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REFLECTIONS & RECOMMENDATIONS ON COMPONENT 2 OF THE JOINT SDG FUND

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CONVERGENCE
BLENDING GLOBAL FINANCE

JOINT SDG FUND

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EXECUTIVE SUMMARY

OVERVIEW

The UN Joint SDG Fund (the Fund) aims to close the financing gap to achieve the Sustainable Development Goals (SDGs) in developing countries through systemic action by the UN system. Component 2 of the Fund provides grant funding to initiatives that deliver a demonstration of concept and leverage investment at scale.

Between April 2020 and February 2021, Convergence led an independent evaluation process to evaluate and select initiatives for the 1st Call on SDG Financing for Component 2 of the Fund. 155 Concept Notes were received through the call, and an initial evaluation resulted in 28 shortlisted proposals. Across the shortlisted proposals, the Fund provided a total of $3.7M in preparatory funding as well as Technical Assistance before Joint Programmes were submitted for evaluation. Ultimately, the Fund approved $33.6M for four initiatives which would form the Fund's initial portfolio. Twelve Joint Programmes were selected to receive additional time and support to develop their initiatives before being eligible for resubmission, forming the Fund's initial pipeline.

REFLECTIONS AND RECOMMENDATIONS

The proposals submitted to the Fund were examined alongside Convergence's historical database of blended finance deals. Convergence used this comparative analysis and its unique market position to reflect on the Fund's structure, design and process, discuss themes arising from the evaluation process, provide an analysis on stakeholder engagement and support provided, and comment on the impact of COVID-19 on the 1st Call for SDG Financing through Component 2.

Convergence maintains the largest and most detailed database of historical blended finance transactions in the market. The comparative analysis undertaken indicated that the Joint SDG Fund was able to harness the global reach of the UN system, soliciting blended finance proposals from historically under-represented countries and regions. The Fund was also able to solicit proposals across a wide range of sectors and impact areas, with every SDG targeted across Concept Notes submitted. Historically under-represented sectors such as water infrastructure, waste management, health, and tourism were also featured heavily across proposals. It is evident that the Fund is well positioned to source and support blended finance initiatives from countries and sectors that have previously struggled to attract investment.

Convergence drew upon experience developing and implementing design funding programs to provide reflections and recommendations on fund structure, design and process. Key areas of analysis included fund design, solicitation structure and strategy, pre-application engagement, preparatory funding, and timelines for Joint Programme development.

An analysis of historical blended finance deals captured by Convergence indicates that nearly half of historical deals have been implemented across multiple countries. These multi-countries deals have been able to raise more capital on average than single-country deals. In contrast, the Fund solicited primarily single-country initiatives from UN Country Teams. The Fund may consider soliciting multi-country or regionally focused proposals in order to improve the investability of proposals with small target markets and increase the impact and capital mobilized through the Fund. There was significant variance with regards to the stage of development of initiatives proposed, however each proposal was evaluated with the same criteria and weighting. Structuring the fund to include to include dedicated streams based on stage of development (for example, feasibility study and proof of concept streams) may enable a more targeted approach with tailored supports and funding for each stream.

Each of the 28 shortlisted UN Country Teams were provided with preparatory funding, and Technical Assistance, the latter of which was provided by both the Fund as well as Convergence. Technical Assistance included monthly check-in calls to provide mentoring and coaching, support the identification of consultants, and provide feedback on draft proposals. The Fund also established Investor Advisory Groups to augment the support and provide critical feedback for teams. Following the submission of 28 Joint Programmes, Convergence led and independent evaluation process to ultimately recommend programs for the Fund's portfolio and pipeline.

The support provided to teams and subsequent evaluation provided key insights into Joint Programme development process and final proposal quality. Common pitfalls across proposals included the quality of financing mechanisms proposed, and a lack of engagement, particularly with key private sector investment stakeholders. The Fund could improve the robustness of proposed financing mechanisms by including a dedicated criterion on the strength of the financing mechanism and providing further guidance on financial structuring for applicants. The Fund may also consider adding an eligibility criterion requiring the commitment of a public or private sector investment partner. Another common issue across proposals was complexity, particularly with regard to the number of interventions proposed and number of entities responsible for each intervention. Going forward, the Fund should encourage proposals that focus on a small number of interventions and financing mechanisms, support the use of standardized financial structures where possible, and streamlining roles and responsibilities.

Design-stage/preparatory funding supports transactions that may otherwise be deemed too risky or complex to pursue and can be a useful tool to support blended finance in frontier markets and nascent sectors. The preparatory funding provided was a valuable element of support to UN Country Teams throughout the Joint Programme development process. The Fund should continue to provide preparatory funding and consider tailoring the level and type of funding based on the unique needs and stage of proposals. Similarly, the Technical Assistance and Investor Advisory Group support provided were highly valued elements of the process. These components should be retained, and the Fund could consider further tailoring these components to suit the unique needs of applicants. The Fund may also consider providing additional time for Joint Programme development.

The COVID-19 pandemic has created unprecedented challenges, requiring business, governments, and the donor community to come together to find solutions to build back better. Blended finance can play an important role in the medium-to-long term response to the pandemic, by accelerating economic reconstruction, improving pandemic resiliency, and accelerating efforts towards achieving the SDGs. The Joint SDG Fund has the potential to contribute to this effort, building a strong and globally diverse portfolio of initiatives that convene the necessary stakeholders to advance progress of the 2030 Agenda.

INTRODUCTION

OVERVIEW OF COMPONENT 2 OF THE JOINT SDG FUND

The UN Joint SDG Fund supports countries as they accelerate their progress toward the Sustainable Development Goals. The Fund operates through a series of calls for the United Nations (UN) system that lead to the submission and implementation of Joint Programmes (JPs) by UN Country Teams (UNCTs) and partners. Through these Joint Programmes, the Fund is committed to forge paths and partnerships that unblock public and private capital for the SDGs at scale. The fund is structured as two components. Component 1 reinforces in-country SDG financing architecture, and Component 2 catalyzes strategic investments in key initiatives that advance the SDGs.[1]

Component 1 of the Fund supports the development of financing strategies and enabling frameworks for SDG investment. The 1st Call on SDG Financing for Component 1 resulted in the approval of 62 Joint Programmes. The Fund provided USD $59M alongside $21M of co-funding to develop integrated national financing frameworks, initiate dialogues, alliances, and networks on SDG financing, strengthen the capacities of public and private sectors to develop pipelines of impact-driven investments, and execute feasibility studies for the design of financing solutions that can unlock capital for the SDGs.[2]

Component 2 of the Fund provides catalytic grant capital to unblock public and private financing and accelerate countries towards the SDGs. Grants are provided to countries to demonstrate investment concepts, while support is provided by a consortium of UN agencies, development banks and public and private investors.[3] The fund seeks to provide grant funding to initiatives that deliver a demonstration of concept and leverage investment at scale. Funding is capped at $10M per proposal and is disbursed over a maximum of four years. In addition to programmatic funding, Component 2 provides preparatory funding and technical assistance (TA) to a subset of shortlisted applicants. Throughout 2020, a total of $3.7M in preparatory funding was disbursed to 28 shortlisted proposals.[4] Ultimately, the Fund approved $33.6M to 4 Joint Programmes through 1st Call on SDG Financing for Component 2. These Joint Programmes will form the Fund's initial portfolio. These 4 programs are anticipated to leverage $4.7 billion in additional finance. Additionally, 12 proposals will constitute the Fund's pipeline and receive further support to develop their programs.

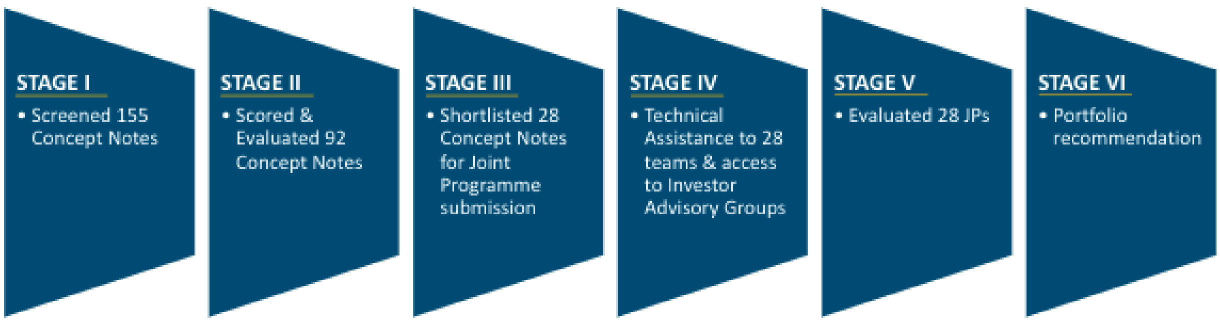
COMPONENT 2 PROCESS: INDEPENDENT EVALUATION AND JOINT PROGRAMME SUPPORT

Between April 2020 and February 2021 Convergence and the Fund ran through a six-stage process of evaluation and support, which kicked off with Stage I: the 1st Call on SDG Financing for Component 2. 155 Concept Notes (CNs) were submitted across 108 countries, and after an initial eligibility check, all CNs moved forward to Stage II: Screening. During the screening stage, Convergence reviewed CNs against technical criteria, and shortlisted 92 proposals for Stage III: Scoring and Evaluation. Convergence convened a panel of expert evaluators for scoring and evaluation, each of whom scored CNs against

[1] Joint SDG Fund. First Call on SDG Financing. Accessed February 2021.
[2] "SDG Financing." Joint SDG Fund. Accessed February 2021. https://www.jointsdgfund.org/sdg-financing
[3] "SDG Invest." Joint SDG Fund. Accessed February 2021. https://sdginvest.jointsdgfund.org/
[4] Joint SDG Fund. First Call on SDG Financing. Accessed February 2021.

technical criteria, and as a result of the evaluation 28 CNs were invited to develop and submit a Joint Programme. In Stage IV, UNCTs were provided with a combination of preparatory funding and TA to aid in proposal development. Investor Advisory Groups (IAGs) were also assembled and acted as a sounding board for UNCTs throughout this stage. Each of the 28 UNCTs submitted a Joint Programme in November 2020. In Stage V, Convergence led an independent evaluation process to review each of the submitted JPs. Following evaluation, four proposals were recommended to be funded and form the Fund's initial portfolio, and twelve proposals were recommended to be moved to the Fund's pipeline, as a part of Stage VI: Portfolio Recommendation. A detailed description of the evaluation process is outlined in the Appendix.

