

***Call for Expression of Interest (Eoi)
for Financial Intermediaries to Partner with UNCDF
in the Implementation of
The Guarantee Facility for Sustainable Cities¹***

241203 - EOI

I. DEFINITION AND INTERPRETATION

In this call for Expression of Interest (EOI), capitalized terms and expressions shall have the below meaning attributed to them or as elsewhere defined in this document, unless the context requires otherwise.

Applicant	This term refers to a registered bank and/or financial institution applying to this call for Expression of Interest.
Deadline	This is an open-ended call for Expression of Interest with re-occurring monthly deadlines. The first deadline for this call for Expression of Interest will be 11:59 PM EDT on 20 December 2024 for the first cycle of assessment. Deadlines for succeeding monthly series shall be 11:59 PM EDT on 15 th of every month of the year 2025.
Eligibility criteria	This refers to minimum requirements with which the Applicants must comply with as listed in Section VI of this Document, in order to be considered in this EOI.
Expression of Interest/Eoi	This refers to the application submitted by an applicant to UNCDF within the Deadline.

Given that this is a call for Expression of Interest, UNCDF does not guarantee to offer guarantee coverage to any applicant responding to this EOI.

Inquiries to this call for Expression of Interest may be submitted to queries@uncdf.org

The link to this Expression of Interest on the UNCDF e-investment platform is here:

<https://apply.uncdf.org/prog/241203 - eoi Sustainable Cities>

¹ <https://www.uncdf.org/article/8078/european-union-greenlights-uncdf-guarantee-facility-for-cities-amounting-to-eur-154-million>

II. BACKGROUND

General Assembly Resolution 2186 (XXI) decided to “bring into operations the United Nations Capital Development Fund as an organ of the General Assembly which shall function as an autonomous organization of the United Nations. The UN Capital Development Fund (UNCDF) assists developing countries, especially least developing countries, in the development of their economies by supplementing existing sources of capital assistance by means of grants, loans, and guarantees. UNCDFs vision is to help mobilize and catalyse an increase of capital flows for SDG impactful investments to Member States to address the most pressing development challenges facing vulnerable communities in these countries and thereby contribute to sustainable economic growth and equitable prosperity.

UNCDF utilizes its unique capability in the UN system to deploy grants, loans, performance-based payments, and guarantees to crowd-in finance for the scaling of development impact. UNCDF focuses on where the needs are greatest, a deliberate focus and capability rooted in UNCDF’s unique investment mandate to support the achievement of the 2030 Agenda for Sustainable Development and the realization of the Doha Programme of Action for the least developed countries, 2022–2031.

As per its Strategic Framework, UNCDF works to deploy its functions as a hybrid development organization and development finance institution. UNCDF responds to Member States requests for assistance by providing targeted technical and financial advisory services on investments for development outcomes, designing bespoke financial structuring solutions, undertaking financial derisking of investments, and enhancing investment readiness of SDG aligned projects in partnership with private sector, UNOs, International and Local Finance Institutions, Development Finance Institutions as well as Foundations and Philanthropy, among others. UNCDF works to develop local financial systems, new markets and mobilize and crowd in capital from public and private sources. UNCDF is driven by a partnership mindset which enables it to deploy its different capital capabilities in highly tailored and responsive ways in order to mobilize investments flows from other sources, in particular from the private sector. By structuring transactions which are highly impactful, but also recognize the need for multiplying the impact of its own capital, UNCDF seeks to position itself as a preferred partner for different stakeholders. UNCDF’s work is focused on six priority areas, including:

- Sub-national and local infrastructure financing
- Women owned enterprise financing
- Nature and climate financing
- Energy and decarbonization finance
- Sustainable food systems financing
- Inclusive digital finance

Following a recent restructuring, UNCDF’s organizational set up includes an Investment and Implementation Division (IID), Investment and Finance Oversight Division (IFOD), Operations and Oversight Division (OOD) and a Directorate of the Executive Office. UNCDF staff and personnel are located in regional hubs based in Dakar (Senegal), Nairobi (Kenya) and Bangkok (Thailand) with sub-regional presence in a number of locations in the Caribbean and Pacific Regions. UNCDF is led by an Executive Secretary based out of New York. Pursuant to General Assembly resolution 2321 (XXII, para 1.a), the Administrator of the UNDP performs the function of the Managing Director of UNCDF. UNCDF is overseen by the Executive Board of United Nations Development Programme (UNDP), United Nations Population Fund (UNFPA) and the United Nations Office for Project Services (UNOPS) and performs the function of the Executive Board of UNCDF

