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Assessment of the Outcome 3 Component of the Access to Green Financing for Enterprises Programme

(Contract # 81079131)

FINAL REPORT

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Executive summary

Introduction

This is the final report of the assessment of the Outcome 3 component of the Access to Green Financing for Enterprises Programme (A2GF) funded by the Swiss Agency for Development and Cooperation (SDC) and the United Nations Capital Development Fund (UNCDF). The report includes sections on background, objective, key assessment questions, approach and methodology, findings, assessment grid ratings, and recommendations. Annexes provide additional information on assessment methodology, the Outcome 3 budget, and the full, completed assessment grid. This final version utilizes feedback on the draft report provided by SDC and UNCDF.

Objective

According to the terms of reference, the objective of this assessment was "to conduct a pulse check of how Outcome 3 is tracking with implementation, especially considering whether the current approaches are fit for purpose or require modifications to achieve the desired goal of the programme. The ground realities, lessons learnt and findings from review will assist to inform Switzerland's decision-making process in taking the programme forward whilst responsibly exiting from Bangladesh."

Approach and methodology

The assessment took the form of a qualitative management review of the implementation of the Outcome 3 component of A2GF covering the period November 2023 through October 2025. Data were gathered through document review, consultations with representatives of key partner organization involved in Component 3 and other A2GF components, plus site visits to two A2GF client businesses that are working to green their products and operations. Figure ES1 summarizes the list of organizations consulted for this review. In total, 45 representatives from 15 organizations were interviewed in person or online for the assessment.



Figure ES1: Consultations with Partner Organizations

Assessment grid

Overall, in terms of the ratings for the assessment grid, this review judged the performance of Outcome 3 of the Access to Green Enterprises to be Satisfactory. The component was found to be highly relevant and therefore Highly Satisfactory on this criterion. The level of coherence of Outcome 3 was found to be Satisfactory as was its performance on the criterion of effectiveness. However, the component was judged to be Unsatisfactory on the criterion of efficiency. While it is too early in the intervention to assess impact, this assessment rated Outcome 3 as Satisfactory on this dimension. Regarding sustainability, the component was also rated as Satisfactory, as it was on gender equality.

Conclusions

Strengths: In summary, this assessment has found that the policy and regulatory work undertaken by UNCDF under Outcome 3 component of the Access to Green Financing for Enterprises programme is highly relevant. UNCDF has fostered strong relationships with the Sustainable Finance Department and other units within Bangladesh Bank as well as with key players in the Economic Relations Department, IDCOL, the SME Foundation, SREDA and others. There is considerable runway now for the component to accelerate its work to socialize its digital monitoring tool and advance results at the gender-climate nexus, especially by shifting "downward" to the Divisional and district levels over the next two years.

Outstanding Issues: However, the achievement of Outcome 3 results is constrained by efficiency issues. The most serious of these is insufficient progress of UNCDF toward meeting its contribution commitments in the contract, particularly with respect to bringing investment capital to A2GF. In addition, there is a need to address a cluster of human resource issues, including clarifying the concrete individual contributions to outputs on multiple projects by a very dispersed team; reaching an agreement with SDC on consistent billing of eligible expenses (related to, for example, exchange rates, vacant posts, advances for committed resources); reducing the outsourcing of tasks that the UNCDF team itself can and should carry out; and ensuring that recruitment for team members and consultants reaches outside the UN system. The third efficiency issue is inadequate coordination and collaboration with Truvalu (Impact Booster), for which both parties are responsible; both agree that this situation must be rectified and that closer coordination should also now include LightCastle Partners.

Recommendations

Considering the findings of this assessment, it is recommended that:

1) UNCDF develop a viable plan to accelerate the achievement of its contractually defined financial commitment to Outcome 3 component and to demonstrate tangible progress toward this objective by the third quarter of 2026.
2) UNCDF work with SDC to resolve the cluster of human-resources issues constraining the efficient administration of Outcome 3.
3) UNCDF, Truvalu (Impact Booster) and LightCastle Partners work more closely together to enhance their partnership, coordinate their activities, and support each other in generating meaningful results for A2GF.
4) UNCDF work with Bangladesh Bank, Truvalu (Impact Booster), LightCastle, and other partners and stakeholders to deliver a series of knowledge events on policies, regulations, and reporting on green financing for SMEs in every Divisional city over the next two years.

5) SDC continue to liaise, share information and coordinate strategy and activities with other donors supporting projects with Bangladesh Bank and the banking system on sustainability and enterprise-related issues, particularly IFC, World Bank, EU and Sweden.
6) SDC, UNCDF, Truvalu (Impact Booster), LightCastle and other donors and implementation partners coordinate efforts to brief and prepare new, senior level appointees relevant to the green financing space, including Ministers, Chief Executives, and Secretaries of the incoming government following elections in early 2026.
7) SDC consider two options for Outcome 3—early exit on October 31, 2026, versus on-schedule exit on October 31, 2027—and decide in the third quarter of 2026 which option to select.

Abbreviations

A2GF	Access to Green Financing for Enterprises
BB	Bangladesh Bank
BUILD	Bamboo-UNCDF
CHF	Swiss Franc
DAC	Development Assistance Committee
DFI	Development finance institution
ERD	Economic Relations Division
ESG	Environment, social and governance
FI	Financial institution
GESI	Gender equality and social inclusion
GOB	Government of Bangladesh
GSS	Green, sustainable, sustainability-linked and social (bonds)
IBRD	International Bank for Reconstruction and Development (World Bank)
IC	International cooperation
IFC	International Finance Corporation
ILO	International Labour Organization
LMFF	Last Mile Finance Fund (UNCDF)
LNOB	Leaving No One Behind (UNCDF)
MFI	Microfinance institution
OECD	Organization for Economic Cooperation and Development
PE	Private Equity
SDC	Swiss Agency for Development and Cooperation
SECO	State Secretariat for Economic Affairs (Switzerland)
SMEs	Small and medium-sized enterprises
SREDA	Sustainable and Renewable Energy Development Authority
TOC	Theory of change
TOR	Terms of reference
TOT	Training of trainers
UN	United Nations
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Program
UNEP	United Nations Environment Programme
VC	Venture capital

1 Introduction

This is the final report of the assessment of the Outcome 3 component of the Access to Green Financing for Enterprises Programme (A2GF) funded by the Swiss Agency for Development and Cooperation (SDC) and the United Nations Capital Development Fund (UNCDF). The report includes sections on background, objective, key assessment questions, approach and methodology, findings, assessment grid ratings, and recommendations. Annexes provide additional information on assessment methodology, the Outcome 3 budget, and the full, completed assessment grid. This final version utilizes feedback on the draft report provided by SDC and UNCDF.