Figure 1: Evaluation Process

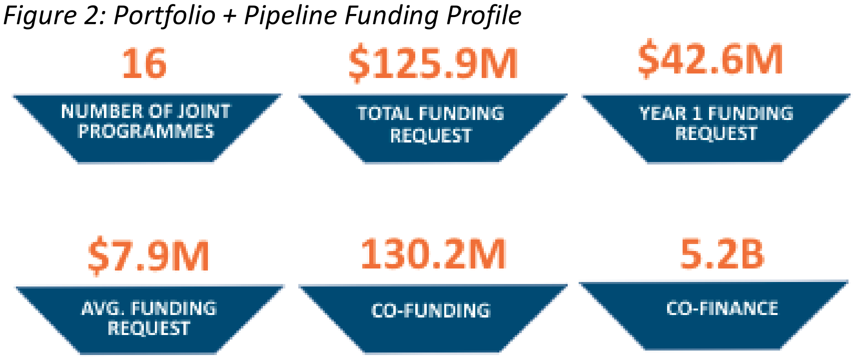


Joint SDG Fund

OVERVIEW OF CONCEPT NOTES AND PORTFOLIO + PIPELINE

The four countries recommended to be funded were Fiji, Indonesia, Malawi, and Uruguay. The twelve countries recommended to be put in the pipeline were Angola, Barbados, Cambodia, Ghana, Jamaica, Jordan, Kenya, Madagascar, North Macedonia, Rwanda, Suriname, and Zimbabwe. Together these applications form the "Portfolio + Pipeline" category in the figures below. Together these JPs requested a total of $125.9M in funding from the Joint SDG Fund, hope to secure an additional $130.2M in co-funding, and leverage over $5B in co-finance. Indonesia alone represents $4.55B in anticipated co-finance leverage, as identified by the UNCT. The remaining 139 applications were rejected at Stage II, III, or V, and together form the "Rejected" category in the comparative figures below.

Figure 2: Portfolio + Pipeline Funding Profile

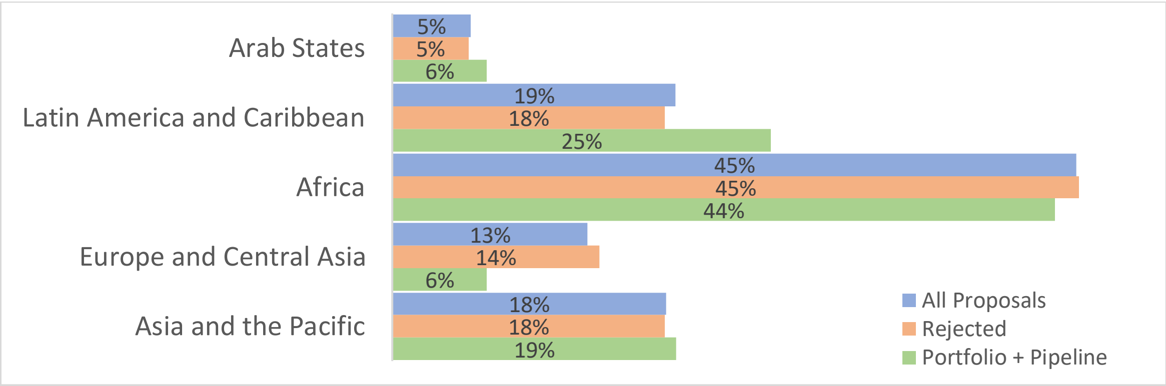


Joint SDG Fund

Figure 3: Portfolio + Pipeline Map

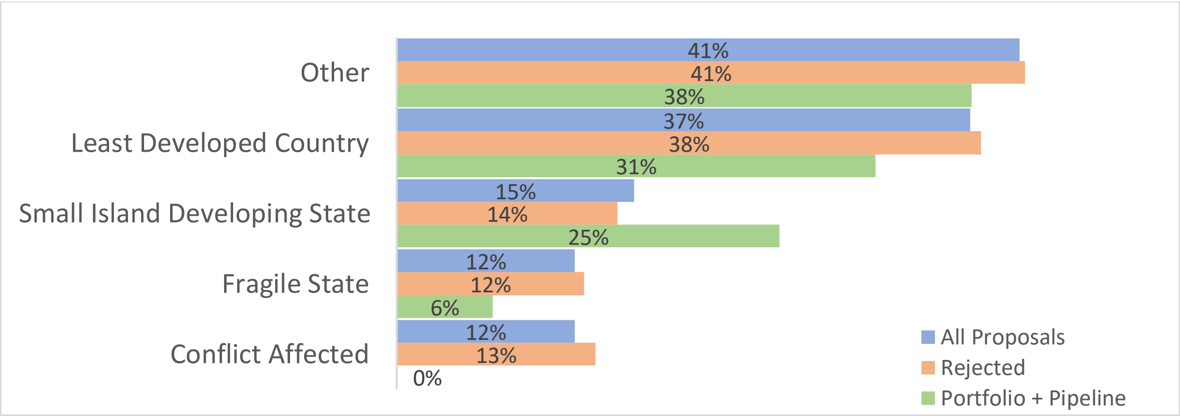
Nearly half of proposals originated in Africa, followed by Latin America and Caribbean and Asia and the Pacific at 19% and 18% of proposals, respectively. A disproportionate number of proposals from the Latin America and Caribbean were approved representing 25% of the final Portfolio + Pipeline, and the Europe and Central Asia region was under-represented in the Portfolio + Pipeline, with only one proposal approved.

Figure 4: Regional Representation



Over one third of proposals were sourced from Least Developed Countries (LDCs). Small Island Developing States (SIDS) were over-represented in the final Portfolio + Pipeline, representing one quarter of proposals, whereas Fragile States and Conflict Affected states were under-represented, with only one Fragile State and no Conflict Affected countries reaching the Portfolio + Pipeline stage.

