private, and philanthropic stakeholders.
- Knowledge Management and Learning: Curation and dissemination of insights on country-led finance, blended finance instruments, and SDG investment models.
- Governance and Strategy Support: Preparation and documentation of Trust Fund Board meetings; transparency and accountability.
- MEL: Consolidation and synthesis of impact measurement and verification data and SDG finance dashboard metrics.

- Country SDG Finance Task Teams: Embedded in-country presence through UNDP country offices and UNCDF regional investment leads.

E. Administrative Agent

The Administrative Agent—the UN MPTF-O—provides fiduciary oversight and fund management services. Operating through a pass-through modality, the Agent enables each Participating Organization to apply its own procedures, provided they meet agreed safeguards and fiduciary standards. The Administrative Agent charges a fee of 1% of total contributions received.

Cost efficiency and use of existing systems

PCIF will minimize transaction costs by using existing UN systems and capacities. The MPTF Office will provide fund administration in line with legal agreements, contribution management and public financial transparency through the Gateway. The MPTF modality reduces transaction costs by replacing multiple bilateral project agreements with one common administrative, reporting and governance structure, while preserving contributor visibility through the MPTF Gateway and annual portfolio reporting. UNDP and UNCDF will draw on existing country, regional and headquarters capacities for policy support, pipeline development, investment structuring, safeguards, monitoring and reporting.

F. Participating Organizations

In Phase One, PCIF operations will be implemented by UNDP (policy and pipeline support) and UNCDF (capital deployment). Each assumes full programmatic and financial accountability for funds disbursed. All participating organizations carry out activities in accordance with their own regulations, rules, and procedures, and are expected to proactively report risks to the Administrative Agent and Secretariat.

6. Risk Management and Safeguards

6.1 Social and Environmental Safeguards

PCIF will apply the existing safeguard frameworks of its participating organizations. In Phase One:

- UNDP will apply its Social and Environmental Standards (SES), emphasizing avoidance and mitigation of environmental and social harms while maximizing positive impacts. These standards include specific guidance on human rights, environmental sustainability, gender equality, biodiversity protection, and livelihood safeguards.
- UNCDF will apply UNDP's Social and Environmental Standards, supplemented by UNCDF's own investment safeguard protocols, particularly for high-risk market contexts in LDCs and fragile settings.

Both UNDP and UNCDF require project-level risk screening, categorization, stakeholder consultation, and mitigation planning. Projects involving vulnerable groups must include inclusive engagement mechanisms and demonstrate that proposed activities will benefit or not adversely affect their livelihoods and rights.

6.2 Gender and Social Inclusion

PCIF acknowledges that development financing gaps intersect with gender dynamics, social equity, and human rights. The Facility is committed to facilitating a transition to inclusive, country-led financing architectures that promote equity, protect rights, and benefit those most affected by financing exclusion.

PCIF-supported projects will, when applicable:

- Promote a gender-responsive approach throughout project design, implementation, monitoring, and evaluation.
- Include contextual assessments to identify gendered roles, vulnerabilities, and barriers within value chains and local communities.
- Promote equitable access to finance, entrepreneurship, and leadership opportunities for women, youth, and underrepresented groups.
- Strengthen access to capacity building, digital inclusion, and skills development enabling equal participation in SDG-aligned investment opportunities.
- Establish and maintain grievance and remedy mechanisms enabling affected stakeholders to safely raise concerns.

6.3 Risk Management Strategy

PCIF will implement a proactive and dynamic risk management strategy. Core components include:

- Development of risk profiles and tolerance thresholds for different intervention types and geographies.
- Identification of operational, financial, environmental, and policy risks through ongoing portfolio reviews.
- Clear assignment of risk ownership and accountability across partners and co-implementers.
- Deployment of mitigation tools such as guarantees, insurance products, contingency planning, and early warning systems.
- Integration of risk assessments into program design, approval, and monitoring processes.

The Secretariat will maintain a PCIF-wide risk register, conduct regular portfolio stress tests, and ensure alignment between Facility-level risk management and project-level practices.