1.1 Background

Having announced that it will phase out its bilateral cooperation in Bangladesh by 2028, Switzerland is implementing a transition plan for a responsible exit, including reviewing and adapting the design of Outcome components 1 and 2 of A2GF. The project's website describes the work of the Outcome 3 component, which is implemented by UNCDF, as follows: "The Access to Green Financing (A2GF) for Enterprises programme will engage with regulators and policymakers by organizing training, meetings, workshops, and other engagements for capacity building and knowledge sharing. Additionally, the program will support the establishment of regulatory-technology solutions to streamline climate-linked financial monitoring systems, ensuring effective implementation of green policy interventions." This assessment examines the relevance, coherence, effectiveness, efficiency, impact, sustainability, and gender dimensions of the Outcome 3 component of A2GF and presents concrete, actionable and prioritized recommendations to strengthen Outcome 3's performance. The terms of reference for this assessment are reproduced here in Annex A.

1.2 Objective

According to the terms of reference, the objective of this assessment was "to conduct a pulse check of how Outcome 3 is tracking with implementation, especially considering whether the current approaches are fit for purpose or require modifications to achieve the desired goal of the programme. The ground realities, lessons learnt and findings from review will assist to inform Switzerland's decision-making process in taking the programme forward whilst responsibly exiting from Bangladesh."

1.3 Key assessment questions

The assessment aimed to examine 21 questions organized by OECD evaluation criteria: relevance, coherence, effectiveness, efficiency, impact, sustainability, and gender equality. Of particular interest to the assessment were questions relating to the relevance of Outcome 3, including whether it is required in the current context and the appropriateness of its strategies and activities. Questions of effectiveness were also important, especially regarding the extent to which Outcome 3 objectives have been or are likely to be achieved. In addition, the assessment devoted special attention to several efficiency issues, among them the implementation structures, systems and procedures used by UNCDF; the cost-efficiency of the implementation process; and coordination with Truvalu (Impact Booster), implementation lead on Components 1 and 2 of AG2F. Sustainability questions—notably the prospects for component results being sustained after the project is completed—were of interest, as well. The assessment also examined the gender dimensions of Outcome 3, particularly on the extent to which

gender is integrated into the design of component activities and informed by relevant and tailored gender analysis. Annex B lists the full set of key questions for this review.

1.4 Approach and methodology

The assessment took the form of a qualitative management review of the implementation of the Outcome 3 component of A2GF covering the period November 2023 through October 2025. Annex C describes the approach and methodology employed for the assessment. Data were gathered through document review (see Annex D); consultations with representatives of key partner organization involved in Component 3 and other A2GF components (Annex E lists persons consulted and Annex F reproduces the general interview protocol adapted for individual calls and meetings); plus site visits to two A2GF client businesses that are working to green their products and operations (see Annex G). Figure 1 summarizes the list of organizations consulted for this review. In total, 45 representatives from 15 organizations were interviewed in person or online for the assessment.



Figure 1: Organizations consulted

2 Findings of the Assessment

2.1 Overall performance assessment

Overall, in the terms of the assessment grid, this assessment judged the performance of Outcome 3 of the Access to Green Enterprises to be satisfactory. The component was found to be highly relevant. The level of coherence of Outcome 3 was satisfactory as was its performance on the criterion of effectiveness. However, the component was judged to be unsatisfactory on the criterion of efficiency. While it is early in the intervention to assess impact, this assessment rated Outcome 3 as satisfactory on this dimension. Regarding sustainability, the component was also rated as satisfactory, as it was on gender equality.

With Switzerland winding down its bilateral cooperation programme in Bangladesh in 2028, and high performing projects competing for scarce resources within SDC, Outcome 3 will need to address its deficiencies on the efficiency criterion and generally implement at an accelerated level of performance in the year ahead. If Outcome 3 attains accelerated performance and greater efficiency in 2026, SDC should continue to support it through 2027. However, if the component cannot increase its performance pace, especially at the sub-national level, and address its efficiency issues, then SDC should consider an early exit from the component at the end of calendar-year 2026.

2.2 Context

Six factors shape the current context in which Component 3 of A2GF operates. First, the US administration's unilateral imposition of onerous tariffs worldwide has triggered volatility and unpredictability in the global economy leaving large and small businesses everywhere struggling to adapt. Second, sharply reduced western aid grants, especially with the dismantling of USAID and sharp budget cuts by the United Kingdom and European donors, including Switzerland, are causing development partners and their local stakeholders to look for cost-savings and increased value for money through faster, more agile and leaner implementation models. Third, ongoing challenges with Bangladesh's sovereign debt have prompted the International Monetary Fund to push the Government of Bangladesh to reduce subsidies across all sectors, including, potentially, refinancing schemes in the areas of green and sustainable finance.

Fourth, while its policies on green and sustainable financing are strong—indeed, they represent global leadership among central banks—the Bangladesh Bank is preoccupied with preventing banking system failure and negotiating mergers and rescues among low-performing banks, while demand for business loans among SMEs and for green purposes has fallen. Fifth, these and other factors force Bangladeshi institutions active in climate finance and SME finance, to increasingly mobilize capital for sustainable development from private actors in Bangladesh, Asia (notably Singapore) and Europe, including from PE/VC fund managers, impact funds, pension funds and sovereign wealth funds, all of which are seeking solid, financially viable deals with a range of ticket sizes.

Finally, although disruptions are expected to be manageable, the expected February 2026 elections in Bangladesh are compelling financial and development institutions to complete most of their main activities through December 2025 and then beginning again in March 2026. On the issue of dealing with disruptions, especially during Covid and the 2024 revolution, one bank team told the assessment: "We now know we can handle anything."