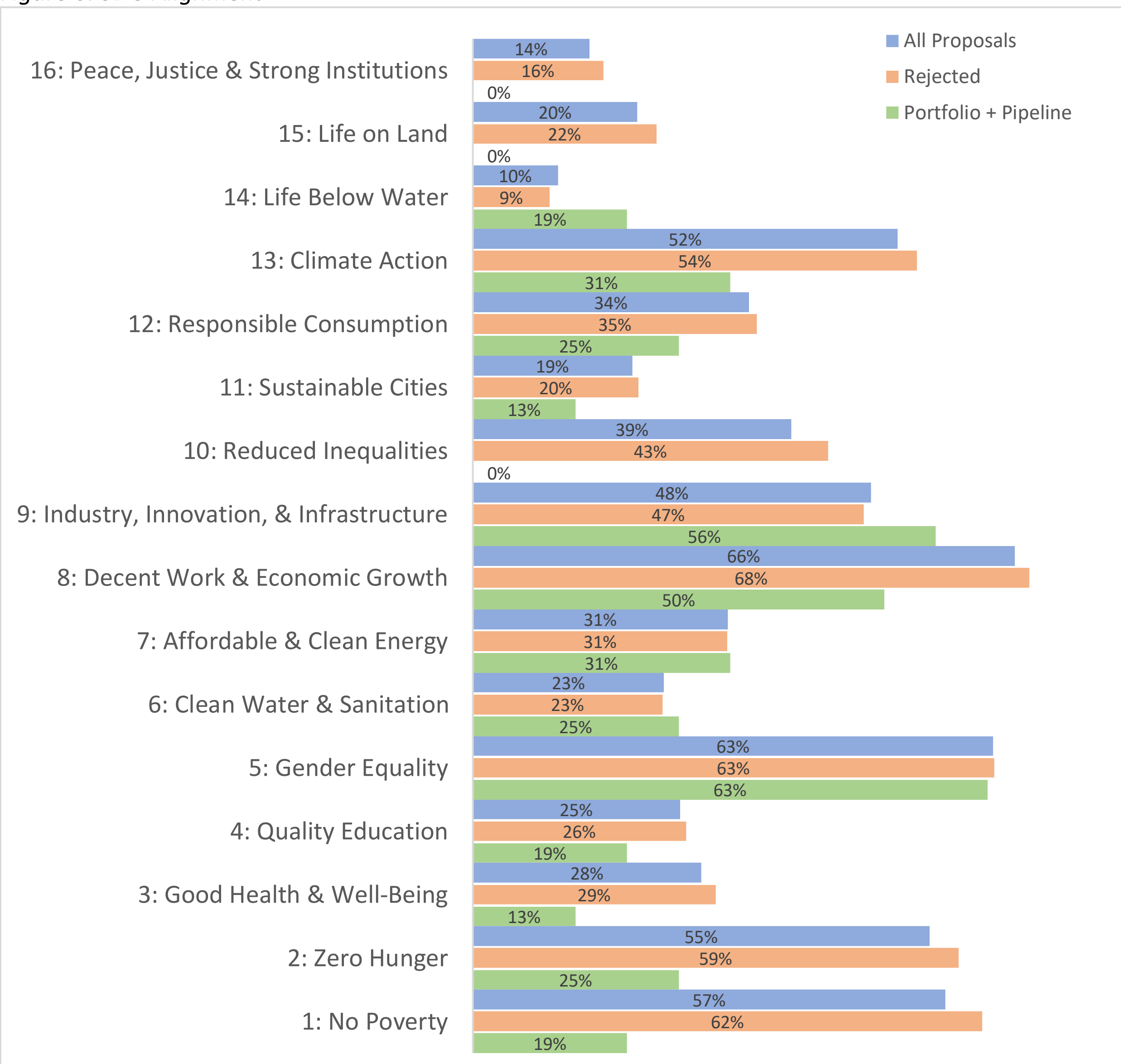
Figure 5: Country Status



The figure below indicates the proportion of proposals that established targets against each SDG. Goal 17 (Partnerships for the Goals) was removed as each proposal inherently seeks to partner to achieve the SDGs, though applicants did not necessarily establish targets for this SDG.

The most frequently targeted SDGs across all proposals were Goal 8 (Decent Work and Economic Growth), Goal 5 (Gender Equality), Goal 1 (No Poverty), Goal 2 (Zero Hunger), and Goal 13 (Climate Action). Across the proposals selected for the Portfolio + Pipeline, Goal 5 (Gender Equality) was the most frequently targeted SDG. This was expected, given the explicit inclusion of gender in the JP proposal template. Goal 9 (Industry, Innovation, & Infrastructure) and Goal 8 (Decent Work and Economic Growth) were each targeted in 50% or more of the Portfolio + Pipeline proposals and were frequently targeted across rejected proposals.

Figure 6: SDG Alignment



REFLECTIONS AND RECOMMENDATIONS

The following section examines the JPs that were successful in being recommended for the Joint SDG Fund's portfolio and pipeline. It draws insights from these JPs through a comparative analysis with the Convergence historical database of blended finance deals. It also reflects on the Fund's structure, design and process, and discusses themes arising from the screening and evaluation of Concept Notes and JPs. It provides an analysis of stakeholder engagement and the support provided to UNCTs throughout the proposal development process. Finally, it provides a commentary on the impact of COVID-19 on the 1st Call for SDG Financing through Component 2. Throughout this section, key insights are framed as reflections, and in some cases specific recommendations are made for consideration going forward.

Several themes were evident in Joint Programmes that were successful in the 1st Call for SDG Financing for Component 2.

- Financing mechanism which is fit-for-purpose to catalyze additional financing for the targeted SDGs in the specific country context
- Strong theory of change with clear links between the proposed interventions and development impact
- Streamlined and focused proposals with a limited number of interventions
- Proposed investment structure aligned with the investment strategy of the target investors
- Demonstrated alignment with national priorities
- Key partnerships with relevant public and private sector stakeholders established, which build on existing initiatives
- Strong potential for a demonstration effect

COMPARATIVE ANALYSIS: PORTFOLIO + PIPELINE AND THE BLENDED FINANCE ECOSYSTEM

Convergence maintains the largest and most detailed database of historical blended finance transactions in the market. It provides deal level data on over 600 blended finance deals in emerging markets, and can be leveraged to develop insights for the Joint SDG Fund.[5] The following section provides a comparative analysis of the sixteen JPs which were recommended to form the Fund's Portfolio + Pipeline, and Convergence's historical deals database.[6] This comparative analysis intends to place the JPs within the blended finance ecosystem, reflect on the unique characteristics of the Fund's portfolio and pipeline, and draw out insights for future calls for proposals.

The regional distribution of Portfolio + Pipeline JPs broadly maps on to historical blended finance trends. For example, 44% of Portfolio + Pipeline proposals originated in Africa, and 40% of historical deals

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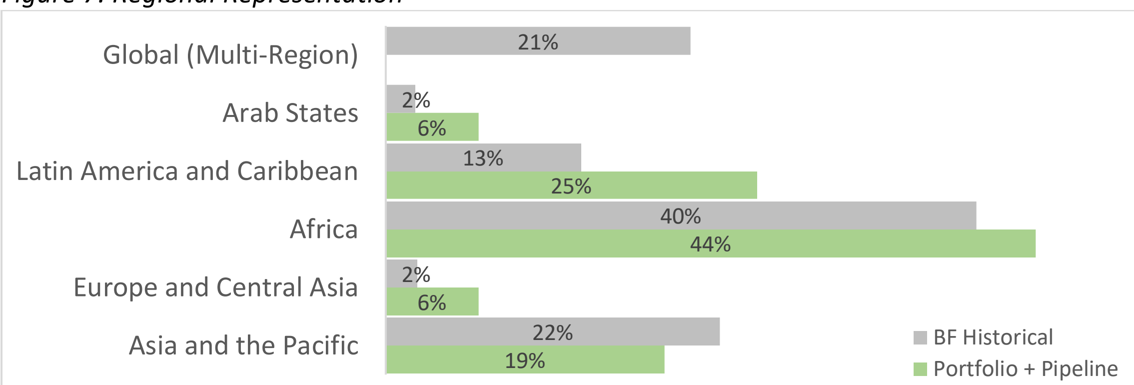
[5] Convergence's Historical Deals Database provides deal level data on over 600 blended finance deals in emerging markets. Convergence defines blended finance as the use of catalytic capital from public or philanthropic sources to increase private sector investment in sustainable development. In order to be included in the database, a deal must meet three main criteria: 1) the transaction must attract financial participation from one or more commercial investor(s) that would otherwise not have invested in the region, sector, or project; 2) the transaction must leverage concessional capital; and 3) the transaction must intend to create development impact related to the SDGs in emerging or frontier markets, or directly impact beneficiaries in emerging or frontier markets.

[6] "Historical Deals Database". Convergence. Accessed February 2021.

captured have focused on Africa. Asia and the Pacific is the second most targeted region in the blended finance sector, representing 22% of deals, with a similar proportion of successful proposals (19%) originating across this region. While Latin America and the Caribbean, has historically accounted for a smaller proportion of blended finance deals at 13%, this region was over-represented in the Portfolio + Pipeline, with 25% of proposals focused on this region. While there has been a decline in transactions targeting this region in recent years, Latin America and the Caribbean may experience renewed interest in the near future, as 35% of transactions currently fundraising, as captured by Convergence, are targeting Latin America and the Caribbean.[7]

A distinguishing characteristic of the proposals to the Joint SDG Fund was that they were primarily single country focused. **This was an intentional design element of the fund's call for proposals and therefore an expected outcome. In contrast, only half (53%) of deals captured in the historical deals database are single country focused.** 27% of captured deals have targeted multiple countries within a single region, and 21% of deals have been implemented across multiple countries in multiple regions. These are captured as "Global (Multi-Region)" in the figure below.

Figure 7: Regional Representation[8]



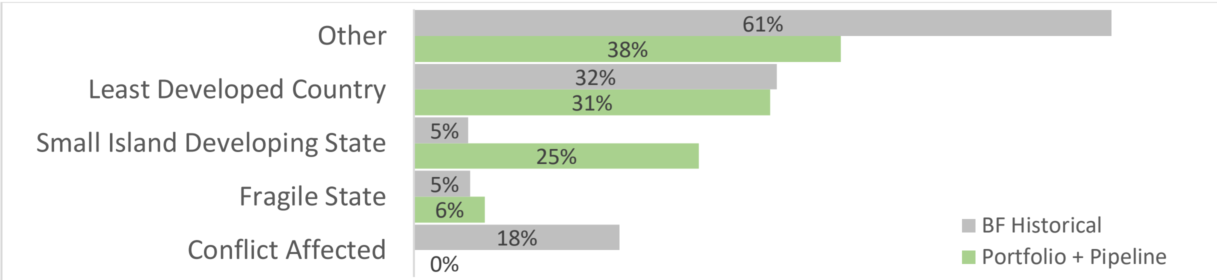
Historically, the majority (two-thirds) of blended finance deals have been implemented in middle-income countries; with a limited presence in countries classified as LDCs, SIDS, Fragile States, or Conflict Affected states.[9] **In contrast, Portfolio + Pipeline projects were much more pronounced in these countries, with only 38% of Portfolio + Pipeline projects sourced from countries, categorized as "Other" in the figure below.** While representation from LDCs mapped closely to historical blended finance deals, SIDS were vastly over-represented in the Portfolio + Pipeline, with four of the sixteen proposals originating in this category.