More information on UNCDF may be found in this link: <https://www.uncdf.org>

III. PROJECT CONTEXT

To achieve the Sustainable Development Goals (SDGs) by 2030 and net zero emissions by 2050, significant investment in sustainable and resilient infrastructure is required. According to the Global Infrastructure Hub Report, there is currently a multi-trillion-dollar gap required for infrastructure investments². However, the money and capital markets are not providing the type of long-tenor, medium-return finance required for transformative infrastructure to be developed and financed the local level. Privately financed investments tend to be commercial transactions in large or capital cities with political support, financial balance sheet, and technical know-how to structure viable projects.

City guarantee funds are a missing link with the potential to blend both public and private resources and unlock private money and capital markets for sustainable local development. These guarantees can crowd in private finance to transformative urban projects, on one hand, helping cities to deliver essential yet quality services to its residents and, on the other hand, strengthening market systems for enhanced public and private financing mechanisms for an inclusive investment ecosystem in developing countries.

The proposed UNCDF Guarantee Facility for Sustainable Cities is designed to use a guarantee scheme to promote a city-friendly financial ecosystem and improve access of cities and local governments to affordable and patient investment capital. The facility will operate with the EFSD+ funding, which is part of the EU's investment framework for external action, or development cooperation. It includes guarantees and technical assistance grants to help prepare projects and improve their bankability for securing project financing from banks and financial institutions. The EFSD+ guarantee is the cornerstone of the EU's strategy to draw additional private sector funds into development. The EU approved €154 million for UNCDF to launch the Guarantee Facility for Sustainable Cities.

1. Development Challenges

The key challenges to accessing finance for cities include, but not limited to, the following:

- Limited capability and capacity to prepare projects to bankability
- Contracting fiscal space, therefore, not able to finance the infrastructure projects from own balance sheet
- Constrained access to affordable finance due to limited sovereign fiscal space and limited appetite to guarantee sub-national debt
- Regulatory and statutory limitations that prevent them from contracting debt finance

The Guarantee Facility for Sustainable Cities is designed to address the above and market failure of underinvestment in sustainable urban infrastructure due to perceived and actual risks associated with long payback periods, regulatory uncertainty, the complexity and high upfront costs of urban projects, and inadequate financial mechanisms.

² "G20 Initiative Global Infrastructure Outlook: Infrastructure Investment Needs 50 Countries 7 Sectors to 2040", July 2017, Forecasting Infrastructure Investment Needs and Gaps, Infrastructure Outlook, <https://outlook.gihub.org>.

2. Target Development Outcomes

This EOI aims to enable cities, municipalities, townships, local governments located in Africa (sub-Saharan region) and Asia (Asia Pacific region) and their partner private sector project development companies to have improved access to affordable capital for transformative, inclusive and sustainable urban investments via city-friendly guarantees.

By providing such a guarantee facility for sustainable cities, cities, municipalities, townships, local governments located in Africa (sub-Saharan region) and Asia (Asia Pacific region) should be able to achieve the following development outcomes:

- Outcome 1: Inclusive, diversified, green economic transformation accelerated for cities
- Outcome 2: Increased flows of public and private finance towards local essential infrastructure investments
- Outcome 3: Strengthened market systems and enhanced public and private financing mechanisms within the financial ecosystem

IV. CALL FOR EXPRESSION OF INTEREST (EOI)

1. Problem Statement

The lack of access to finance for cities and secondary towns hampers the development of essential local infrastructure, thereby withholding people and communities' rights to basic services and a thriving future that is sustainable, equitable and resilient to climate change. One of the key factors limiting access to finance for cities is especially the underinvestment by private sector in small to mid-scale infrastructure projects at the local level. De-risking mechanisms targeted to mobilize private investment into fundamental city-led infrastructure projects remain missing from the financial ecosystem.

2. Objectives:

The objective of the Guarantee Facility for Sustainable cities is to catalyse and accelerate greater flows of private investment in essential infrastructure development at the local level. In line with this objective, UNCDF is launching this call for Expression of Interest (EOI) to gather interest from banks and financial institutions that require investment risk mitigation as lenders or investors to providing financing to infrastructure projects in their cities. As UNCDF's financial intermediaries in the deployment of the guarantee facility for sustainable cities, the aim is to de-risk banks and financial institution's investment experience and behaviour evolving to more outreach and financial mechanisms to benefit cities and their projects.