7. Monitoring, Evaluation, and Learning

7.1 MEL System and Adaptive Learning

PCIF will adopt a robust, results-based Monitoring, Evaluation, and Learning (MEL) system drawing on the complementary capabilities of UNCDF's Impact Monitoring, Verification and Learning (IMVL) system and UNDP's SDG Finance Results Dashboard. The MEL system will promote accountability, support adaptive management, and generate insights to guide strategy and delivery.

A central feature of the MEL system is portfolio-level consolidation across countries, offering a structured mechanism to monitor where and how PCIF investments are delivering catalytic results. MEL efforts will integrate policy and enabling environment diagnostics provided by UNDP SFH—including regulatory frameworks, fiscal incentives, institutional capacity, and financial ecosystems—to assess the catalytic role of context-aware investments. Recognizing that early-stage, informal and last-mile ventures frequently lack audited financials and may be reluctant to share sensitive data, the MEL and impact-measurement approach will apply proportionate, stage-appropriate due-diligence and lightweight reporting requirements, scaling data demands to venture maturity rather than imposing uniform institutional reporting.

The MEL system will embed feedback loops at Stage 5 of the Policy-to-Capital workflow (Demonstrate), enabling evidence-based evolution of the PCIF portfolio, partnerships, and learning agenda.

7.2 Results Framework (Indicative)

The full Results Framework will be developed by the Secretariat and approved by the Trust Fund Board. An indicative framework is provided below:

Level	Indicator	Source
Outputs	Number of countries with INFF diagnostics and SDG Finance Action Plans developed	UNDP SFH dashboard
Outputs	Number of investment-ready pipelines developed or structured	UNCDF PMSU
Outputs	Number of financial institutions receiving capacity-building support	Joint reporting
Outcomes	Volume (USD) of private and institutional capital mobilized through blended finance	UNCDF PMSU

Level	Indicator	Source
Outcomes	Number of SDG-aligned policy or regulatory reforms supported	UNDP SFH dashboard
Outcomes	Number of MSMEs, subnational entities, and local actors accessing finance	UNCDF PMSU
Impact	Reduction in SDG financing gap (% improvement in investment flows) in targeted countries	Joint SDG Finance Results Report
Impact	Number of direct and indirect jobs created in targeted sectors	IMVL / third-party evaluation
Impact	Improved livelihoods and resilience indicators for targeted communities	Country demonstration framework

The Results Framework will support both accountability and portfolio management. It will allow contributors to track what PCIF has financed, how much additional capital has been mobilized, which policy or regulatory changes have been supported, which firms and local actors have accessed finance, and what development outcomes have been achieved. Results data will also inform future allocation decisions, including whether specific windows should be scaled, adjusted or closed.

7.3 Reporting Requirements and Cycles

Participating Organizations are required to submit narrative reports to the Secretariat and report their expenses to the Administrative Agent on agreed cycles. Annual and final reports must be results-oriented and evidence-based, reflect progress against output and outcome indicators, provide analysis of implementation challenges and lessons learned, and be verified through data collection and periodic program reviews.

The Secretariat will aggregate data at the Facility level to provide synthesized portfolio updates to the Trust Fund Board and contributors, including performance dashboards and outcome tracking summaries aligned with the SDG Finance Results Dashboard.

7.4 Independent Evaluation

A fund level mid-term evaluation will be conducted to assess effectiveness, validate theories of change, and guide course corrections. Costs will be integrated into relevant budget cycle. Evaluations at project/window level may be conducted at the request of the TF Board or donors, and will draw on UNCDF's IMVL system and UNDP's impact management standards to ensure credible, comparable, and auditable results.

8. Resource Mobilization

To catalyze the systemic shift from fragmented donor-driven finance to coherent, country-led investment architectures, PCIF will seek at least USD 150 million in initial catalytic donor funding to be raised and deployed during its first phase. These resources will be used to unlock up to USD 750 million in total investment through a blended finance approach, drawing on the established leverage benchmarks of UNCDF's capital deployment and UNDP's policy and pipeline support.