2.3 Relevance

Overall, considering the evolving, complex context, there is a need for ongoing work on Outcome 3; policy and regulatory strengthening remain highly relevant**.** Preoccupied with preventing banking-system failure, but maintaining a priority on sustainable and green finance, Bangladesh Bank approvals of applications for certification and financing are onerous and slow in many areas. Entrepreneurs must pay the full interest rate until the Bank pronounces on their applications. And banks and FIs report that access to concessional funds for refinancing SMEs with green ambitions at lower rates is "drying up." Bangladesh Bank must become faster, more agile and efficient. Digitalization is part of the answer, an area in which UNCDF continues to work, but it is not a "silver bullet" that can solve all regulatory and policy challenges. Other donors—IFC, World Bank, EU and Sweden—support initiatives to strengthen Bangladesh Bank in key areas such ESG policies, green growth, green bonds, and credit guarantees.

There is some evidence that Outcome 3 is, in fact, contributing to systemic change in the banking and finance sector, particularly by working with the Sustainable Finance Department and SME and Special Programmes Department, both of which appreciate the advice and activities of UNCDF. The best example of this systemic contribution is the UNCDF team's development and refinement of the quarterly digital monitoring tool for green and sustainable finance of SMEs. Now, to optimize the component's system-level results, UNCDF must socialize its advice and tools with the Divisional offices of the Bangladesh Bank, where it should, and can, co-host, with Truvalu (Impact Booster) and other stakeholders, workshops for Bangladesh Bank's Divisional staff as well as district branch managers of banks and financial institutions.

Since late 2023, UNCDF and Truvalu (Impact Booster) have not coordinated effectively about their strategies, operations, and activities. The responsibility for this deficiency is shared. Outcome 3 is also not well-connected to the modified setup of A2GF. For example, neither of the two businesses visited for the assessment were aware of the activities of Outcome 3. UNCDF, Truvalu (Impact Booster), and LightCastle Partners, now an implementation partner, must take steps to improve their efforts to coordinate and collaborate.

The revised structure of A2GF calls for the launch of two investment funds: First, the ORE II Fund will be managed by Impact Booster, the General Partner, which will contribute EUR 1 M toward the fund's EUR 10M fundraising target; this fund will prioritize equity investments in solar assets. Second, LightCastle Partners will serve as General Partner to the LightCastle Small and Growing Business Impact Fund, which will be managed by Edge Asset Management; the GP is contributing USD 1M toward this fund's USD 10M fundraising target. The pipelines for both funds will benefit from A2GF's business development services and investment readiness support for green SMEs.

It is the view of this assessment that Outcome 3 remains relevant under this modified programme structure. In particular, the ongoing work of UNCDF with Bangladesh Bank, the SME Foundation and other key institutions on policies and regulations promoting green financing for SMEs has the potential to reduce some of the friction and obstacles faced by impact investors. This underscores the need for UNCDF, Truvalu (Impact Booster), and LightCastle Partners to coordinate their strategy and activities more closely, at all levels: national, Divisional, and branch. Further, feedback in real time from the General Partners of both funds can help strengthen and make more precise the necessary policy and regulatory reforms that can unlock, rather than stifle, more impact capital for green SMEs. As the A2GF

programme proceeds in 2026, SDC, in consultation with UNCDF, should carefully monitor progress in these areas through programme steering meetings, reports and on-site observation at workshops and other activities.

2.4 Coherence

Switzerland complements other donor interventions in the sustainable finance space. SDC's A2GF is a unique mechanism and learning vehicle that encompasses all players in the green finance ecosystem: the regulator, banks and financial institutions, and SMEs. UNCDF's interventions under A2GF's Outcome 3 reflect strong internal and external coherence, aligning closely with national priorities and complementary donor efforts in the sustainable finance ecosystem. By working with the Bangladesh Bank's Sustainable Finance and SME and Special Programmes departments, alongside the Economic Relations Division (ERD) and Ministry of Finance, UNCDF works to reinforces existing institutional frameworks and government-led initiatives on sustainable and green finance. The focus on policy operationalization rather than design complements other development partners' efforts on policy formulation and capacity building.

In addition, through collaboration with the Sustainable and Renewable Energy Development Authority (SREDA), UNCDF is supporting the development of a standardized manual for SREDA-certified energy audit reports, enabling the Bangladesh Bank and financial institutions to more effectively refinance energy-efficient machinery—a key priority under the Bank's sustainable finance guidelines.

At the same time, SECO's support of IFC's ESG integration project bolsters the Bangladesh Bank's policies, practices, metrics and reporting on sustainability for the banking sector at the national and Divisional levels. Using a trainer of trainers (TOT) approach, that project also works with the Bangladesh Securities Exchange Commission as well as the Bangladesh Bank Training Academy and Bangladesh Institute of Bank Management. Sida works with UNCDF in strengthening Bangladesh Bank's policies and execution of credit guarantees through BB's Credit Guarantee Department. The World Bank provides support for a broad green-growth implementation framework. The European Union is working with the Ministry of Finance to advance the policy and implementation of green bonds in Bangladesh.

So, in this crowded field, what should Switzerland's niche be? This assessment finds that the most appropriate niche for Switzerland is to promote effective policies and regulation for and reporting of green finance for SMEs at the *sub-national* levels, through outreach and training at the Divisional offices of Bangladesh Bank and the Divisional offices and branches of banks and financial institutions, with Components 1 and 2 linking entrepreneurs with lending institutions, Switzerland is more comfortable than most donors working at the local level, as demonstrated in several of its projects, including Shafal and Prabriddhi, among others. Testing and refining policy, regulations and tools vertically—up and down the ecosystem—will result a more effective enabling environment and more usable, scalable tools for all parties.

Is UNCDF the right organization to work at this level? Indeed, Truvalu (Impact Booster) and perhaps LightCastle will also work at the Divisional and branch levels for both Outcomes 1 and 2. For its part, Truvau (Impact Booster) is mandated to lead the work with financial services providers. However, increasing knowledge and awareness of relevant national policies and regulations at sub-national levels is also important work and, in the view of this assessment, the mandate of Outcome 3 envisions that contribution by UNCDF. SDC should carefully monitor the performance of all A2GF partners in

implementation at the sub-national level and based on on-the-ground performance, work with the partners to adjust the programme's approach accordingly.