3. Requirements

This EOI aims to enable cities, townships and municipalities that are located in Africa (sub-Saharan region) and Asia (Asia Pacific region) obtain loans from financial institutions for their essential infrastructure projects that meet the UNCDF criteria, by providing guarantees to the financial institutions that will derisk the financing of infrastructure projects in those said locations.

By deploying the said guarantees, cities and their partners partner companies will be able to:

- increase local government access to finance;
- secure loan approval from the FIs
- eliminate or reduce collateral requirements
- reduce the cost of loan
- increase the tenure of loan
- encourage first time borrowing
- build credit history
- provide technical assistance

The guarantee is expected to be deployed within 5 months of signing the MOU. The MOU is expected to be signed 2 months from signing the NDA.

This EOI aims to shortlist seven (7) to ten (10) financial intermediaries with whom UNCDF would begin to explore partnership opportunities to jointly develop a pipeline of projects.

The selected applicants would be invited to enter into a Non-Disclosure Agreement (***Annex 3: Standard NDA template***) with UNCDF. The purpose of the NDA is to protect subsequent exchange of information between financial intermediaries and UNCDF. Based on the rights of each party under the NDA, UNCDF would jointly work to identify a potential pipeline of project loans and/or portfolio of loans for the subsequent joint deployment of the guarantee facility.

Subsequently, UNCDF and the financial intermediary may develop a proposed pipeline of projects and the terms and conditions of the guarantee scheme. For such purpose, UNCDF would invite the financial intermediaries to enter into a Memorandum of Understanding (MOU) (***Annex 4: Standard MOU template***).

The purpose of the MOU is to further their collaboration in the financial structuring and other technical assistance works towards the deployment of the Guarantee Facility to de-risk related municipal infrastructure projects using single loan or portfolio guarantees. The MOU will clearly outline for UNCDF and the financial intermediaries what collaboration means i.e. initial screening, pre-assessment, due diligence, structuring of projects or portfolio of project loans and structuring terms of guarantees with UNCDF for each transaction.

At the final stage of the partnership, in the event that the works under the MOU are completed with final selection of target investments for deployment of guarantees, the selected transactions will undergo approval processes of investment committees (internal to that of the financial intermediary and UNCDF).

UNCDF and the financial intermediaries would reach legal and financial closure through negotiation and finalization of the terms and conditions of the guarantee and signing the guarantee agreement.

Signing of the Guarantee Agreement would allow UNCDF to offer guarantee coverage to the financial intermediary.

Please note that mere submission to this call for Expression of Interest does not guarantee that UNCDF will provide any form of guarantee coverage or any financial agreement.

4. Target segment / Sectors

This EOI would like to receive expression of interest from banks and financial institutions that are able to provide loans to public, private and/or public private partnership entities to finance essential infrastructure projects of cities.

Public entities may include Cities, Municipalities, Townships, Sub-sovereigns – Counties, Provincial and District Governments, River basin organizations, non-sovereign entities, State Owned Enterprises. **These cities must be located within the geographic scope (*Annex 5: Eligible List of Countries*).**

Private entities may include local businesses, SMEs and MSMEs working to deliver essential public infrastructure to cities or public entities stated in previous paragraph. **These entities must be acting as engineering, procurement, contractors and operators developing projects and have supporting agreements with cities to deliver essential infrastructure assets and services for cities within the geographic scope (*Annex 5: Eligible List of Countries*).**

Public Private Partnership entities may include special purpose vehicles or project companies that are formed in partnership agreements between public and private entities to deliver essential projects for the benefit of cities. **These entities must have agreements with cities for developing projects that deliver essential infrastructure assets and services for cities within the geographic scope (*Annex 5: Eligible List of Countries*).**

The public, private and/or public private partnership entities that the banks and financial institutions will provide loans to must be engaged in developing projects within the following target sectors:

- ☐ Local infrastructure: i.e. small-scale bridges, overpass, toll roads, tunnels, etc
- ☐ Transportation infrastructure: i.e. Bus Rapid Transit / bus terminal and parks, car parks, trading port, light rail transit, river ferry and transportation, etc.
- ☐ Energy Infrastructure: i.e. Small to mid-scale renewable power generation, distribution, storage, other value chain for hydro, solar, waste to energy, biomass, wind, etc.
- ☐ Water and Utilities: i.e. Local or regional water and water works, waste management, gas, etc
- ☐ Agricultural value chain: i.e. Mid-small-scale greenhouses, cold storage, packaging facilities etc
- ☐ Healthcare: i.e. township diagnostic centres, minute clinics, provincial or county medical centre's
- ☐ Affordable housing and accommodations & education infrastructure including student accommodation for public private universities
- ☐ Digital infrastructure and networks
- ☐ Creative / Orange economy infrastructure: Cultural centres, Amphitheatres, Recording Studios, Museums, etc
- ☐ Industrial development (Manufacturing and shipping)
- ☐ Other public services – Public lighting etc
- ☐ Nature asset conservation and biodiversity protection – Parks, greenspaces, canals, riverfront etc.