[7] "The State of Blended Finance 2020". Convergence. October 28, 2021.
https://www.convergence.finance/resource/1qEM02yBQxLftPVs4bWmMX/view

[8] For the purposes of this white paper, regional designation is based on the UN Sustainable Development Group's Regional Collaborative Platforms.*8* Deals were classified as Global (Multi-Region) if they were implemented in more than one region. Deals for which a single country had not been identified were coded as being multi-country.

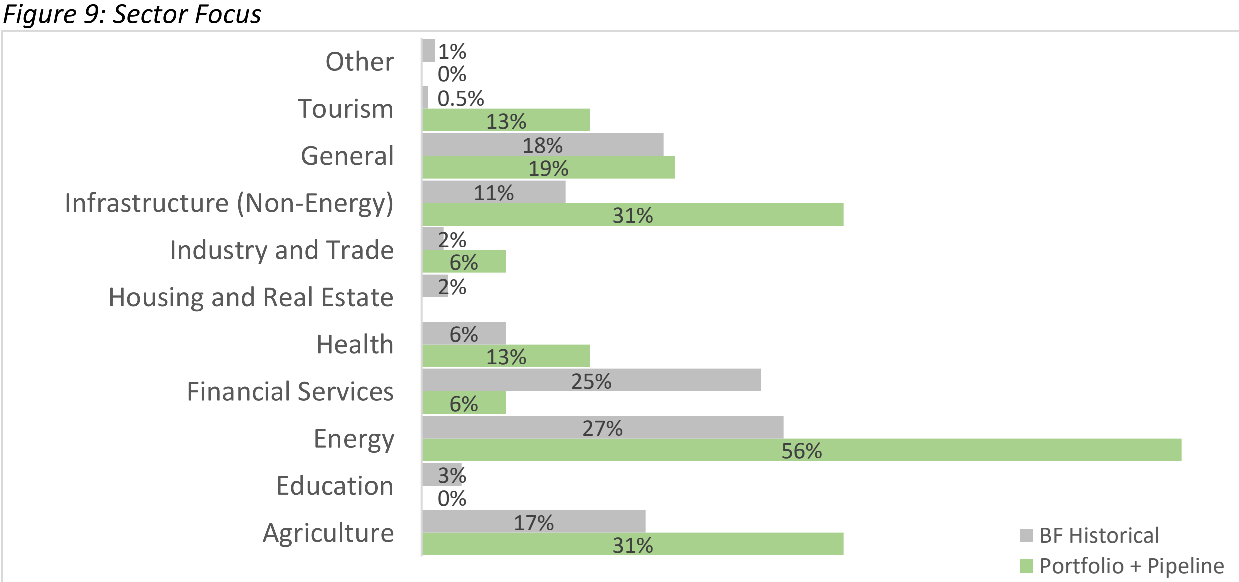
[9] "The State of Blended Finance 2020". Convergence. October 28, 2021.
https://www.convergence.finance/resource/1qEM02yBQxLftPVs4bWmMX/view

Figure 8: Country Status[10]



The most frequently represented sector in the database is energy, with inclusion in over one quarter of historical deals. Similarly, energy was a focus for over half of the JPs that made it to the Portfolio + Pipeline stage. Despite 25% of database deals including a focus on financial services, only 6% of successful proposals had a focus on this sector. Tourism and health each had representation in 13% of Portfolio + Pipeline projects. **31% of Portfolio + Pipeline proposals focused on agriculture, compared to only 17% of historical deals**. Similarly, 31%, or 5 of the 16 Portfolio + Pipeline proposals included **non-energy infrastructure as a focus**. In three of these projects the sub-sector targeted water or waste management infrastructure, and two targeted transportation infrastructure. This is compared to only 11% of database deals focused on non-energy infrastructure. These findings represent an ability of the Joint SDG Fund to **source blended finance transactions from typically under-represented sectors, that are often difficult to finance through conventional financing mechanisms.** This may be due to the strong relationships that participating UN agencies have with both local partners and host country governments. While blended finance has mobilized a significant amount of capital (approximately $11 billion per year over the course of 2014-2019), it only represents a small fraction of the financing needed to achieve the SDGs in developing countries.[11] **The Joint SDG Fund is well positioned support blended finance initiatives in sectors and regions that have previously struggled to attract investment.**

Figure 9: Sector Focus



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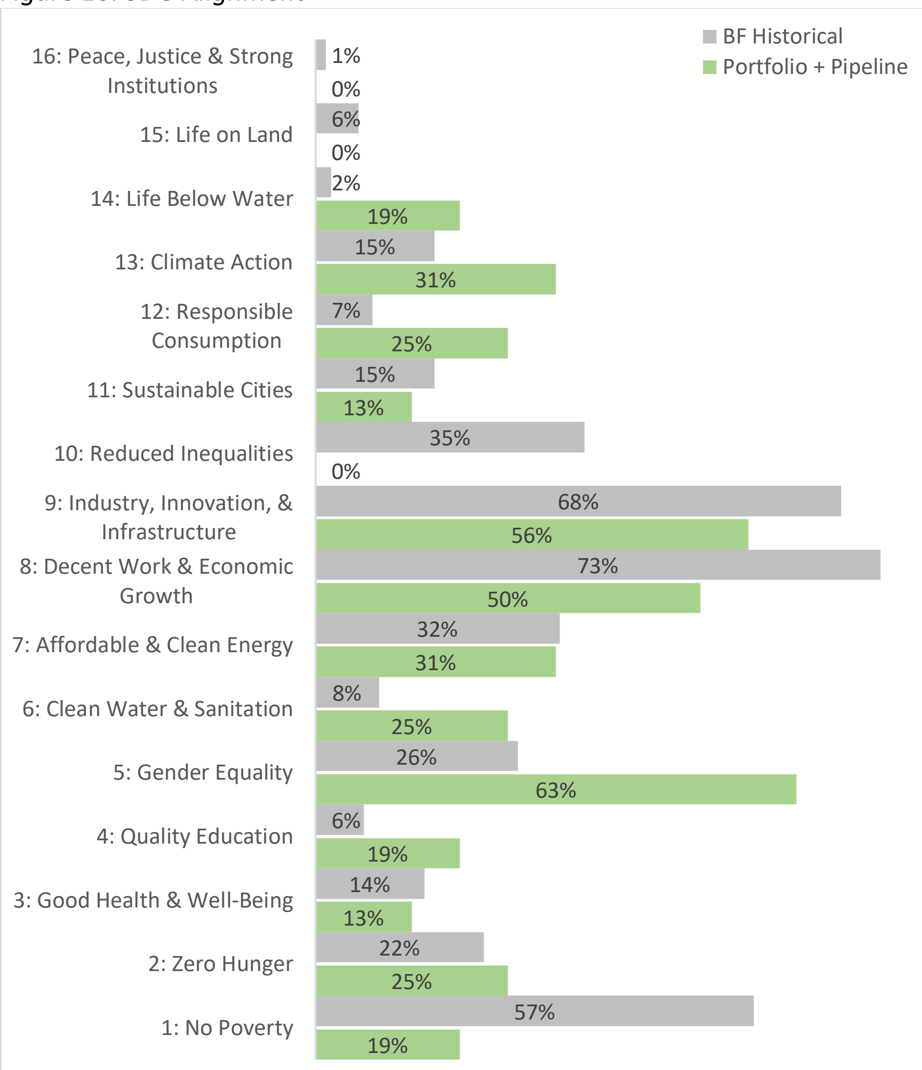
[10] 122 of 609 deals in the historical deals database do not specify a specific country or countries. The proportions in the figure above are based on a total deal denominator of 609.

[11] "The State of Blended Finance 2020". Convergence. October 28, 2021. https://www.convergence.finance/resource/1qEM02yBQxLftPVs4bWmMX/view

Blended finance can only address the subset of SDGs and underlying business models that are investable. As such, historical blended finance deals have been highly aligned with goals such as Goal 8 (Decent Work and Economic Growth) and Goal 9 (Industry, Innovation and Infrastructure), but have been less aligned with SDGs such as Goal 16 (Peace, Justice and Strong Institutions), and Goal 4 (Quality Education).[12] The Portfolio + Pipeline proposals mapped on to some of these findings, with significant targeting of Goal 9 (Industry, Innovation and Infrastructure) and Goal 8 (Decent Work and Economic Growth). However, the most frequently targeted SDG was Goal 5 (Gender Equality). As discussed, this was an expected finding given the structure of the proposal templates. Portfolio + Pipeline proposals also frequently targeted Goal 14 (Life Below Water), Goal 13 (Climate Action), and Goal 12 (Responsible Consumption). In each of these cases, targeting by the successful proposals far exceeded historical blended finance deals captured.