2.5 Effectiveness

Since its inception, Outcome 3 activities have focused on UNCDF providing training workshops, tools development and advisory services primarily for the Sustainable Finance Department of the Bangladesh Bank as well as stakeholder representatives in the Bank's SME and Special Programmes Department, Economic Relations Department, and IDCOL, the country's infrastructure finance company, among others. Workshops have centred on ways and means of accessing financing for SMEs from the Green Climate Fund, engaging external consultants as resource persons through approved terms of reference. The main tool developed and refined by the UNCDF team has been the quarterly digital monitoring tool which enables the Bangladesh Bank and commercial banks and financial institutions to report on green and sustainable financing of SMEs. Annex H lists ten reports produced and six workshops organized by UNCDF under Outcome 3 between 2024 and 2025.

On the criterion of effectiveness, this assessment found that:

1) UNCDF has been effective in engaging the Bangladesh Bank and other important institutions, such as IDCOL, the SME Foundation, SREDA, as well as ERD; these **relationships** are solid.
2) UNCDF's work on the **quarterly digital monitoring tool** has been of high quality, is appreciated by the Bangladesh Bank, and is ready for wider socialization, application, and refinement.
3) The workshops on **accessing the GCF** for SMEs provided an interesting entry point even though In practice, this is a remote possibility for entrepreneurs; still, these activities seemed to spark stakeholder interest and engagement, opening the door to new activities under Outcome 3.
4) The **Divisional level workshops** planned for the end of this year hold considerable promise and are exactly the right next step for Outcome 3.
5) In fact, this review finds that the entire component should now move more decisively to **the sub-national level** to test tools and provide real-time feedback to Bangladesh Bank on policy implementation.
6) At the same time, there is an opportunity for UNCDF to work more closely with Truvalu (Impact Booster) to advance progress in tangible ways at the **gender and climate nexus** and in other areas.

In the broader policy space of sustainable finance in Bangladesh, the Bangladesh Bank continues to publish its annual ranking of banks and financial institutions on sustainability. Figure 2 presents the 2024 list and the metrics used in the ranking process. While some banks and FIs have greened their headquarters and branches, their actual lending of green and sustainable finance to SMEs has slowed considerably. Global economic volatility, national political fluidity, lack of awareness and tools by local bankers and entrepreneurs, and insufficient pipeline of quality deals are among the factors tamping down demand. Indeed, the three components of A2GF are responses to these challenges.



Figure 2: Top Banks and Financial Institutions on Sustainability, 2024

Looking to the capital markets, there is heightened interest by banks and financial institutions in Bangladesh in the potential of green and social bonds to generate new revenue streams (see Box 1). While green, sustainable, sustainability-linked and social (GSSS) bond issuances in developing economies slowed in 2024, the global GSSS bond market reached a record high value of USD 1 trillion. International demand for green bonds by Institutional investors and governments in advanced and middle-income economies, therefore, remained strong.

Box 1: Increased interest in green bonds

Several institutions consulted for this assessment expressed strong interest in the potential of green or social bonds to generate new revenue and provide capital for greening SMEs in Bangladesh. In 2022, In 2022, Bangladesh Bank issued its **policy on green bonds**, providing guidelines on definition, issuance, proceeds, reporting and underwriting of these instruments. In 2024, Standard Charter Bank worked with PRAN Agro Ltd. (PAL) to issue a **USD 13.6M green bond** with a coupon value of 9%. In the current market, in which banks derive much of their income from bonds, **interest in green bonds** appears to be growing, including by IDCOL, City Bank, and others. The European Union and IFC are supporting TA to develop the green bond market in Bangladesh. Bangladesh Bank policy advises that: "**Proceeds** or funds raised by issuance of green bond shall be invested in such project, company or organization which is engaged in activities with intention to generate a measurable and beneficial environment and climate impact for the society in addition to financial returns." Green-bond proceeds could therefore potentially be channeled to **green SMEs**, including women-owned green SMEs, but such targeting would need to be built into the design of the bond and monitored closely. Still, several factors constrain the growth of the bond market at large in Bangladesh, including complex and slow regulatory processes, comparatively higher taxes on interest income from bonds, weak market infrastructure and liquidity, dominance of the banking sector, a limited investor base, and insufficient product diversity. The IMF is working with the GOB to address these and other challenges, most recently with regard to the market for local currency bonds.[1]

2.6 Efficiency

This assessment found several weaknesses in the efficiency of the implementation of Outcome 3 component of A2GF. The UNCDF team has caught up on its burn rate of spending. The main problem is UNCDF's slow progress toward meeting its contractual commitment to contribute USD 1.4M to the component and achieve a 40/60 ratio with SDC's contribution by the end of the A2GF programme. A

[1] This overview of obstacles to the growth of the bond market in Bangladesh benefited from analysis generated by Perplexity.ai

second set of efficiency issues are clustered around the administration of UNCDF's human resources. Third, UNCDF and Truvalu (Impact Booster) are not well-coordinated in their strategy or activities. Finally, the use of in-person study tours is not a cost-effective way of incentivizing senior stakeholders to engage in and support Outcome 3 component.

More specifically, the following are the assessment's findings for efficiency:

1) **Burn rate:** After a slow start, the burn rate of UNCDF's spending has picked up over the past year and stood at 46% at the end of June 2025. This momentum must be continued.
2) **Contribution:** Table 1 sets out the respective contractual obligations of SDC and UNCDF. The 2023 agreement between the parties calls for SDC to contribute USD 2.1M and UNCDF USD 1.4M, including USD 1M in investment capital, constituting a ratio of 60/40. Table 2 summarizes the status of the parties' contributions as of June 2025. As it stands, the ratio to date is 28% on UNCDF's part and 78% for SDC. This deficiency must be addressed in the coming year. Measurable progress toward the 40% commitment should be achieved by UNCDF by September 2026.