5. Geographical scope

UNCDF is seeking expressions of interest from banks and financial institutions that are located in developing countries, including LDCs, within Sub-Sahara Africa and Asia and Pacific (**scope** *(Annex 5: Eligible List of Countries)*).

The guarantee facility that UNCDF may provide to the banks and financial institutions may be subsequently deployed to the financial intermediaries who are able to service target segments / beneficiaries within the geographic scope. It must be noted that the projects eligible for guarantees must be under the jurisdiction of the cities located within the geographic scope as well as the target sectors.

6. Duration

The implementation of the Non-Disclosure Agreements (NDA) that will be signed between UNCDF and the selected applicant bank/financial institution is expected to have an 18-month duration with the option to extend another 6 months, subject to negotiation. UNCDF aims to sign the NDA for the first cohort of applicants that are selected before 31st January 2025.

The anticipated duration of the application process is as follows:

- a) Review and short-listing of EOI Applicants – 2 – 4 weeks from application deadline.
- b) Signing of NDA – 2 – 4 weeks from selection of applicants from EOI
- c) Signing of MOU – 2 to 18 months from signing NDA
- d) Signing of Guarantee Agreement – 5 – 12 months from signing MOU

7. Budget

The EU has approved €154 million for UNCDF to launch the Guarantee Facility for Sustainable Cities.

Additional funding (up to 10-15% of the guarantee fund) may be used to fund Technical Assistance which would be allocated between interventions to assist the Applicant and the target borrower.

8. Expected Results/Outcome from the Completion of Activities under the Guarantee

The expected result of the guarantee facility is for the selected financial intermediaries to have created or materially expanded a portfolio of loans to the Target Segment as defined in Section III.4. The selected financial partner and UNCDF will be required to agree on a complete list of financial and impact indicators for monitoring of the programme. The indicators will be tracked on a continuous basis (preferably quarterly). In addition to these indicators, qualitative monitoring information is expected for learning and insights. Applicants must have the ability to report results and evidence that the indicators and target results have been achieved.

V. ROLE OF UNCDF

UNCDF will review and evaluate the documents submitted by the applicants to this EOI based on the eligibility criteria defined in section VI. The selected applicants will be notified by email within two (2) weeks after the completion of the evaluation by UNCDF.

In the email notification, UNCDF will request the selected applicants to enter into NDAs (***Annex 3: Standard NDA template***). The purpose of the NDA is to protect and facilitate the exchange of information (especially the pipeline of projects) between financial institutions and UNCDF.

Beyond the scope of this expression of interest, UNCDF will continue to work with the selected applicants to outline the roadmap of the engagement, to conduct project sourcing, pre-assessment, initial due diligence of a pipeline of projects and/or portfolios.

UNCDF shall explore the eligibility of the partnership and come to an agreement to sub-sequent guarantee a portfolio of project loans and structuring terms of the guarantee with UNCDF and reach signing an MOU (Annex 3: Standard MOU template) with applicants thereby to be deemed as partner financial intermediaries. The MOU will lay out the exact scope of the partnership or collaborative works between financial intermediaries and UNCDF. It must be noted that the projects that are mutually agreed to progress will require approval through UNCDF internal investment committees in order to be eligible for subsequent deployment of guarantees.

UNCDF will subsequently provide a guarantee to the financial institution, and, separately, provide funding to a third-party Technical Assistance provider, to be determined following due diligence and final guarantee negotiations with the selected financial institution. After issuance of the Guarantee, UNCDF will monitor the implementation and manage reporting of this facility.