The Secretariat will prioritize securing five to nine founding contributors—spanning government donors, philanthropic foundations, and private sector partners—for the Phase One period. Contributions may be earmarked where aligned with Theory of Change outcomes or geographic priorities.

By demonstrating how targeted public and philanthropic resources can unlock larger flows of private and institutional capital, PCIF aims to establish a scalable platform for financing country-led development. Early contributors will play a foundational role in establishing PCIF as a high-trust, high-impact platform. As part of the broader PCIF Partnership, they will help shape strategic direction, attract aligned co-investors, and ensure the Facility delivers on its mandate to drive inclusive, evidence-based, and policy-aligned solutions to close the SDG financing gap.

Donors will be required to sign a Standard Administrative Agreement (SAA) as the uniform legal template for all contributors. Private sector contributions will be subject to due diligence by the Secretariat and MPTF-O, and approval by the Trust Fund Board, in accordance with UN system-wide guidelines on cooperation with the business sector.

PCIF's phased capitalization model is designed to demonstrate proof-of-concept in Phase One and attract scaled co-investment in subsequent phases, ultimately building toward a sustainable, country-demand-driven financing platform.

PCIF will follow a phased capitalization and scaling pathway.

Phase One will focus on securing a group of founding contributors, establishing the governance and operating model, and demonstrating proof of concept through a focused set of priority windows and countries. This phase will build the first portfolio of investable transactions and generate early evidence on leverage, additionality, development impact and implementation efficiency. Phase one expected to be capitalized to the amount of $100 million (in 2026).

Phase Two will expand successful windows, deepen partnerships with development finance institutions, multilateral development banks, national development banks and private investors, and use evidence from the first portfolio to attract larger pools of co-financing. During this phase, PCIF will replicate proven models across countries and regions with clear demand and demonstrated market potential. Phase 2 is expected to be capitalized to $200 million (in 2027)

Phase Three will position PCIF as a mature, demand-driven platform. The Facility will focus on larger-scale replication, stronger links to domestic financial systems, increased use of reflows where applicable, and a broader set of co-investment partnerships. Windows demonstrating strong impact, additionality and mobilization will be scaled; windows requiring course correction will be adjusted or closed. Phase 3 is expected to be capitalized to the amount of $200 million (in 2028).

9. Duration, Amendments, and Transparency

The present Terms of Reference can be modified at any time by the Trust Fund Board.

PCIF is set to run for a duration of 10 years with an end date of 31 December 2036. Extensions may be approved by the Trust Fund Board in consultation with Participating Organizations and the Administrative Agent. The Facility will terminate upon completion of all funded programs and following satisfactory conclusion of all commitments and liabilities.

Any balance remaining in the Trust Fund account or participating organization ledgers will be used for mutually agreed purposes by donors and the Trust Fund Board, including for revolving fund mechanisms that extend the Facility's catalytic capital.

The MPTF Office website, Gateway (http://mptf.undp.org), will host a PCIF's dedicated page providing real-time financial data, contribution tracking, and document downloads for partners and the general public. The Secretariat and Administrative Agent will ensure PCIF programs and actions are posted on the Gateway portal in a timely manner. The PCIF website will also provide regular program updates, knowledge products, and results reporting.

10. Annexes

Annex 1: Capabilities and Instruments of Core PCIF Partners

A. UNDP Sustainable Finance Hub, Crisis Bureau and CFF Capabilities

UNDP's Sustainable Finance Hub (SFH) transforms public and private finance systems to align with the SDGs. UNDP’s Crisis Bureau (CB) works to help communities respond, rebuild and recover from fragility and crisis, and to close the critical gap in early recovery financing.

Operating in virtually all developing, fragile, crisis-affected countries, UNDP provides:

- INFF diagnostics and integrated national financing strategies that map how a country will finance its development agenda.
- SDG Investor Maps that identify private investment opportunity areas and structural barriers to capital deployment.
- PISTA (Platform for Investment Support and Technical Assistance): A pipeline development mechanism to identify and structure private-sector investment opportunities.
- the timbuktoo platform that generates investible pipeline of start-up ventures and targets providing catalytic support to ventures that has already mobilized follow-on private capital.
- Policy and fiscal reform advisory: Supporting governments to design tax, regulatory, and procurement reforms that create investment-enabling environments.
- Climate finance accreditation and programming: As an accredited partner to GCF and GEF, UNDP connects national plans to global climate financing mechanisms.
- Impact management and measurement (IMM): Leading on SDG-aligned impact frameworks and alignment with relevant ISO standards (530012, 530002) for credible, comparable results reporting.
- Better Than Cash Alliance: Promoting responsible digital payments and inclusive digital financial ecosystems.