   It is true that the contract indicates that the 40/60 ratio must be achieved by the end of the Outcome 3 component on October 31, 2027. And, as UNCDF points out, the contract does note set targets for contribution ratios by quarter or six-monthly periods. However, the world has changed *outside* Outcome 3 and A2GF. Switzerland's bilateral cooperation programme will exit Bangladesh in 2028. In the runup to that date, SDC seeks to maximize its value for money across its portfolio and allocate additional funds to projects that have the highest potential to scale and sustain their results. All of this has accelerated and intensified pressure on all SDC-supported projects, A2GF included, to generate optimum contributions faster than originally planned.

   It is also true that UNCDF has made multiple efforts to mobilize co-financing for A2GF. Box 2 summarizes these attempts, which have not succeeded. UNCDF observes that: "Overall, the political uncertainty in Bangladesh [together] with the reduced ODA and the changing global dynamics" all have contributed to the challenges faced in these efforts. This is fair comment. However, these conditions apply to all projects and partners in the SDC portfolio, including, within A2GF, Truvalu (Impact Booster) and, soon, LightCastle Partners.

Box 2: UNCDF's strategies to mobilize co-financing

As UNCDF reports:

1. "In 2023 and 2024, UNCDF engaged with several donors to present the A2GF project for potential co-financing — an approach endorsed by SDC, who had also agreed to facilitate a presentation to Team Europe in Bangladesh (which, however, did not materialize).
2. UNCDF independently engaged with other development partners, including the EU and Sida, to explore complementary financing aligned with green and sustainable finance priorities.
3. In collaboration with the BUILD Fund, UNCDF facilitated due diligence and assessment of a potential investible pipeline in Bangladesh; however, regulatory and political uncertainties prevented investment from proceeding.
4. UNCDF continues to work closely with the Bangladesh Bank to strengthen SME green finance guarantee mechanisms, enhancing access to finance for SMEs undertaking green transition efforts.
5. Apart from that, facilitating green business financing by mobilizing private sector capital specifically through banks, microfinance institutions (MFIs), and financial institutions (FIs) under the Shafal project, with robust mechanisms should be in place to distinctly attribute financial flows and shared impact between A2GF and Shafal. This will ensure transparent allocation and prevents any risk of double counting in reporting and results measurement. The mobilization should focus on the SMEs sourced from various sources."

Source: UNCDF, 2025

Table 1: Contribution Commitments and Projected Payments

Contributions	SDC	2.14M USD	(60%)
	UNCDF	1.4M USD	(40%)
[of which	Investment for Outcome 3	1.0M USD	
	Programme Management	.3M USD	
	Programme Support	.1M USD]	

Source: Contract #81079131, 2023

Table 2: Contributions through June 2025

SDC – Two tranches	.842M USD	(72%)
UNCDF – Expenses	.333M USD	(28%)
Total	**1.175M USD**	**(100%)**

Source: SDC and UNCDF, 2025

In the case of the Build Fund, UNCDF attempted to access internal investment funds from that mechanism but was not successful. Because of the low rate of deployment of capital by the fund manager, to the consequent frustration of the investors and UNCDF-HQ, the BUILD Fund is being wound down. And, with the recent restructuring of UNCDF, another source of investment capital, the Bridge Facility, has been folded into the agency's operations. One potential remaining HQ-based vehicle that UNCDF's Outcome 3 team may be able to access for investment capital is the agency's Last Mile Finance Fund (LMFF). In the view of this assessment, an allocation of USD 400,000 to USD500,000 from that fund to A2GF would go a long way to achieving UNCDF's contribution target.

For its part, UNCDF states that "the contribution from UNCDF will most likely come through the deployment of one of our instruments (loans or guarantees) to some of the SMEs incubated by Truvalu (Impact Booster) or FSPs (as financial intermediaries) – or to the wider ecosystem in Bangladesh (as policy interventions should be partner agnostic). As we all know, incubation requires time, and we cannot deploy the finance to SMEs that might not be ready to absorb that finance and/or that will not pass the due diligence of some more commercial oriented blended finance funds (which was the case with Build)." This assessment notes that, apart from the LMFF, this approach would likely require UNCDF's project on credit guarantees, supported by Sweden, to be operational in 2026 if that set of instruments is to be utilized before the end of Outcome 3.

3) **Human resources:** UNCDF staff costs total USD 915,000 over the life cycle of Outcome 3 of A2GF, an arrangement accepted by SDC from the beginning. This represents about 44% of the costs to be paid by SDC toward Outcome 3 implementation. Annex I includes a breakdown of these costs by position as set out in the original 2023 agreement between SDC and UNCDF for the implementation of Outcome 3. Again, SDC signed off on these arrangements, which were part of the project design.

   Annex I also presents an updated staff list by position detailing the percentage of time UNCDF staff members spend on the A2GF and Shafal projects and the contributions by SDC and UNCDF, respectively, toward those salaries. Most staff listed there are paid by SDC to spend 20% of their time—one a day a week, essentially—on Outcome 3 activities. SDC covers 100% of the time of only one team member: the Green SME Financing Expert based in Dhaka. When both A2GF and Shafal are combined, SDC pays for 50% of the time—2.5 days per week—of UNCDF's Regional Coordinator, Regional Programme Specialist (on leave), Regional Programme Associate, and the Regional

Communications Officer. For the Dhaka-based team, when A2GF and Shafal are combined, SDC pays for 80% of their time—that is, four days per week—of the Country Lead, Technical Specialist (based in India), Country Programme Associate, Country Communications Officer, and Country M&E Officer.

Looking ahead, this high level of dependence on SDC for salary support of UNCDF personnel is a point of vulnerability for UNCDF. With Switzerland's bilateral cooperation programme scheduled to close Bangladesh in 2028, and A2GF Outcome 3 itself projected to finish in 2027, and perhaps earlier, senior UNCDF managers in the region and in Bangladesh must turn their attention to diversifying their funding partners and sources over the next two years, in particular.