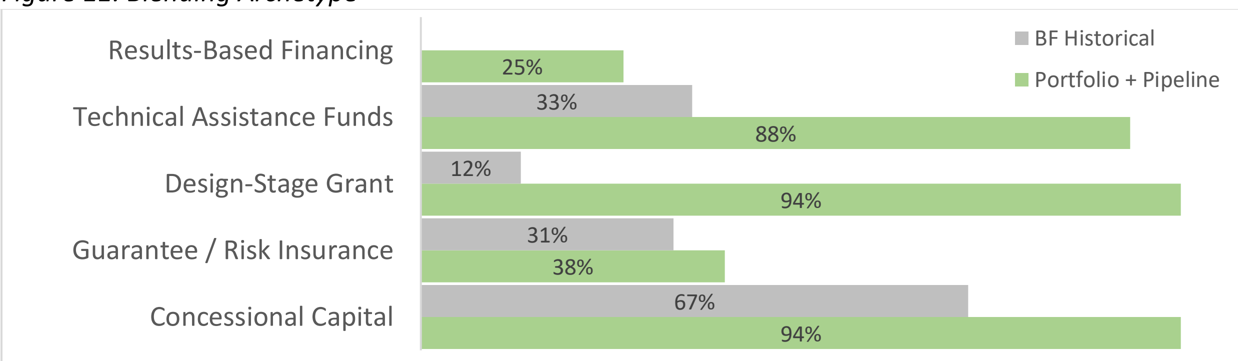
Figure 10: SDG Alignment



[12] "The State of Blended Finance 2020". Convergence. October 28, 2021. https://www.convergence.finance/resource/1qEM02yBQxLftPVs4bWmMX/view

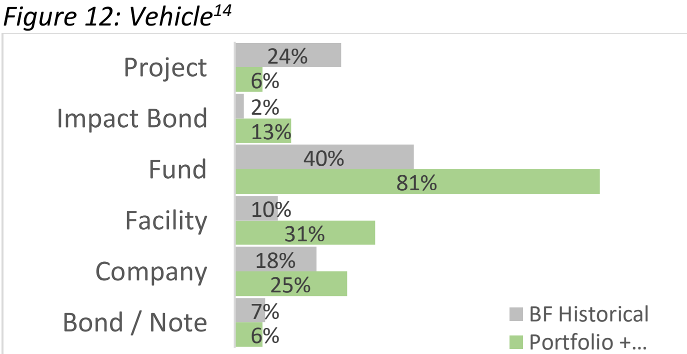
Convergence identifies several common blending archetypes.[13] In the historical deals database, the most common approach has been concessional capital, in which public or philanthropic investors provide funds on below-market terms within the capital structure to lower the overall cost of capital or to provide an additional layer of protection to private investors. **94% of the Portfolio + Pipeline targeted concessional capital in their interventions. 88% of successful proposals propose the use of technical assistance funds, compared to only one third of historical blended finance deals captured. The proposed use of guarantees at 38% of Portfolio + Pipeline proposals maps on to the 31% of database deals.** One quarter of proposals plan to leverage results-based financing. Given the provision of preparatory funding from the Joint SDG Fund, all but one of the proposals were classified as using design-stage grants, whereas only 12% of captured deals have leveraged these grants.

Figure 11: Blending Archetype



Convergence tracks blended finance structures according to five vehicle types: projects, bonds (including impact bonds), funds, facilities, and companies. Funds (including equity funds, debt funds, and funds-of-funds) have consistently accounted for the largest share of blended finance with 40% of historical transactions captured. This is reflected in successful proposals, with over 80% of Portfolio + Pipeline JPs planning to use this vehicle type. Projects and companies also represent a significant number of historical transactions, with 24% and 18% respectively. Only one Portfolio + Pipeline project is structured as a project, and two plan to implement at a company level. Impact bonds are over-represented in the successful proposals, with two (13%) of proposals planning on implementing these vehicles. Facilities are also over-represented with nearly one third of Portfolio + Pipeline using these vehicles compared to 10% of historical deals captured.

Figure 12: Vehicle[14]



[13] "The State of Blended Finance 2020". Convergence. October 28, 2020.
[14] Each deal in the historical deals database is coded with a single vehicle, however given the multi-intervention focus of the JPs, all but one propose the use of multiple vehicles.

FUND STRUCTURE, DESIGN & PROCESS

SOLICITATION SUCCESS, GEOGRAPHIC AND SECTORAL REACH

The 1st Call on SDG Financing for Component 2 resulted in 155 Concept Notes being submitted from 108 developing countries. Across Convergence's database of 609 historical deals, blended finance has been implemented in 120 developing countries. As such, **the ability of the Joint SDG Fund to solicit globally dispersed proposals is notable. Furthermore, seventeen proposals to the Joint SDG Fund were from countries which do not have deals captured in Convergence's historical database, and three of these countries were successful in reaching the pipeline.** A further six proposals originated from countries for which only one blended finance deal has been captured and. eleven proposals were sourced from countries that have only had two deals captured.[15]. **It is clear that the UN system provided a distinct benefit of the ability to reach a globally dispersed set of UNCTs and catalyze proposal development from countries that have not seen a significant amount of historical blended finance activity.**

UNCTs also had an excellent understanding of local context and in many cases ensured that JPs were highly aligned to national priorities. The engagement of UNCTs provided on-the-ground insights and networks that may have been difficult to acquire in their absence. **Critically, 92% of UNCT survey respondents indicated that they planned to continue working on their proposals even if not selected for funding. [16] Going forward the Fund may want to explore opportunities to support UNCTs that were not successful in the initial funding round to further develop their concepts.**

The 1st Call on SDG Financing also saw strong diversification in terms of sector focus. Specifically, **tourism, waste management infrastructure, and health were overrepresented** in successful proposals compared to deals captured in Convergence's historical deals database.

FUND DESIGN

Target Markets

53% of deals captured in the historical blended finance database have been implemented in single countries, with the remainder (47%) being implemented across multiple countries. The average historical deal size in single country deals has been $215M, whereas multi-country deals have seen an average deal size of $273M, indicating an ability of multi-country deals to raise 1.27x the amount of capital. Furthermore, some single country target markets are likely to be too small to allow for sufficient pipeline to make financing instruments feasible without looking across borders.

> **Recommendation 1: The Fund should consider encouraging multi-country or regional proposals. Doing so could improve the investability of proposals with small target markets, and potentially increase the development impact and the overall capital mobilized through the Fund.**

Stage of Development

Applicants were required to delineate previous relevant programming, results achieved to date, and provide an analysis and feasibility assessment. **Evaluators indicated that there was significant variance among JPs with regards to the stage of development, and UNCTs themselves identified significant variance in financial vehicle/instrument stage of development in the survey administered by the Fund.**

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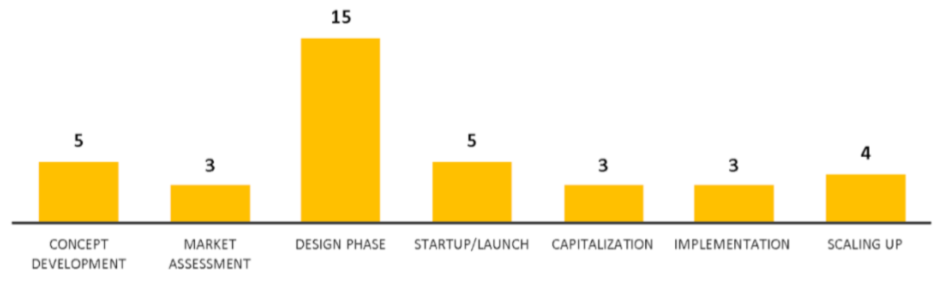
[15] It should be noted that Convergence's historical database is not exhaustive. The database captures transactions which have been made public and tend to have received participation from globally oriented institutions.

[16] Joint SDG Fund. Annex III: UN Country Team Survey – Summary. Accessed February 2021.

They also identified variance in the stage of vehicle, with 10 brand new vehicles, 12 new vehicles in existing institutions, and 5 focused on scale up of existing vehicles[17]. However, all of the applicants applied to Component 2 using the same application template and were evaluated with a common set of evaluation criteria and weighting. Each applicant was also eligible to receive the same range of preparatory funding and support and was applying for a set amount of funding for JP implementation. Although JPs could receive some bespoke advice and support through the TA and IAG processes, the Joint SDG Fund executed the 1st Call for Proposals for Component 2 with a one-size-fits-all approach.

Figure 13: Financial Vehicle/Instrument Stage of Development[18]



Joint SDG Fund

Recommendation 2: The Fund should consider structuring future calls for proposals to include multiple streams. These streams could be established to source applications according to their stage of development. For example, Convergence's Design Funding Windows include a Feasibility Study stream for earlier-stage applications, and a Proof of Concept stream for later-stage applications. The Feasibility Study streams seek to fund activities such as assessing the investability of a financing mechanism, conducting market scoping, and developing vehicle structures. The Proof of Concept streams look to fund initiatives that require resources for the final design and structuring of initiatives, such as finalizing the capital structure, financial modeling, establishing legal entities, producing key investor documents, and raising capital. The Fund could follow a similar approach and tailor it to suit the type of funding provided (e.g. investment stage grants). Each stream could have both customized application and evaluation templates reflecting the unique characteristics and needs of applicants. For example, later-stage Proof of Concept applications could be held to higher standards with regards to private sector engagement and support. These streams could apply across all stages of application, including Concept Notes and Joint Programme development. Preparatory funding and technical assistance support could be tailored according to the different needs of proposals in each stream.

Evaluation Criteria

The Joint SDG Fund provided an evaluation matrix which evaluators used to assess and score Joint Programmes. The matrix included a Quality Review Checklist (see Annex B) which was designed to ensure each JP submitted information across critical components that was sufficient to complete an evaluation. The matrix also included Technical Review Criteria (see Annex C) against which evaluators based both quantitative and qualitative assessments. The Joint SDG Fund & Convergence hosted a webinar for evaluators prior to the evaluation of shortlisted JPs, to facilitate consistency in approach across evaluators. Each evaluator completed the evaluation matrix for each of their assigned JPs.

