(a) the identification of progress, gaps, areas requiring urgent attention, risks and challenges in achieving the SDGs; and, or in relation to the theme within the area under the purview of your intergovernmental body;

- Many least developed countries (LDCs) continue to make important development progress, with a number on track to graduate to middle-income country status. Gross domestic product growth in LDCs, estimated to reach 5.4 per cent in 2018, is higher than projected global growth, but still below the 7 per cent annual rate called for by the Sustainable Development Goals. Long-term growth projections point to 35 per cent of the population in LDCs remaining in extreme poverty by 2030.
- LDCs typically face significant financing gaps in their efforts to achieve the Sustainable Development Goals. Many governments have limited fiscal space and a heightened reliance on external funding. While there was an increase in official development assistance to LDCs in 2016 of less than one per cent in real terms, the medium-term trend is one of stagnation.
- Foreign direct investment, which has been on an upward trajectory in LDCs since 2002, remains concentrated in a small number of economies and sectors, and can be volatile; foreign direct investment inflows in 2017 decreased for the second consecutive year. Approximately one third of the LDCs are at high risk of debt distress or already in that situation. Financing shortfalls can be especially large at the subnational level.
- All these factors underscore that LDCs need access to significant additional resources – both private and public – to achieve their goals; that business-as-usual approaches are no longer sufficient; and that there is a need for new partnerships, innovation, and risk-taking to get more resources flowing to LDCs. There is also a need to focus not just be on the quantity of financing, but also about quality and its geographic allocation, so that those being left behind are included.

URBANIZATION

– Local governments in intermediary cities play an essential role in delivering the SDGs, and face pressures from growing urbanization, including in LDCs. Urban growth is not limited to capital cities but is having a profound impact on secondary cities and towns as well. By 2030, there are projected to be 71 cities between 500,000 and 1 million inhabitants in LDCs. The future development of LDCs, and their ability to meet the SDGs, now depends significantly on how well urbanization is managed in LDC cities and towns. We need empowered local governments to meet the SDGs and the Paris Agreement, but these local governments continue to face a shortfall in their financing.

– UNCDF is working to raise the confidence of the public sector and of private investors in local economies. In 2018, UNCDF directly supported 368 local governments in 23 least developed and low-income countries, completing 294 public and private investments.

CLIMATE

– Local governments need more resources to address local vulnerability in the face of climate change. Local authorities are central to global efforts to take appropriate climate action because they can tailor investments and services to meet the needs of their citizens and prioritize their responses to emerging climate related risk areas. Building on its work on fiscal decentralization, UNCDF is demonstrating how performance-based grants channelled through existing fiscal transfer systems to local governments can be an effective instrument for national governments to achieve their adaptation targets under the Paris Agreement. This work can be further mainstreamed through direct access to climate funds, and UNCDF is supporting processes that could lead to local governments gaining direct access to such vertical funds as the Green Climate Fund.

- UNCDF works in 14 countries in 201 and 107 local governments, representing over 6 million people. Building on UNCDF's demonstrations, the national governments in Bhutan and Cambodia have started to upscale the local climate mechanism to all local governments.

FINANCIAL INCLUSION

- Financial inclusion as a critical enabler for the 2030 Agenda and there is strong evidence that it can accelerate poverty reduction, women's economic empowerment and overall economic growth. About 1.7 billion adults are still unbanked, without an account at a financial institution or through a mobile money provider. Women in developing economies persistently remain nine percentage points less likely than men to have a bank account.
- Through technical assistance, policy support, and financing UNCDF mobilizes finance and stimulates product innovations that reach underserved populations, especially women, youth, smallholder farmers, and agriculture value chain actors.
- Making finance work for women is essential to deepening financial markets, empowering female entrepreneurs, and making growth more sustainable. UNCDF therefore seeks to expand the supply of responsible financial products that respond to the specific needs of women and girls, and by supporting policies and regulations that enhance women's access and agency in regard to financial services. In Malawi, UNCDF worked with financial service providers to improve the gender balance of their agent networks, based on findings that women agents not only increased enrolment of women, but generally outperformed men in registering new clients and in their value of transactions. As a result, a financial service provider introduced commission-based payments to incentivize agent performance, enforced mandatory sex-disaggregated client data collection, and developed a career development path allowing women to progress from tellers to agents to corporate employees based on their performance. The policies are designed to serve as a demonstration and to build a business case for engaging women in financial services delivery for other service providers to follow suit

(c) emerging issues likely to affect inclusiveness and equality at various levels;

DIGITAL FINANCE

- Digital finance is driving the expansion of financial access and usage in LDCs; mobile money account ownership more than doubled from seven per cent in 2014 to 17 per cent in 2017. However, getting these services and business models applied to underserved market segments often requires support.

- UNCDF incentivizes financial service providers to expand access to digital financial services. UNCDF's joint programme with UNDP on financial inclusion in the Pacific has supported the enrolment of 1.7 million people for savings, loans, mobile wallets, micro-insurance, or remittances, mainly through digital channels. This represents 29 per cent of the total adult population in that market.

- Digital finance combined with new technologies is leading to new business models—many of which are linked to the SDGs—such as clean energy, water access, health services, education and employment. Given creative adaptations and scaling up, such models can significantly contribute to the SDGs and build the foundation for digital economies.

- In Uganda, UNCDF rolled out a digitized school fee payment system, which 20 schools now accept and has been used by some 7,200 parents to pay school fees. UNCDF also partnered with the private sector businesses working along Uganda's coffee and seed oil value chains to register some 28,000 mobile money customers and digitalize the payments of 3,600 smallholder farmers. The digitalization of payments is enhancing the efficiency of the agribusiness and expanding the access and use of inclusive digital finance in the rural regions.

CLEAN ENERGY

– 2.7 billion people use solid fuels in traditional and inefficient ways to cook. Women and girls are particularly affected by how cooking and lighting is done in households because they are usually the ones who take on domestic responsibilities. Energy is also a big household expense. A household in a remote village in Uganda can spend up to USD 20 per month on kerosene and mobile phone charging. With current improvements in price and performance of off-grid solar products, efficient appliances and fuels, rural households and businesses now have the chance to leapfrog to modern, energy efficient way of living. However, a key barrier is access to finance for both consumers and providers of modern energy.
– UNCDF co-invests in early stage innovations from financial institutions, distributed energy service companies and other providers of wholesale or retail financing for clean energy. The goal is to fill a "missing middle" in energy financing, as well as facilitate access to additional, more commercial financing for proven business models to scale.
– Since 2014, UNCDF has supported 21 energy and financial service providers, which have sold over 230,000 clean energy products benefiting over 1 million people in Ethiopia, Myanmar, Nepal, and Uganda. This is estimated to have off-set some 350,000 tons of carbon dioxide emissions in the targeted countries. In 2018 alone, some 66,000 clean energy products were sold by UNCDF partners; 82 per cent of the sales were financed through loans or pay-as-you-go instalments and 60 per cent of the clients were women. UNCDF also supported its partners to diversify their offer of clean energy products to include solar-powered irrigation pumps, clean cooking solutions and solar-powered mini-girds. This has helped to expand their customer base beyond households to include schools and agribusinesses.