VI. EVALUATION CRITERIA

1. Eligibility Requirements

Applicants must meet all the seven (7) pass/fail criteria (PF1 through PF7) in order to be considered for further evaluation for pre-qualification. If an applicant does not meet any one of the pass/fail criteria as stipulated in below table, it does not need to proceed with completion of application of expression of interest:

No.	Subject	Requirement(s)	Supporting documents to Support compliance to Eligibility Criteria (to be uploaded in the application platform)
PF1	Legal Status	<p>Applicant must be duly registered as any one of the following types of entities:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Banks & Financial Institutions (National / Sub-national / Non-Sovereign / Public / Private) <input type="checkbox"/> Non-Banking Financial Institutions <input type="checkbox"/> Development Banks (National / Regional / Local) <input type="checkbox"/> Guarantee Companies (National / Regional) <input type="checkbox"/> Specialized Investment Funds <input type="checkbox"/> Investment Companies and Merchant Banks (Underwriters) <input type="checkbox"/> Microfinance banks and institutions <input type="checkbox"/> Cooperative banks <input type="checkbox"/> Credit Unions 	<p>Registration Documents issued by the relevant authorities at the national, regional or local levels.</p>
PF2	Product offering and loan portfolio	<p>Applicant must have legal permit to provide loans and has existing loan portfolio exposure for the following products:</p> <ul style="list-style-type: none"> <input type="checkbox"/> medium to long term (5–20-year tenure) term loans <input type="checkbox"/> medium to long term (5–20-year tenure) bonds 	<ul style="list-style-type: none"> - Documentation of legal permissibility or license to offer stated products from relevant regulatory body - Loan Portfolio report as of October 30th 2024, demonstrating active offering of stated products certified by an Authorised Signatory.

			<ul style="list-style-type: none"> - If the loan portfolio contains clients and project types that are targeted by this EOI, they shall be prioritized in the list that will be submitted.
PF3	Outreach and Exposure under Geographic scope	<p>Must have the track record and ability to serve Eligible Countries as per Annex 5 of geographic coverage scope:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Sub-Saharan Africa <input type="checkbox"/> Asia and the Pacific 	<p>Documentation of existing branches or staff that serve communities in cities and townships of Eligible Countries, or documentation of reasonable plans to extend service to cities of Eligible Countries (Annex 5)</p> <p>- Loan Portfolio report as of October 30th 2024, demonstrating active clients within the geographic scope certified by an Authorised Signatory.</p>
PF4	Reporting standards	Entity shall have a minimum of two (2) years most recent audited financial statements with positive financial indicators and without audit issues	At least Last two (2) years of audited financial statements, including audit report (2023 and 2022). If interim F/S for 2024 is already available, it should also be submitted)
PF5	Experience and Exposure to target sectors	<p>Must have at least 5 years' experience in lending to public, private or PPP projects in the following target sectors:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Local infrastructure: i.e. small-scale bridges, overpass, toll roads, tunnels, etc <input type="checkbox"/> Transportation infrastructure: i.e. Bus Rapid Transit / bus terminal and parks, car parks, 	Loan Portfolio report as of October 30 th , 2024, demonstrating active or previous stated eligible clients (within last 5 years) in target sectors certified by an Authorised Signatory.

		<p>trading port, light rail transit, river ferry and transportation, etc.</p> <ul style="list-style-type: none"> <input type="checkbox"/> Energy Infrastructure: i.e. Small to mid-scale renewable power generation, distribution, storage, other value chain for hydro, solar, waste to energy, biomass, wind, etc. <input type="checkbox"/> Water and Utilities: i.e. Local or regional water and water works, waste management, gas, etc <input type="checkbox"/> Agricultural value chain: i.e. Mid-small-scale greenhouses, cold storage, packaging facilities etc <input type="checkbox"/> Healthcare: i.e. township diagnostic centres, minute clinics, provincial or county medical centre's <input type="checkbox"/> Affordable housing and accommodations & education infrastructure including student accommodation for public private universities <input type="checkbox"/> Digital infrastructure and networks <input type="checkbox"/> Creative / Orange economy infrastructure: Cultural centres, Amphitheatres, Recording Studios, Museums, etc <input type="checkbox"/> Industrial development (Manufacturing and shipping) <input type="checkbox"/> Other public services – Public lighting etc <input type="checkbox"/> Nature asset conservation and biodiversity protection – Parks, greenspaces, canals, riverfront etc. 	
PF6	Compliance	<p>Non-involvement with financial frauds, notable large-scale financial fraud cases, including anti-money laundering.</p> <p>Must have fulfilled obligations relating to payment of taxes and social security contributions/ obligations if applicable.</p>	<ul style="list-style-type: none"> - Financial institution testimony via self-certification in accordance with template provided in Annex 6 - Official National Fiscal Authority or Tax Certificate, or any such equivalent document issued by Government authority in the country of

