Introductory statement by

The UNDP Associate Administrator, Rebeca Grynspan

UNCDF Segment, Executive Board 2014 First Regular Session

Thursday 30 January 2014

Mr. Chairman,

Distinguished Delegates,

I am pleased to welcome you to the UN Capital Development Fund (UNCDF) session of the Executive Board, which will focus on UNCDF 2013 preliminary results and UNCDF Strategic Framework 2014-2017. Before giving the floor to UNCDF’s Executive Secretary, Marc Bichler, I will make a few brief introductory remarks.

UNCDF’s original mandate, set out by the UN General Assembly in 1966 was to “assist developing countries in the development of their economies by supplementing existing sources of capital assistance by
means of grants and loans”¹. This mandate was modified in 1973, specifying that UNCDF would serve first and foremost LDCs and be under the oversight of the Administrator. Its unique financial mandate however, remained.

UNCDF’s mandate leaves it uniquely able to support the public and private sectors – by providing investment capital, in the form of grants, soft loans and credit enhancement - as well as technical expertise to help strengthen local capacities. This ability distinguishes UNCDF’s mandate from others in the UN system and enables it to serve as a useful complement to other agencies, including UNDP.

¹General Assembly Resolution 2186, 13 December 1966
UNCDF can serve as an early stage investor, helping to de-risk opportunities that can later be scaled up by institutional financial partners, including the IFIs, and increasingly philanthropic foundations and private sector investors, including impact investors. This positions UNCDF well in the multilateral system as a delivery mechanism of new and innovative ways for leveraging ODA, as recently called for by the UN System Task Team on the Post-2015 UN Development Agenda Working Group on “Financing for sustainable development”\(^2\).

Over the past 10 years, UNCDF core areas of expertise have been in the areas of Inclusive Finance and Local Development Finance.

\(^2\) The NEED TO DE-RISK TO ALLOW PRIVATE CAPITAL TO FLOW TOWARDS DEV. GOALS IS RECURRENT IN THE POST 2015/FFD DIALOGUE (SEE FOR INSTANCE THE FIRST 2 PAGES E.G. “ODA IS INCREASINGLY LOOKED TOWARD TO LEVERAGE PRIVATE FINANCE”). [http://sustainabledevelopment.un.org/content/documents/2091Executive%20Summary-UNTT%20WG%20on%20SDF.pdf](http://sustainabledevelopment.un.org/content/documents/2091Executive%20Summary-UNTT%20WG%20on%20SDF.pdf)
UNCDF has aligned its delivery with that of UNDP. UNCDF has been part of UNDP’s strategic plan and results frameworks for some years; an arrangement that continues in the current 2014-17 strategic planning period. The benefits of this arrangement are mutual. In the 35 LDCs in which UNCDF operates it actively works to complement UNDP’s larger efforts. A large share of UNCDF country programmes are undertaken jointly with UNDP, and in many cases other UN partners – based on clear divisions of labour derived from their respective mandates and comparative advantages. Marc will elaborate shortly on UNCDF’s plans to continue to strengthen the mutually beneficial UNDP-UNCDF partnership.

From UNCDF’s 2013 preliminary results, I am pleased to note that it has had another good year, delivering on both its development and institutional results.
External reviews of UNCDF also continue to rate it strongly, as has the growth and diversification of its non-core resources, with 40% now originating from philanthropic donors.

The situation with respect to regular resources, however, while slightly improved in 2013, is still sub-optimal. Resources accumulated in past years have, until now, been used to complement the core budget but this cannot continue so, unless this trend is reversed, its programme will be affected.

I know from Marc that UNCDF will continue to do all it can to increase its core funding. UNDP’s desire to meet LDC demand in inclusive finance and local development finance was the basis for its proposal, and the Board’s subsequent decision, to include UNCDF in its own programming and funding arrangements.
I finish by commending Marc and his team for exploring new ways UNCDF can draw on its unique mandate to maximize their development impact. Marc has examined ways UNCDF might expand their investment mandate, including potentially establishing an investment vehicle to help LDCs attract private and institutional investment for smaller scale initiatives. This could be an important contribution - channeling additional resources to LDCs; helping countries generate inclusive growth, curb inequalities, and finance MDG sustainable development progress.

Mark, you have the floor.