Regarding efficiency in human resources management, this assessment found that:

a) With its dispersed structure and UNCDF staff serving **multiple projects** at the same time, there is a perception[2] by some stakeholders that UNCDF's operations on Component 3 are not efficient. This assessment recognizes that UNCDF is not a resident agency, like UNDP; oversight and quality assurance functions, it notes, are carried out by regional offices and UNCDF headquarters. This staffing structure was accepted by SDC when the contracts for Outcome 3 and Shafal were negotiated. Indeed, UNCDF argues that its dual project duties on A2GF and Shafal create efficiencies rather than inefficiencies. Nonetheless, in this current moment of scarce aid resources, the UNCDF staffing model is seen to be heavy compared with the delivery models of some NGOs and firms.

b) This perception includes a question about the relative and absolute **time allocation** of the team leader and members to A2GF, Shafal and other projects, such as the Sida-supported initiative on credit guarantees with Bangladesh Bank, which seems to be only starting up now. Gaining increasing clarity on what outputs for Outcome 3 are produced by which team members, and when, is in the interests of both SDC and UNCDF. SDC programme managers at the Embassy already share information on the performance of the teams on A2GF and Shafal and are also in regular communication with counterparts from IFC, Sweden, and other donor agencies.

c) There seems to be some confusion around eligible expenses that UNCDF can charge to A2GF in the **billing** by UNCDF for the time of some of its personnel. Clarifying principles and practices for financial reporting and calculations regarding, for example, exchange rates used, treatment of vacant positions, and the rationale for future commitments that are treated like advances, is also important. SDC and UNCDF are working through these issues.

d) In general, the additional layers of **UNCDF and UN administration, rules and decision-making** are perceived to have resulted in delays in implementation. UNCDF went through a restructuring process recently and, although it appears that the agency's systems of accountability have been strengthened, reorienting to new rules and systems has also taken time. UNCDF believes that this period of adjustment is over and that there will be fewer delays.

e) One of the areas of contention between SDC and UNCDF has been in **recruitment of new professionals** for the project. For its part, as per the contract, UNCDF adheres to UN hiring

[2] This assessment was not mandated, nor did it have the time or resources, to carry out a full financial or organizational audit of UNCDF's work on Outcome 3. As such, it relies to a considerable extent on stakeholder perceptions. Whie these are imperfect measures, they are nonetheless material to any performance assessment of Outcome 3

practices and to the internal directive to source new personnel primarily from the UN system. In contrast, SDC favours a broader approach to recruitment, sourcing talent through a variety of networks, including professional platforms, other bilateral development agencies, NGOs and firms. UNCDF argues that it too favours and has been using broader recruitment approaches, citing the examples of its recruitment of its own team members. This assessment finds that there is a strong argument for the parties ensuring open recruitment practices in the remaining years of Outcome 3.

f) **T**his assessment recognizes that the **outsourcing** of certain functions--particularly for specialized skills and knowledge areas, such as on SMEs accessing the Green Climate Fund—has made sense to this point. However, as Outcome 3 shifts to its final two years, and the component's knowledge and tools are being consolidated, there is less reason for the UNCDF team to outsource functions that it is best place to carry out. This applies to Divisional and district knowledge events.

4) **Partnership with Truvalu (Impact Booster) and LightCastle:** To date, there has been insufficient coordination of strategy and activities with the Truvalu (Impact Booster) team or LightCastle Partners (now a co-implementer in the modified A2GF structure), a situation for which all parties are responsible. Some attempts to work together were made earlier in the programme, including, for a time, biweekly coordination calls. Now that A2GF is fully up and running, and there is limited time left in the programme, UNCDF, Truvalu (Impact Booster) and LightCastle should and can make best efforts to collaborate more closely, perhaps via monthly meetings or reinstating biweekly calls. The parties appear willing to reset their relationships to this end.

5) **Partnerships with other stakeholders:** In addition, there is a perception in some quarters that UNCDF has not been proactive in coordinating its Outcome 3 work with other stakeholders, including the IFC, World Bank, EU and now Sida. UNCDF argues that this has been one of its strengths. In any case, for the remainder of the A2GF programme, UNCDF will also need to make its best efforts to improve coordination with other stakeholders on strategy and activities.

6) **Study tours:** Requests from senior-level stakeholders for in-person study tours should be treated with skepticism, especially when virtual exchanges are more immediate and cost-effective. Other, lower-cost incentives, such as online professional training and credentialing opportunities and virtual speaking roles at international conferences, should be found to keep senior officials engaged and accessible. UNCDF makes a case that study tours support operational effectiveness: "Study tours are essential for exposing stakeholders to proven international best practices, fostering peer learning, and accelerating the adoption of innovative solutions." But Bangladesh Bank is already linked to various networks and practices on innovations and best practices, which can be accessed virtually. Again, any study tour proposal that is brought forward in the final two years of Outcome 3 must demonstrably add value and spur results and sustainability—and be scrutinized very carefully.

2.7 Sustainability

With its three components, A2GF is well-positioned to strengthen the green financing ecosystem—comprising the central bank, banks and financial institutions, entrepreneurs as well as service providers and research institutions—to become robust enough to not only survive the current volatile global economy but, in fact, thrive over the next five to ten years. Outcome 3, for its part, is centred on supporting the Bangladesh Bank to create the most favourable enabling environment for green

financing for SMEs. There is no exit strategy for Outcome 3 other than transferring/transmitting all relevant tools and knowledge to the Bangladesh Bank and national banks, both private and public. SDC does not contemplate a follow-on phase for Outcome 3 since Switzerland's bilateral cooperation programme will exit Bangladesh in 2028.

This assessment finds that, in general, the most productive pathway forward to optimize the sustainability of the intervention's results is for A2GF, and the Outcome 3 component, to **move "downward" vertically to the Divisional and district levels** over the next two years. The aims of this trajectory would include 1) strengthening the capacities of the central bank, bank and FI staff in delivering, and entrepreneurs in accessing, green financing, including applying and improving the digital monitoring tool and elements of the gender toolkit, and 2) using these learning processes closer to the ground to help refine and execute more effective regulations and policies with greater scale and impact. This will require a similar sub-national push by Truvalu (Impact Booster), working in sync with UNCDF and LightCastle Partners, while the two new investment funds are launched.

What kind of gameplan is needed to do this? As one possible scenario, Table 3 outlines a **two-year plan** that would see UNCDF host or co-host training events on key policies, regulations and reporting tools on SMEs in green transition at all the Divisional offices of the Bangladesh Bank. Alternatively, the Divisional offices of select commercial banks or financial institutions, or of the Bangladesh Banking Training Academy, could serve as workshop venues. Branch managers from districts in the Division would also be invited. This approach is used by IFC in its ESG project, which employs a training of trainers methodology. UNCDF could provide online coaching or supplementary sessions. In terms of human resources, this plan would require the in-country UNCDF team to concentrate its Outcome 3 allocation of days on planning and executing Division-level programming.