[17] Joint SDG Fund. Annex III: UN Country Team Survey – Summary. Accessed February 2021.

[18] "The State of Blended Finance 2020". Convergence. October 28, 2020.

Recommendation 3: The Fund should continue to hold webinars with evaluators to ensure broad understanding of the evaluation matrix and consistency in evaluator approach. The Fund should continue providing evaluators with indicative scoring ranges that inform funding ranges. For example, a score above 70/100 could indicate a willingness to include in the Fund's portfolio, whereas a score between 60-70/100 could indicate a willingness to include the JP in the Fund's pipeline.

Generally, evaluators completed the Quality Review Checklist as expected. In some instances, evaluators indicated that a Quality Review Checklist item was not met, where other evaluators had indicated the same item was met. This may have been in part due to a lack of descriptions for individual Quality Review Checklist items. These items were also a mix of objective items (e.g. completion of the template) and subjective items (e.g. adequate partnership strategy). Going forward the Fund could provide descriptions of each of the items to ensure they are treated similarly across evaluators.

Each technical review criterion was associated with a weighting, which was used to calculate the overall scoring for JPs. The three broad categories of criteria were weighed as such: relevance (40%), risk (delivery and operations) (30%) and portfolio fit (30%). Going forward, the Fund could consider adjusting the weighting of individual criteria depending on the goals of an individual call for proposals. For instance given the focus on mobilizing additional financing for SDGs, the weightage given to the anticipated leverage of the proposals could be increased.

While blended finance has mobilized a significant amount of capital (approximately $11 billion per year over the course of 2014-2019), it only represents a small fraction of the financing needed to achieve the SDGs in developing countries.[19] The Joint SDG Fund is well positioned support blended finance initiatives in sectors and regions that have previously struggled to attract investment. Given its unique position, the Joint SDG Fund should increase its focus on soliciting ambitious and value-for-money solutions for financing the SDGs at the appropriate scale.

Recommendation 4: The Fund should consider adding a technical review criterion focused on the strength & robustness of the financing mechanism(s) proposed. This could serve to source proposals with more fully developed and robust financing mechanisms, which was a common weakness across proposals. If the Fund were to launch a solicitation for both Feasibility Study and Proof-of-Concept proposals, the expected stage of development of the financing mechanism(s) proposed would vary according to the type of proposal submitted.

Recommendation 5: The Fund should consider adding an eligibility criterion that would require JPs to identify a public or private sector investor partner that has committed, in principle, to the specific financing mechanism(s) proposed. This requirement could be made specific to later stage proposals. For example, if the Fund were to launch a solicitation for both Feasibility Study and Proof-of-Concept proposals, this may only be a relevant requirement for Proof-of-Concept proposals, as earlier-stage proposals may not have a sufficiently developed financing mechanism to secure commitments. Evidence of this commitment could be required alongside the submission of the JP.

CONCEPT NOTE AND PRE-APPLICATION ENGAGEMENT

The Concept Notes submitted to the Fund showed strong diversification in terms of sector and impact focus as well as the types of interventions proposed. All of the SDGs were targeted across portfolio of CNs, representing significant diversity in impact themes. Each of the common blended finance archetypes was present across CNs, and the Portfolio and Pipeline projects alone represented over 18 sub-sectors. This diversity was a significant and positive signal, as it displayed the ability of the Joint SDG Fund to source proposals from underrepresented regions, sectors, and impact themes. However, the variance in quality of CNs submitted initially was also significant. The reflections and recommendations herein are intended to aid in streamlining the Fund's processes and enable improvement in application quality.

There were come common weaknesses in concept notes that did not move forward in the evaluation process. Lack of details regarding a vehicle's ability to draw in private and public capital was a commonly cited weaknesses in rejected CNs. Many CNs did not explicitly express any intention to crowd in public or private finance, and in many cases the leverage of finance was insufficient. **Furthermore, many CNs were not clear in their description of the financing mechanism, displayed a limited understanding of both financial markets and the distinct roles for different types of capital providers**. This made it challenging for the evaluators to assess the innovation, value proposition, and additionality of the concept. Some CNs did **not offer a clear pathway to scalability and replicability**, and many did not identify relevant partners for implementation. **Stakeholder engagement, particularly private sector engagement, was a frequently under-developed** component of the concept notes. Specifically, the lack of prospective investor engagement resulted in a significant number of proposals in which there was very little support and rationale for the specific financing mechanism. In sum, many of the CNs submitted had significant gaps and were misaligned to the Joint SDG Fund's objectives. A more streamlined approach for solicitation of initial concept notes may result in a smaller pool of applications that are closely aligned to the Fund's objective.

Recommendation 6: Prior to and following the launch of a call for proposals, the Fund should consider hosting a series of webinars with prospective applicants in order to clearly articulate and explain the Fund objectives, technical requirements, and evaluation criteria. In these webinars, the Fund could incorporate presentations from past funding recipients on their initiatives in order to provide further insights to prospective applicants. The Fund could facilitate a panel discussion with past funding recipients to provide insights on the process from application to Technical Assistance and IAG engagement.

Recommendation 7: Following the launch of a call for proposals, the fund should consider giving each prospective applicant the opportunity to have a preliminary call with the Fund. This would provide another opportunity for the Fund to guide applicants to develop strong proposals and screen out misaligned proposals. Applicants could be connected with prior funding recipients developing similar interventions in order to receive advice and support.

PREPARATORY FUNDING

Design-stage funding supports transactions that may otherwise be too risky or complex to pursue. In the blended finance ecosystem, design-stage funding has been particularly focused on companies, providing critical support to early-stage businesses that require capital but face challenges in finding investors. Design funding can be a particularly useful tool for supporting the development of blended finance solutions in frontier markets and nascent sectors. For example, conservation projects have been twice as likely to benefit from design-stage grants relative to the overall market.[20] As a part of Component 2, the Joint SDG Fund provided preparatory funding of $3.7M across 28 Joint Programmes. This design-stage funding provided critical support to the UNCTs. Aligning with historical design funding activity, the Joint SDG Fund was able to support the development of blended finance vehicles in both frontier markets and nascent sectors.

Recommendation 8: The Fund should continue to provide preparatory funding to promising concepts under development.

Recommendation 9: The Fund should consider tailoring the level and type of funding based on the unique needs and stage of the proposals. For example, the Fund could award smaller amounts of funding for innovative concepts that are at an early stage and need to undertake a feasibility assessment.

TIMELINES FOR JOINT PROGRAMME DEVELOPMENT

In the UNCT Survey, 73% of survey respondents indicated either time to develop Joint Programmes was sufficient but more time would have helped (62%), or that the time provided was insufficient (11%).[21] Some of the timeline struggles may have been a result of the impact of COVID-19 on teams' abilities to operate effectively as COVID-19 was cited as the single greatest challenge faced by UNCTs in the preparatory phase. Several UNCTs cited difficulty in recruiting and onboarding consultants to support in JP development.[22] Anecdotally there were instances in which hiring external consults required 1 – 2 months of the 4 months provided for JP development between August and November 2020.

Recommendation 10: The Fund should consider augmenting the pre-approved roster of expert consultants. This roster could be provided to JPs in order to reduce the time required to hire consultants and instead focus time on JP development.

Recommendation 11: The Fund could consider providing additional time for teams to develop JPs. Time provided to develop JPs could be dependent on the solicitation stream.

STAKEHOLDER ENGAGEMENT & SUPPORT

TECHNICAL ASSISTANCE SUPPORT

Technical Assistance proved to be a valuable element of Component 2 process. 98% of the UNCTs were satisfied with the technical support provided with 44% of UNCTs expressing a high degree of satisfaction.[23]

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[20] Bery, A, "Blended finance for gender equality needs design funding," Convergence (blog), March 28, 2019, https://www.convergence.finance/news-and-events/news/3YuY8OvK96dFomtV29sBTn/view

[21] Joint SDG Fund. Annex III: UN Country Team Survey – Summary. Accessed February 2021.

[22] Joint SDG Fund. Annex III: UN Country Team Survey – Summary. Accessed February 2021.

[23] Ibid

A significant proportion of UNCTs recommended that the Fund continue to provide or develop additional TA support. Specific recommendations were to continue or develop new support related to direct technical support, review of draft documents, investment facilitation, webinars, and facilitating peer learning.[24] The majority of UNCTs were focused on the financial instrument design phase, and one evaluator indicated that many Joint Programmes required support on the financing structure and recommended that having more tailored TA support would be valuable.[25]

> **Recommendation 12: The Fund should retain technical assistance support as a key component of the application development and support process, retaining a focus on general support, proposal formulation, and draft document review.**

The Fund could consider a more structured approach to TA provision, including a set schedule of focused TA sessions. UNCTs would be requested to submit any documents or deliverables well in advance of the scheduled sessions to give TA providers sufficient time to develop meaningful feedback. The Fund could also augment the TA to include more targeted support in financial structuring and investment facilitation. This would complement support received from the Investor Advisory Groups and provide teams with capacity to implement to implement advice and feedback received from Investor Advisory Groups.