Many of these capabilities are to be organized under UNDP’s Investment Accelerator flagship, demonstrating the policy-to-capital thesis on which PCIF is built.

B. UNCDF Capabilities

UNCDF deploys catalytic, risk-absorbing capital in early-stage and last-mile markets to crowd in private investment, with a specific mandate for LDCs, SIDS, and fragile contexts. UNCDF provides:

Financial Instruments:

- Investment grants and reimbursable grants (performance-based, recoverable upon milestones).

- Concessional loans: Pari-passu, subordinated, and mezzanine structures at 0% or below-market rates.
- Guarantees: Portfolio loan guarantees, single-loan guarantees, fund structure guarantees (first-loss or pari-passu).
- Blended finance vehicles: Combining grants, loans, and guarantees into structured instruments tailored to context.

Target Sectors and Beneficiaries:

- MSME finance, subnational finance, and digital finance.
- Local financial institution capacity development and on-lending facilities.
- Municipal infrastructure and local public service delivery.
- Fragile and crisis contexts: Liquidity lines, recovery finance, and digital payment infrastructure.

Annex 2: The Five-Stage Policy-to-Capital Workflow — Detailed Description

Stage	Lead	Activities	Output
1. Diagnose	UNDP (+ UNCDF market intelligence)	INFF diagnostic; SDG Investor Maps; fiscal mapping; financial sector gap analysis; missing-middle assessment	SDG Finance Diagnostic and Opportunity Report with investment bottleneck matrix
2. Design	UNDP + UNCDF (co-lead)	Fiscal/regulatory reform design; sector and instrument identification; risk appetite and leverage ratio advisory; capacity development	Joint SDG Finance Action Plan with reforms, instruments, and co-investment pipelines
3. Structure	UNCDF (+ UNDP support)	Project origination and structuring; due diligence; term sheet preparation; DFI and investor engagement; safeguard review	Investment agreements, term sheets, and partner syndication packages ready for deployment
4. Deploy	UNCDF (+ UNDP + UN Country Teams)	Transaction execution; guarantee management; co-lending; policy compliance monitoring; joint visibility and communications	Investments executed; blended finance facilities operational; leverage ratio tracked
5. Demonstrate	Joint: UNCDF IMVL + UNDP Results Team	Impact verification; SDG finance dashboards; knowledge products; IMM standards application; replication advisory	SDG Finance Results Report and Investment Case Portfolio for donors and investors

Annex 3: Illustrative Indicative Results Framework

The below offers an indicative results framework which will be further developed by the PCIF Secretariat and submitted for Trust Fund Board approval:

Outputs:

- Number of INFF diagnostics and SDG Finance Action Plans developed.
- Number of investment-ready pipelines structured across thematic areas and geographies.
- Number of financial institutions and MSMEs receiving capacity-building support.
- Number of trainings conducted on blended finance, IMM, and SDG-aligned investment.

Outcomes:

- Volume (USD) of private and institutional capital mobilized through PCIF blended finance instruments.
- Number of SDG-aligned policy or regulatory reforms supported or influenced.
- Number of MSMEs, subnational entities, and local financial institutions accessing PCIF-supported finance.
- Number of countries with strengthened country-led financing architectures supported by PCIF.

Impacts:

- Measurable reduction in SDG financing gaps in targeted countries and sectors.
- Number of direct and indirect jobs created and sustained in SDG-aligned sectors.
- Improved livelihoods, resilience, and economic inclusion for targeted communities (higher household incomes, more stable employment, greater resilience to shocks).
- Strengthened domestic financial ecosystems with increased capacity to attract and manage development finance.