Table 3: Scaling "downward"

Bank / FI	Offices/Branches	Employees
Bangladesh Bank	10	5,800
BRAC Bank	156	7,150
City Bank	102	3,550
Eastern Bank	87	3,900
IDLC	38	1,400
IPDC	17	700



Year	Indicative Approach
2026	Rangpur, Rajshahi, Bogra, Mymensingh,
2027	Khulna, Sylhet, Barisal, Chittagong

In addition to shifting its attention downward, Outcome 3 should help the stakeholders it works with to leverage their **outward linkages with international and regional platforms,** networks and institutions to advance the objectives of the component and A2GF as a whole. As Annex J shows, key stakeholders maintain a diverse but unconnected set of external relationships. That can be improved through networking and workshops in Bangladesh. For its part, the Bangladesh Bank manages a variety of

external relationships, including with multilateral financing partners like the IMF and practice and standards networks such as ISSB/IFRS.

In terms of substance that can advance sustainability, UNCDF is presented with three opportunities: 1) identifying, assessing and utilizing **best practices** in green financing for SMEs via external platforms (e.g., NGFS, AFI), and projecting Bangladesh's own innovative policies, regulations and tools into these platforms and networks; 2) deepening international linkages on policy that also create a database of relevant **foreign investors** (i.e., DFIs, PE/VC, impact funds, sovereign funds, pension funds) to place capital in Bangladesh for green SME financing; and 3) working with Truvalu (Impact Booster) to intensify efforts to embed elements of the **GLI toolkit** into compliance tools for banks and FIs and guidance for investors, including UNCDF's digital monitoring tool—and vice versa: embedding elements of the monitoring tool into the GLI toolkit.

2.8 Impact

In A2GF, Outcome 3 is defined as: "Regulators and policymakers integrate climate resilience considerations into policies and associated processes, improve provisions to incentivise green financing/ investing and learn from global best practices in this regard." Achieving this outcome, in turn, is expected to contribute to transformative or systemic change in sustainable finance in Bangladesh. Overall, this assessment finds that it is too early in the life cycle of the component to document meaningful intended or unintended, positive or negative effects—perceived or verified—on beneficiaries, institutions and systems.

However, it is worth confirming that the UNCDF team is working with the appropriate partners and institutional units—primarily the Sustainable Finance Department of the Bangladesh Bank, as well as ERD, IDCOL, the SME Foundation and other apex level institutions—to ultimately effect systemic change. The UNCDF's efforts to strengthen the policies, regulations and tools of these partners through technical advice, training and tools development hold the promise of achieving real impacts by the end of A2GF. The challenge for the UNCDF team is to marshal and focus its finite human resources on Outcome 3 to make this happen. And this assessment finds that the most impactful pathway for the component is to move downward and outward, optimizing results at both the sub-national and national levels.

In this regard, UNCDF's comment in its half-yearly report ending June 2025 on its work toward realizing Outcome 3 is credible and appropriate: "All these efforts were made so that regulators and policymakers may integrate climate resilience and environmental considerations into policies and associated processes, improve provisions to incentivise green financing/investing and learn from global best practices in this regard."

2.9 The gender dimension

The assessment's findings regarding gender equality are as follows: First, the UNCDF team is women-led and women constitute a majority of team members, playing key roles in the implementation of Outcome 3. This group complements the women-led management team at SDC. However, it appears that UNCDF has mostly used male consultants and resource persons, international and national, in its workshops, notwithstanding its use of UN recruitment rules which seem to favour gender inclusion. Second, the quarterly digital monitoring tool designed by UNCDF requires banks and FIs and the Bangladesh Bank to report sex-disaggregated data for women-owned enterprises receiving green and

sustainable financing. This places Bangladesh among the best practices cases of central banks and financial systems in developing economies.

Third, as innovative as its approach is, however, the Bangladesh Bank employs a limited definition of women's businesses. In its policy on green and sustainable finance, this refers solely to women-owned businesses. However, the 2X Global platform also considers other criteria, such as share of women in senior management, share of women on the board of directors, share of women in the workforce, commitment to women in the supply chain, and products that the well-being of women and girls or that drive gender equity. These criteria are used to assess financial institutions as well as businesses. In cooperation with Truvalu (Impact Booster), UNCDF could work with the Bangladesh Bank to embed this broader definition of gender equality in green and sustainable lending and reporting.

Fourth, Truvalu (Impact Booster) and Kore Global have produced an initial version of a toolkit for gender lens investing. This resource includes sub-tools that track the gender-smart investment cycle, including sourcing and pipeline, due diligence, deal structuring, impact management and reporting, and exit and learning. Annex K provides more information on the elements of the toolkit. UNCDF should work with Truvalu (Impact Booster), LightCastle Partners, the Bangladesh Bank, and other stakeholders to embed relevant guidance for banks and FIs derived from the toolkit for green and sustainable financing of SMEs.

3 Completed assessment grid (summary)

Overall, in terms of the ratings for the assessment grid, this review judged the performance of Outcome 3 of the Access to Green Enterprises to be Satisfactory. The component was found to be highly relevant and therefore Highly Satisfactory on this criterion. The level of coherence of Outcome 3 was found to be Satisfactory as was its performance on the criterion of effectiveness. However, the component was judged to be Unsatisfactory on the criterion of efficiency. While it is too early in the intervention to assess impact, this assessment rated Outcome 3 as Satisfactory on this dimension. Regarding sustainability, the component was also rated as Satisfactory, as it was on gender equality. Annex L presents the full, completed assessment grid for Outcome 3 of the A2GF programme.

4 Conclusions and recommendations

4.1 Conclusions

Overall, this assessment has found that the policy and regulatory work undertaken by UNCDF under Outcome 3 component of the Access to Green Financing for Enterprises programme is highly relevant. UNCDF has fostered strong relationships with the Sustainable Finance Department and other units within Bangladesh Bank as well as with key players in the Economic Relations Department, IDCOL, the SME Foundation, SREDA and others. There is considerable runway now for the component to accelerate its work to socialize its digital monitoring tool and advance results at the gender-climate nexus, especially by shifting "downward" to the Divisional and district levels over the next two years.