			respondent - (to be verified if shortlisted)
PF7	Non-involvement in UN's exclusionary list	<p>Non-involvement in UN's exclusionary / sanctions list as follows:</p> <ul style="list-style-type: none"> <input type="checkbox"/> is involved in the manufacture, sale, or distribution of controversial weapons¹ or their components, including cluster bombs, anti-personnel mines, and biological or chemical weapons or nuclear weapons. <input type="checkbox"/> is directly and primarily involved in the manufacturing, sale or distribution of armaments and/or weapons or their components, including military supplies and equipment. <input type="checkbox"/> is directly and primarily involved in the manufacturing, sale or distribution of replica weapons marketed to children. <input type="checkbox"/> is involved in the manufacture, sale or distribution of tobacco or tobacco products, including novel and emerging ones. <input type="checkbox"/> is involved in the production and sale of pornography. <input type="checkbox"/> is involved in the manufacture, sale or distribution of substances subject to international bans or phase-outs, and wildlife, wildlife products and derivatives obtained illegally or in contravention of CITES' <input type="checkbox"/> is involved in the gambling industry, including casinos and betting (excluding lotteries with charitable objectives). <input type="checkbox"/> is involved or complicit in systemic or egregious human rights abuses, including forced and child labor. 	<ul style="list-style-type: none"> - Responses to Non exclusionary involvement questions - Any other document that the applicant may provide to support / confirm the responses provided

2. Criteria for the Selection of the Financial Institution

UNCDF shall review and rate the applications received according to the information gathered from the Call of Expression of Interest based on several criteria including organizational, financial and sector considerations. Applications should address the following criteria which will be used to evaluate the applications.

Criteria	References for Assessment	Documentary Requirements to Support Compliance with the Criteria	Weight
Corporate Governance and Oversight	<p><u>Governance Framework (5 pts):</u> UNCDF would like to see good corporate governance principles for banks especially the emphasis of the board of director's mandate, duties and overall responsibility for the bank.</p> <p>The board must be :</p> <ul style="list-style-type: none"> a) responsible for approving and overseeing management's implementation of the bank's strategic objectives, governance framework and corporate culture; b) ultimately responsible for the bank's business strategy and financial soundness; key personnel decisions; internal organisation, governance structure and practices; and risk management and compliance obligations; c) capable of exercising their "duty of care" and "duty of loyalty" to the bank. <p><u>Board of Directors (5 pts):</u> The board should :</p> <ul style="list-style-type: none"> a) have an appropriate balance of skills, diversity and expertise commensurate with the size, complexity and risk profile of the financial institution; b) qualified, individually and collectively, for their positions; c) has a clear and rigorous process for identifying, assessing and selecting board candidates; d) not have any conflicts of interest that 	<p>Main application information filled in the Plug and Play platform. Supplementary documents provided i.e. Latest Annual Report to Shareholders</p>	10 pts

	may impede their ability to perform their duties independently and objectively.		
Strategic Positioning	<p><u>Mission, Vision, Values and Strategic focus (5 pts)</u></p> <p>The applicant should have explicit interest (stated in their mission, vision values or strategic focus statements of their Annual Report) in banking and/or financing projects of cities, towns and municipalities or their private counter parts.</p> <p><u>Market share: (5 pts)</u></p> <p>Applicant should have at least 20% of its market share and client base out of the total business conducted in serving the target segment and target sectors to confirm that the institution's strategic focus, goals or commitment is explicit and deliberate in growing its portfolio to serve the target segment and target sectors stated in this EOI.</p>	<p>Main application information filled in the Plug and Play platform and any supplementary documents provided i.e. Loan Portfolio report as of October 30th, 2024</p>	10 pts
Product capability	<p><u>Loan Product experience: (5 pts)</u></p> <p>UNCDF will assess if applicants have at least three similar project(s), (highlighting the number of loans issued since inception towards project or/and municipal finance). Applicants must elaborate and include examples of the most relevant 3 projects you have financed in the past 5 years.</p> <p><u>Loan Product outreach: (2 pts)</u></p>	<p>Main application information filled in the Plug and Play platform any supplementary documents provided i.e. Loan Portfolio report as of</p>	15 pts.

