

5.4: BLENDED FINANCING MECHANISM TO SMALL PROJECTS/INITIATIVES LOCALLY OWNED BY WOMEN AND YOUTH

Business services, project development, concessional loans, grants to locally owned gender and youth-sensitive incubation projects along agricultural value chain.

What, in brief, is the solution?

This proposed solution aims to design and implement funding mechanism structured as a blended finance mechanism providing a customized mix of Business Development Services, project development and finance structuring services, and financial products offering seed capital in the form of concessional loans, grants and reimbursable grants etc....to locally owned gender and youth sensitive incubation projects along agricultural value chain to increase local food production and diversification to strengthen the LFS in the LDCs and graduated countries.

What was/ were the source(s) from which this solution emerged?

UNCDF in partnership with the European Union under the 11th EDF and the Government of Uganda is implementing a five-year Programme referred to as the Development Initiative for Northern Uganda (DINU). The general objective of the Programme is to consolidate stability in Northern Uganda, eradicate poverty, food insecurity and under-nutrition and strengthen the foundations for sustainable and inclusive socio-economic development with focus on SDG 1, SDG 2 and SDG 5.

Why is addressing that problem important for achieving the goal of your working group?

As Women and youth are in the most important actors whose livelihoods are related to agriculture and land management, the game changing solution will increase and enhance the connection of those left behind to the food production and food diversification business. This will lead to connect women and youth to agricultural value chains, reduce hunger, and improve access to nutritious food.

What is the theory of change?

Food production in the territory is still commanded by men with less space for the most important part of the local population. Women and youth can seldom afford food production assets and thus cannot be connected to the food value chains either for staple or cash crops. The same left behind in the food production and consumption are not at all involved in the decision making process even more so to the local food system governance. The question is how to empower the most important asset for local food production to build strong and resilient food system.

Local Food System improving mechanism will relay on the following key partners and stakeholders to increase the contribution of territorial development thru adequate financing of food value chain investments

- Connect women and youth to the food value chains thru small and medium agribusinesses by ensuring i) access to financial products in the form of grants, reimbursable grants and guarantees to top up a financial requirement of women and youth led food security investments that contribute to resilience building and adaptation to climate change and ii) access to customized project development Business Development Services support, including post-investment support.
- Reinforce and strengthen local financial institutions and agricultural/ SMEs finance facilities by i) structuring targeted pipeline of de-risked project proposals properly prepared and developed to address a broader agribusinesses including women and youth farmers' associations, cooperatives and firms.
- Improve the capacity of Local governments i) to engage with the private sector and create a local business-friendly environment for the most important part of the community (Women and youth) for

better fiscal space expansion, ii) to improve their capacity to align public investments with gender sensitive and youth led private food production investments to improve complementarities and synergies for resilient food system and iii) connecting this most important part of the population to the food value chain in order to improve their own source revenue collection for better basic social service delivery and enhance food security

Why does this solution align to the definition and criteria for a ‘game changing solution’ developed by the Summit?

As the Summit aims to include innovative solutions, the Support to Local Agricultural Transformation Funding Mechanism will be a game changing solution that is effective and has existing empirical evidence and a pilot-level evidence of feasibility and plausibility. It has been tested and piloted in Uganda under a UNCDF EU funded program.

What is the current and/or likely political support for this idea?

The approach is implemented as START (Support to Agricultural Revitalisation and Transformation) facility in partnership with Ugandan Private Sector Foundation and Uganda Development Bank.

Are there certain contexts for which this solution is particularly well suited, or, conversely, contexts for which it is not well-suited at all?

UNCDF in partnership with the European Union under the 11th EDF and the Government of Uganda is working on this solution in the framework of the Development Initiative for Northern Uganda (DINU). The approach is implemented as START (Support to Agricultural Revitalisation and Transformation) facility in partnership with Ugandan Private Sector Foundation and Uganda Development Bank.

This solution can switch to simple and regular context where there is an enabling environment for private sector development.