However, the achievement of Outcome 3 results is constrained by efficiency issues. The most serious of these is insufficient progress of UNCDF toward meeting its contribution commitments in the contract,

particularly with respect to bringing investment capital to A2GF. In addition, there is a need to address a cluster of human resource issues, including clarifying the concrete individual contributions to outputs on multiple projects by a very dispersed team; reaching an agreement with SDC on consistent billing of eligible expenses (related to, for example, exchange rates, vacant posts, advances for committed resources); reducing the outsourcing of tasks that the UNCDF team itself can and should carry out; and ensuring that recruitment for team members and consultants reaches outside the UN system. The third efficiency issue is inadequate coordination and collaboration with Truvalu (Impact Booster), for which both parties are responsible; both agree that this situation must be rectified and that closer coordination should also now include LightCastle Partners.

4.2 Recommendations

Considering the findings of this assessment, it is recommended that:

1) **UNCDF develop a viable plan to accelerate the achievement of its contractually defined financial commitment to Outcome 3 component and to demonstrate tangible progress toward this objective by the third quarter of 2026.** *Explanation:* UNCDF's financial contribution to Outcome 3 currently stands at less than 30% to SDC's 70%. The target in the contract is to achieve a 40/60 contribution ratio, respectively, by the end of Outcome 3. However, with budgets tightening for Switzerland as it moves toward the the exit of its bilateral programme from Bangladesh in 2028, SDC requires that all partners accelerate the optimization of their financial contributions; this has become an urgent, real-time priority.

2) **UNCDF work with SDC to resolve the cluster of human-resources issues constraining the efficient administration of Outcome 3.** *Explanation:* These efficiency issues hamper the working relationship between SDC and UNCDF on Outcome 3 of A2GF. The parties must sit together and resolve these issues to their mutual understanding, satisfaction, and benefit. As western aid budgets are reduced, there is greater scrutiny of the administrative arrangements and business models of UN agencies and other programme delivery partners. Achieving value for money in all development interventions has gained new primacy.

3) **UNCDF, Truvalu (Impact Booster) and LightCastle Partners work together to enhance their partnership, coordinate their activities, and support each other in generating meaningful results for A2GF.** *Explanation:* To date, neither UNCDF nor Truvalu (Impact Booster) or LightCastle Partners (which is now an implementation partner) have made sufficient efforts to collaborate. However, with only two years left, at the most, in Outcome 3, it is essential that these parties enhance their partnership. Among the areas in which they could focus their work together are: co-designing and co-delivering some parts of Divisional and district programming; creating links between the digital monitoring tool and elements of the GLI toolkit; addressing the limits of Bangladesh Bank's definition of businesses that advance the interests of women; and identifying and reducing obstacles to the two investment funds being spun off A2GF.

4) **UNCDF work with Bangladesh Bank and other stakeholders to deliver a series of knowledge events on policies, regulations, and reporting on green financing for SMEs in every Divisional city over the next two years.** *Explanation:* There is a promising pathway for Outcome 3 to shift its efforts downward, to the sub-national level, to socialize its policy insights and regulatory guidance with Divisional staff of Bangladesh Bank and the district officials of commercial banks and financial

institutions. UNCDF may wish to utilize a cascading trainer of trainers (TOT) model to deliver this programming effectively and efficiently, an approach used by IFC's ESG project. These sub-national activities constitute an opportunity to advance, with Truvalu (Impact Booster), LightCastle Partners and others, policies, practices and tools that promote gender equality. In general, moving down vertically also will generate valuable feedback from financial professionals and entrepreneurs that can brought back "up" be used to refine and improve national policies, practices and tools.

5) **SDC continue to liaise, share information and coordinate strategy and activities with other donors supporting projects with Bangladesh Bank and the banking system on sustainability and enterprise-related issues, particularly IFC, World Bank, EU and Sweden.** *Explanation:* In an era of scarce budget resources, duplication and lack of synergies across interventions are unaffordable. SDC is in communication with other donor agencies—for example, Sida on credit guarantees, IFC on ESG policies and practices, the World Bank on green growth, the EU on green bonds, and others—to share information, coordinate and track results. This effort is especially important as Switzerland's exit target date of 2028 approaches.

6) **SDC, UNCDF, Truvalu (Impact Booster), and other donors and implementation partners coordinate efforts to brief and prepare new, senior level appointees relevant to the green financing space—including Ministers, Chief Executives, and Secretaries—of the incoming government following elections in early 2026**. *Explanation:* While support for green financing of SMEs may not differ much across the policy platforms of the competing political parties, it is likely that some apex-level leadership will change with the incoming government. These new leaders will need to be briefed on the importance, issues and opportunities around green financing for SMEs.

7) **SDC consider two options for Outcome 3—early exit on October 31, 2026, versus on-schedule exit on October 31, 2027—and decide in the third quarter of 2026 which option to select.** *Explanation:* Given the mounting pressures on the SDC development budget for Bangladesh to optimize results and value for money across its portfolio, SDC must consider the option of exiting early from Outcome 3 and transferring any remaining budget to other, high-performing projects. That is, it could decide to complete its support of Outcome 3 at the end of calendar year 2026. Key factors considered in this decision should be UNCDF's progress toward the 40/60 contribution ratio as well as its general efficiency and effectiveness during the first three quarters of 2026. If progress in these areas is judged to be acceptable, then exiting Outcome 3 on schedule, on October 31, 2027, makes sense. However, if progress is judged to be insufficient, SDC may opt to exercise the early-exit option and terminate Outcome 3 a year earlier, on or about October 31, 2026.[3]

[3] The legal basis for this option resides in Article X of contract #81079131, which reads as follows: "This Agreement shall cease to be in force thirty (30) days after either of the Parties have given notice in writing of its decision to terminate this Agreement." Consultations among SDC, UNCDF and the GOB would precede this decision as would a determination that sufficient funds will be available to meet all commitments and liabilities incurred during project implementation