	<p>UNCDF will assess the applicant's institutional outreach capabilities and would like to see at least 10% of the bank's the branches and staff are servicing the target segment, target sectors in the target geographic scope.</p> <p><u>Loan product learning (3 pts)</u> The applicant must articulate the key challenges in achieving the applicant's growing ambitions in this key market and how the applicant has been addressing the challenges. UNCDF will assess if the applicant has tested its appetite in investing in target segment and target sectors and can share learning experiences for financing such projects by highlighting the applicant's challenges in closing the transaction.</p> <p><u>Cost of Fund to Target Beneficiaries: (2 pts)</u> The applicant must provide its estimated cost of funds to target beneficiaries, including interest rates, fees, and other charges should not be more than the prevailing market corporate lending rates of the respective country. This information will help UNCDF assess the affordability and accessibility of the financing to these target segments.</p> <p><u>Guarantee Product interest: (3 pts)</u> UNCDF would like to see prior or current experience with deploying guarantees, including utilization and implementation and technical assistances to borrowers over the past 5 years. Experience in deploying guarantees are preferred not mandatory.</p>	October 30 th , 2024, Latest Annual Report,	
Financial capacity	<p><u>Financial capacity</u> The applicants must provide narrative and figures on the following:</p> <ul style="list-style-type: none"> • Positive profitability, or profitability trends • Adequate capitalization and liquidity • Portfolio quality related to financing target segments in target sectors and 	Main application information filled in the Plug and Play platform and any supplementary	10 pts.

	NPL levels currently and in the prior 2 years (2022, 2023, current in 2024s).	documents provided i.e. last 2 years audited financial statements (2022, 2023 and any interim F/S for 2024).	
Credit risk and Risk Management capability	<p><u>Portfolio At Risk (PAR) Data: (5 pts)</u> The applicant must provide its current Portfolio At Risk (PAR) data (which measures the percentage of loan portfolio that is in arrears) which should be less than 10%. This information will help UNCDF evaluate the level of credit risk. If available, applicant may elect to provide PAR data related to the target segment and sectors in addition to its overall portfolio.</p> <p><u>Risk Management Policy (5 pts)</u> The applicant must provide a risk governance framework that should include policies supported by appropriate control procedures and processes designed to ensure that a bank's risk identification, aggregation, mitigation and monitoring capabilities are commensurate with its size, complexity and risk profile.</p>	Main application information filled in the Plug and Play platform and any supplementary documents provided i.e. Portfolio at risk data and excerpts from Annual Report on credit risk management	
Operational Capability and processes	<p><u>Operational capacity</u> The applicant must provide a high-level overview on your capability model in the municipal/ project finance segment including dedicated people, processes and systems to achieve its growth ambitions. Cost to income ratio should be greater than 1 to 1, whereby income is greater than costs.</p> <p><u>Risk Mitigation process</u> The applicant must provide the key activities that are part of the risk mitigation process which should include identifying, assessing, continuously monitoring, mitigating and reporting all</p>	Main application information filled in the Plug and Play platform and any supplementary documents provided i.e. excerpts from Annual Report on operational and risk mitigation processes	15 pts.

	<p>material individual, aggregate and emerging risks.</p> <p>This information will help UNCDF evaluate the applicant's institution's capacity to manage credit, operational, and other types of risks.</p>		
Sustainability	<p><u>Sustainability</u></p> <p>The applicant must provide the rationale for the institution to continue growing in this important market post expiry of the partnership agreement with UNCDF.</p> <p>The applicant must highlight its projected municipal finance/project finance portfolio growth (projections in percentages). There should be at least 5% projected growth trends for the applicant's strategic investment goals and plans in the target segment and sectors.</p>	<p>Main application information filled in the Plug and Play platform and any supplementary documents provided i.e. excerpts from Annual Report</p>	5 pts.
Inclusion and Social Impact	<p><u>Contribution to Inclusion and Social Impact</u></p> <p>UNCDF would assess if more than 50% of the applicant's beneficiaries are women, youth and or marginalized demographics (under poverty, minorities, indigenous communities, etc.) are being benefited (through income generation or job creation etc.) by the transactions or projects closed in the past 3-5 years leading to economic development of the cities/municipalities.</p>	<p>Main application information filled in the Plug and Play platform and any supplementary documents provided i.e. excerpts from Annual Report</p>	10 pts.
Reputational Soundness	<p><u>Reputational Soundness</u></p> <p>This refers to the overall soundness of the institution including reputation, track record, stability and governance of the institution to enable effective implementation of the proposed guarantee facility. UNCDF would prefer banks that have been recognized through national awards or global accreditations received over the last 5 years in the target segment and sectors.</p>	<p>Main application information filled in the Plug and Play platform and any supplementary documents provided i.e. details on national awards or</p>	5 pts.