INVESTOR ADVISORY GROUP (IAG) SUPPORT

92% of UNCTs indicated that engagement with IAGs was either beneficial (52%) or somewhat beneficial (40%) to their work. Furthermore, 84% of UNCTs indicated that the team would have benefited from stronger interaction with the IAG.[26] Similarly, a significant number of members of the IAGs were highly satisfied or satisfied across their participation, including relevance of topics covered and the logistics of the process.[27]

The top recommendations from IAG members for more effective interaction between IAG and UNCTs were to provide key information about proposals prior to the meetings, provide more dedicated time per proposal and provide more time for Q&A. Furthermore, leading recommendations from IAG members gleaned through the investor survey included follow-up one-on-one discussions with selected proposals, direct coaching of UNCTs, engagement focused on specific challenges faced by UNCTs.[28]

Notably, approximately 50% of IAG survey respondents were either neutral or dissatisfied with the quality of presentations from the UNCTs[29]. Several evaluators also indicated that UNCTs required more private sector partnership and validation throughout the proposal development process.[30] Across stakeholder groups and Fund support elements it is evident that more tailored and focused support is required. The Fund could also consider breaking out IAGs into more targeted groups in order to focus expertise on relevant JPs and allow for deeper engagement with individual UNCTs

> **Recommendation 13: The Fund should retain Investor Advisory Groups as a key component of the application development and support process. The Fund should consider refining the**

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[24] Ibid
[25] Evaluator, in discussion with the author, January 2021
[26] Joint SDG Fund. Annex III: UN Country Team Survey – Summary. Accessed February 2021.
[27] Joint SDG Fund. Annex IV: Investor Survey Summary. Accessed February 2021.
[28] Ibid
[29] Ibid
[30] Evaluators, in discussion with the author, January 2021

scope and terms of reference for the IAGs for the benefit of both investors and UNCTs, in order to facilitate greater alignment on the purpose of IAG engagement.

Recommendation 14: The Fund should consider increasing the number of support touchpoints with teams prior to engagement with IAGs to increase support and improve quality of materials presented to the IAGs.

Recommendation 15: The Fund should consider developing a standardized format for presentations to the IAGs.

GENDER

Design funding can also be used to bolster the impact of blended finance solutions. Gender related deals, blended finance deals that have targeted – in full or in part – gender objectives aligned with SDG 5 (Gender Equality), represent 25% of the total number historical deals captured in Convergence's database, but only 8% of the aggregate value of blended finance deals to date. Gender-related deals have been more likely relative to all blended finance deals to use design-stage funding, whether gender is a principal focus (7%), or a partial focus (24%). Design-funding can be a useful tool for integrating a gender lens in blended finance deals by 1) prioritizing gender from the outset with properly aligned incentives; 2) building a strong pipeline of investment-ready investees for gender-related deals; 3) developing a comprehensive gender methodology; and 4) supporting blended finance transactions in regions with a low gender focus such as Sub-Saharan Africa.[31]

The Fund's focus on gender was important in incentivizing UNCTs to incorporate a gender lens into program. The fund organized a webinar on the inclusion of gender equality, for the 28 Joint Programmes in the TA phase. As part of the webinar, UNCTs were introduced to the Gender Equality Marker (included in every Joint Programme as Annex 3) and were given guidance on how to incorporate an approach to gender equality for their final proposal. The UNCTs were given access to key guidance documents from the UN system and had the opportunity to discuss their proposal and gender equality approach, with experts from the UN Women team. Gender was the most frequently targeted SDG in proposals that were recommended to be a part of the Portfolio + Pipeline, and the second most targeted SDG across all proposals.

Recommendation 16: The Fund should continue to focus on gender as a key element of JPs. The Fund should consider providing additional targeted support to JPs on gender throughout the TA and IAG processes.

KNOWLEDGE SHARING, PEER LEARNING, AND TRAINING

There is potential for increased knowledge sharing among UNCTs and training from professionals in the relevant sectors. For example, in future iterations, UNCTs from this round could provide lessons learned and share their experiences with prospective applicants. Potential matching of past UNCTs with current teams, based on geographic or sectoral focus, can help shape stronger proposals and eliminate some of the issues faced during the initial stages.

[31] Bery, A, "Blended finance for gender equality needs design funding," Convergence (blog), March 28, 2019, https://www.convergence.finance/news-and-events/news/3YuY8OvK96dFomtV29sBTn/view

In order to maintain a balance between theoretical and practical training, deploying targeted trainings/webinars through third party practitioners can benefit the participating UNCTs and enhance capacity building for blended finance. These can be a good opportunity to familiarize UNCTs with country perspectives and best practices from existing SDG financing interventions and in turn facilitate country and agency peer exchanges. Covering the main blended finance archetypes and instruments, through sector-specific trend analyses, practical case studies, group discussions and interactive presentations, will allow participants to develop an understanding of how blended finance projects and funds are structured. It will also enable them to overcome challenges they face in designing and structuring their vehicle. For instance, in this year's iteration, Convergence, UNCDF and OECD conducted a webinar for the UNCTs, during the TA phase, to explain the concept of leverage in blended finance, and help shape the leverage calculations for the Joint Programmes. The webinar had 399 registered participants, with a 98% satisfaction rate. 97% of attendees confirmed the acquisition of new knowledge and the willingness to participate in future webinars. Similar webinars, targeting specific sectors and topics relevant to the implementing teams, could prove to be useful in future iterations.

ADDRESSING COMPLEXITY IN PROPOSALS FROM UNCTS

A frequently cited issue across both Concept Notes and JPs was that **the proposals were overly complex**, particularly with regards to the number of interventions proposed. Complexity was exacerbated in instances where multiple financial instruments were proposed by separate agencies without a clear supporting rationale for which would be suitable in the given context. The average Portfolio + Pipeline JP contained between two and three blended finance archetypes, excluding the design-stage grants received from the Joint SDG Fund. 94% of the Portfolio + Pipeline JPs involved more than one blended finance archetype. In contrast only 39% of historical blended finance deals captured in Convergence's database have involved more than one archetype. Furthermore, the across all Concept Notes, the average number of SDGs targeted was 6.3, not including SDG 17. Across Portfolio + Pipeline projects, this reduced to an average of 3.9 SDGs. In contrast, across the deal database an average of 2.9 SDGs were targeted, excluding SDG 17.

Another factor that contributed to proposal complexity was governance structures in the JPs, especially for the proposed financing mechanisms. **Evaluator feedback indicated that the roles and responsibilities of partners engaged was often unclear.** Partners were often named as responsible for elements of the JP which did not match their institutional capabilities or capacities.[32] This lack of clarity and mismatching of stakeholder roles contributed to JP complexity. Further guidance for UNCTs and partners on the necessary capacities and capabilities for implementing blended finance transactions may be instructive for future calls for financing.

In April 2020 Convergence published a report which identified key recommendations for how to mobilize private sector capital at scale. One of the observations from this report described a disconnect between the donor community, who are increasingly looking for innovative vehicles which showcase complex and additional forms of capital, and institutional investors, who seek standardized products that are familiar and accessible. Investors recommend simplification around a limited number of blended finance approaches, and standardization of the investment assets available for investment. The report

[32] Evaluators, in discussion with the author, February 2021

recommended that blended finance structures should aim to reduce complexity by standardizing structures to attract private investors at scale.[33]

> **Recommendation 17: The Fund should encourage proposals that focus on a small number of interventions and financing mechanisms. The Fund should encourage applicants to reduce complexity by using standardized financial structures, where possible.**
>
> **Recommendation 18: The Fund should encourage applicants to streamline their focus to target specific SDGs for which they can achieve meaningful impact and establish measurable, attributable, and achievable metrics and targets.**

NOTE ON THE IMPACT OF COVID-19

The COVID-19 pandemic has presented an unprecedented challenge to the global community, requiring businesses, governments, and the donor community, to work together in the face of human tragedy. While in the immediate term, traditional aid has been crucial in responding to the global health crisis, and to the economic upheaval engendered by the pandemic, blended finance can play an important role in the medium-to-long term response to the pandemic. Blended finance can contribute to the efforts to build back better in two ways; first, in accelerating economic reconstruction, improving pandemic resiliency and responding to the global health crisis (where possible), and secondly, in turbocharging our collective efforts towards achieving the SDGs and leading to a green and inclusive recovery.[34]

The pandemic and the magnitude of the challenge the world faces have changed and evolved since the 1st Call on SDG financing for Component 2 was issued by the Fund in Dec 2019 and the initial round of concept notes were submitted in February – March 2020. It is not surprising then that most proposals submitted to the Fund were not directly addressing the health & humanitarian response from COVID-19 but most of them would at least indirectly contribute to economic reconstruction & resilience in developing countries. Over the last year government budgets, especially in developing countries, have been strained by the pandemic, and it is the developing countries where the human and economic toll will be deepest. While the governments play a critical role in the recovery and rebuilding efforts, it is imperative that solutions to finance the SDGs are designed that attract private investment at scale, to close the financing gap. Going forward, in a subsequent iteration, there is an opportunity for proposals supported by the Fund to specifically focus on supporting financing solutions that directly contribute to economic reconstruction and socioeconomic resilience in the medium term.

LOOKING AHEAD

While 2030 is fast approaching, the impact of the Joint SDG Fund will long outlast this deadline. The initiatives launched and the partnerships formed through this work will be critical for long-term success. Going forward, there are many opportunities to enhance the systemic response and catalyze financing for the SDGs.