		global accreditations received	
Collaborative Approach (5 pts)	<p><u>Partnerships and collaboration experience</u></p> <p>This requires the applicant to provide a Statement of commitment to collaborate, co-create and deploy catalytic financial solutions that will unlock capital especially for the underserved cities and municipalities in developing countries. UNCDF would like to see at least 3 partnerships mobilized or linked to the municipal finance/project finance space. UNCDF will assess the number of national and international partnerships in the target segment and sectors.</p>	Main application information filled in the Plug and Play platform and any supplementary documents provided i.e. details on partnerships	5 pts.
Transparency and disclosures	<p>The applicant should provide information on its transparency and disclosure practices, including how it will communicate with stakeholders and disclose information on operations, financial performance, and social and environmental impact.</p> <p>Such disclosure should include material information on the bank's objectives, organisational and governance structures and policies, major share ownership and voting rights, related-party transactions, recruitment and compensation policies, and key information concerning its risk exposures and risk management through a public platform.</p>	Main application information filled in the Plug and Play platform and any supplementary documents provided i.e. annual report excerpts	5 pts.

VII. APPLICATION REQUIREMENTS AND APPLICATION PROCESS

1. Structure of the Application

The applicant must submit a complete application form online through UNCDF Plug and Play platform: [https://apply.uncdf.org/prog/241203 - eoi Sustainable Cities](https://apply.uncdf.org/prog/241203_-_eoi_Sustainable_Cities)

All submission must be completed in English.

The documents that shall be submitted shall consist of those cited in the tables under Sections VI. 1 and IV 2 (Eligibility Requirements and Evaluation Criteria Section).

The said documents shall be supplemented by the information to be provided directly in UNCDF Plug and Play platform. We recommend you use the Main application guidance³ document to prepare the technical information in this section.

Only applications that follow the submission format and include all the necessary documentation will be considered.

2. Application Details

The respondents are expected to observe and be mindful of the information below governing the submission process:

Deadline(s) of Submission of Application	This is an open-ended call for Expression of Interest with re-occurring monthly deadlines over 12 months. After each monthly deadline UNCDF will assess investment applications on a rolling basis. First application deadline: 12/20/2024 The subsequent deadlines will fall on every 15th of the month for the entire year of 2025.
Time of Latest Submission*	23:59 EDT TIME
Language of the Application and all supporting documents	English
Method for Submission of Application	UNCDF e-investment platform: https://apply.uncdf.org/prog/241203 - _eoi Sustainable Cities
Email address for submission of Questions	queries@uncdf.org
Validity of the EOI	150 calendar days
Type of Agreement to be Signed with Successful Applicant	Non-Disclosure Agreement (NDA) + Memorandum of Understanding (MoU)
Number of Financial Intermediaries that Will be Selected leading to signing an NDA	7-10
Expected Duration of the NDA	18 months subject to no cost extension of additional 6 months

³ Available as Annex at the end of this document

* All Potential Respondents are encouraged to visit the EOI advertisement site frequently to check on any change in EOI, particularly deadline extensions.

3. Selection Process

The successful respondents shall be determined by the following stages of the selection process:

- a) Evaluation of eligibility documents based on determining compliance with minimum criteria set forth in the previous sections.
- b) Evaluation and rating of the Financial Intermediaries based on other documents submitted and following the criteria defined in Section VI. 2.

VIII. ANNEXES TO THIS EOI

1	Instructions to TOR Applicants	https://apply.uncdf.org/protected/nr/TD8B4/Instructions_TOR_Applicants.pdf
2	Main application guidance document	https://apply.uncdf.org/protected/nr/c7hvQ/241203_-_EOI_-_Main_application_guidance.docx
3	Standard NDA template	https://apply.uncdf.org/protected/nr/37fDT/Standard_NDA_template.pdf
4	Standard Memorandum of Understanding (MOU) template	https://apply.uncdf.org/protected/nr/vwPxD/Standard_MoU_template.docx
5	List of Eligible Countries	https://apply.uncdf.org/protected/nr/2KQ3C/List_of_Eligible_Countries_in_Sub-Sahara_Africa_and_Asia_and_the_Pacific.pdf
6	Self Certification template	https://apply.uncdf.org/protected/nr/zm6zN/Self_Certification.pdf