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[33] "How to Mobilize Private Investment At Scale in Blended Finance," Convergence. April 8, 2020, https://assets.ctfassets.net/4cgqlwde6qy0/5O3FEqDOdXzf2rkEu5XRaP/eb29a9c1237ff439320358a1764fa585/How_to_Mobilize_Private_Sector__Final_Final_.pdf

[34] Convergence, "Covid-19: How Blended Finance Responds". April 2020

The Fund can continue to evolve and serve its applicants by providing a more focused solicitation structure with tailored supports throughout the proposal development process. The Fund can utilize the experience of those who have been successful in building the capacity of future applicants. The Fund can build on the learnings of the 1st call to more effectively support the development of proposals through bespoke funding, technical assistance and investor advisory services. The Fund can also drive change on critical issues such as building back from COVID-19 in a resilient and sustainable manner and can continue to use its global reach to support sectors and regions that have historically struggled to attract investment to the SDGs.

Looking forward, the Fund has the ability to use its unique position to effect change at scale, addressing key market challenges to catalyze SDG investment. For example, low participation of local institutional investors remains a key challenge in blended finance.[35] The Fund has an opportunity to harness its network of country teams to connect with and build the capacity of critical local actors. The market is also in need of transparency on both investment terms and conditions and impact reporting within transactions.[36] The breadth of the Fund's network and its ability to convene key stakeholders provides an opportunity to influence change and raise standards of transparency.

Blended finance is moving from policy to practice and has seen an uptick in coordinated activities to achieve more effective and efficient uses of blended finance approaches.[37] However, current blended finance flows are insufficient to mobilize capital to reach the SDGs. With traditional sources of development funding reaching a plateau, the time to scale blended finance has arrived.[38] The Joint SDG Fund has the potential to contribute to a coordinated scaling effort, leveraging the unique position of the UN within the development community to convene the necessary stakeholders and advance progress toward the SDGs. The Joint SDG Fund has the ability to build a strong and globally diverse portfolio and pipeline of initiatives that balance the need for innovation and standardization and advance progress of the 2030 Agenda.

[35] "The State of Blended Finance 2020". Convergence. October 28, 2020.
[36] Ibid
[37] "The State of Blended Finance 2020". Convergence. October 28, 2021.
https://www.convergence.finance/resource/1qEM02yBQxLftPVs4bWmMX/view
[38] Ibid

APPENDIX

APPENDIX A: EVALUATION PROCESS

Stage I: Call on SDG Financing and Eligibility Check (December 2019 – April 2020)
The 1st Call on SDG Financing for Component 2 was launched in December 2019. 155 Concept Notes were submitted by UNCTs across 108 countries. A total of $1.1b of funding was requested through this call. Concept Notes were checked in order ensure that they met basic eligibility criteria. Following this check, and all CNs were approved to move forward for screening.

Stage II: Screening (May 2020)
During the screening stage, all CNs were evaluated by Convergence reviewers according to the technical criteria and weighting provided by the Fund. Based on this assessment, concept notes scoring less than 50% were screened out. CNs with overall scores equal to or greater than 5 out of 10 were chosen to advance to the next stage. As a result of the screening, 92 CNs were shortlisted for Stage III: Scoring and Evaluation.

Stage III: Scoring and Evaluation (June – July 2020)
Convergence convened a panel of experts for scoring and evaluation. Each CN was independently evaluated by two Convergence evaluators and at least one and up to three UN evaluators who together formed the panel. Evaluations were based on the technical review criteria provided by the Fund. Evaluators scored each individual criterion, which were weighted and aggregated to reach a total score between 0 and 10. Top concept notes for were shortlisted to advance to the next stage based on overall scores for the CNs which represented a sum of the scores from Convergence evaluators and a single representative average score from the UN evaluators.

Stage IV: Preparatory Funding, Technical Assistance & Investor Advisory Groups (August – November 2020)
Each of the 28 shortlisted UNCTs were invited to submit a Joint Programme (JP). Preparatory funding of up to $200,000 was provided to UNCTs who requested it, in order to support proposal development. Only one UNCT did not request preparatory funding. In addition to funding support, TA was provided by both the UN Joint SDG Fund as well as by Convergence. TA included monthly check-in calls to provide mentoring, coaching and a sounding board for UNCTs. TA providers also supported the identification and shortlisting of local consultants and provided feedback on scoping of work for consultants. TA providers also reviewed and provided feedback on draft JPs.

The Fund also established Investor Advisory Groups (IAGs) to augment the TA and provide critical feedback for teams. The 28 teams were grouped into five thematic clusters: resilient infrastructure, people and health, agriculture and food security, natural ecosystems and climate action, and the blue economy.[39] An IAG was designated for each cluster, acting as sounding boards by providing feedback and suggesting recommendations for improvement. Each IAG had between four and ten members with representation across the public, philanthropic and private sector.

Stage V: Evaluation & Portfolio Construction (December 2020 – January 2021)

[39] "Clusters". Joint SDG Fund. Accessed February 2021. https://sdginvest.jointsdgfund.org/clusters

Following the submission of 28 Joint Programme proposals by UNCTs, Convergence led an independent evaluation process. Each JP was reviewed by two Convergence evaluators and one or two UN evaluators. The JPs were assigned across three groups of evaluators. Evaluations included a quality review checklist which was designed to ensure each JP submitted sufficient information across critical components, as well as an assessment based on the technical scoring criteria. Qualitative assessments included detailed comments across technical criteria, recommendations to strengthen the JP, and conditional recommendations for the approval of JPs. JPs were scored out of a total of 100. The final score for a JP which represented a sum of the scores from Convergence evaluators and a single representative average score from the UN evaluators. Following the completion of all evaluations, JPs with scores above 60 were recommended to move forward.

Stage VI: Portfolio Recommendation (January – February 2021)
A total of sixteen JPs were recommended to move forward. The top four proposals were recommended to be funded and form the Joint SDG Fund's initial portfolio. Twelve proposals were recommended to be moved to the Fund's pipeline. JPs in the pipeline would receive additional support from the UN Joint SDG Fund.

APPENDIX B: QUALITY REVIEW CHECKLIST

Quality Review Checklist	Yes/No	Comments
Completion of the Joint Programme template		
Fully developed Theory of Change		
Results Framework including indicators from the Joint SDG Fund Results Framework		
Clear management arrangements		
Adequate partnership strategy		
Complete monitoring, reporting and evaluation plan		
Risk management plan		

APPENDIX C: TECHNICAL REVIEW CRITERIA

Category	Criteria	Weight of Total JP Score	Weight of the total
1. Impact (Relevance for the SDGs)[40]	1.1 Relevance of the approach (criticality of the approach towards the financing of the SDGs)	8%	40%
	1.2 Rationale for the proposal (potential for scaling-up and replication)	8%	
	1.3 Theory of Change (clarity and quality of)	16%	

[40] Proposals should contribute to and accelerate the implementation of the SDGs. The result framework of a JP is described by outcomes and outputs as per the template. The term impact refers to the grouping of indicators.

	1.4 UN Value-add (additionality of UN[41] and appropriateness in positioning) and Joint SDG Fund Value-add	4%	
	1.5 Cross-cutting issues (e.g. inclusion of gender)	4%	
2. Risks (Delivery and Operations)	2.1 Roles and responsibilities (Clarity and appropriateness of)	6%	30%
	2.2 Capacities (Technical capacities and/or ability to access technical capacities)	6%	
	2.3 Duration and milestones (Clarity and appropriateness of)	3%	
	2.4 Budget adequacy (Cost-efficiency and appropriateness)	3%	
	2.5 Stage of development (Previous programming, results, analysis and feasibility)	6%	
	2.6 Risk Management (including mission drift and reputational exposure)	6%	
3. Portfolio Fit[42]	3.1 Innovativeness of the approach (scope-outcome indicator of the Fund)	9%	30%
	3.2 Ability and strategy to convene the private sector and to engage IFIs/DFIs (scope-outcome indicator of the Fund)[43]	9%	
	3.3 Expected co-finance leverage (scale-outcome indicator of the Fund)[44]	6%	
	3.4 Expected private finance leverage (scale-outcome indicator of the Fund)[45]	6%	

[41] The term is intended as development additionality and refers to development impacts that arise as a result of investments that otherwise would not have occurred. One of the main rationales is that it can facilitate faster, larger or better development impacts.

[42] The application of criteria will be cognizant of the development context where those are applied, for example in SIDs or LDCs. For example, there will be no automatic assignment of scores based on the absolute leverage expected. The criteria are directly linked to the Outcome 2 of the fund and its indicators on scope and scale of financing.

[43] Convening refers to the ability to engage the private sector for development results and involves the active participation of the private sector. While convening can take different shapes, ranging from inviting into formal partnerships to hosting ongoing technical consultations, it generally centers on efforts that seek to activate in a collaborative way private sector assets, connections, and expertise.

[44] Co-financing is defined by OECD and IMF as the parallel financing of programs or projects through loans, grants or other financial investment. It broadly refers to the mobilization of additional resources to achieve the same objective. Co-funding instead implies that funding is directly transferred to the JPs by the UNCT.

[45] Commonly used term to describe the use of funds from public budgets or ODA to trigger complementary private investment. Private finance leverage is the ratio of financing estimated to be attracted from private sector in percentage of the total.

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