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EVALUATION OF UNCDF'S STRATEGIC FRAMEWORK 2018-2021

FINAL EVALUATION REPORT

Prepared for

**UNITED NATIONS CAPITAL
DEVELOPMENT FUND**

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ACRONYMS

DAC	Development Assistance Committee
DINU	Development Initiative for Northern Uganda Program
ERM	Enterprise Risk Management
ESCAP	Economic and Social Commission for Asia and the Pacific
FGD	Focus Group Discussion
FMDV	Global Fund for Cities and Development
FMS	Office of Finance and Management Services
GE	Gender Equality
GEEW	Gender Equality and Empowerment of Women
HQ	Headquarters
IDE	Inclusive Digital Economies
IDES	Inclusive Digital Economies Scorecard
IELD	Inclusive and Equitable Local Development Program
IFAD	International Fund for Agriculture Development
IFCL	International Financial Consulting Limited
IMIF	International Municipal Investment Fund
IPoA	Istanbul Program of Action for the Sustainable Development of LDCs

IRRM	Integrated Results and Resources Matrix
KII	Key Informants Interview
LDC	Least Developed Countries
LDC5	Fifth UN Conference on the Least Developed Countries
LDF	Local Development Finance
LDCIP	Least Development Countries' Investment Platform
LNOB	Leave No One Behind
LoCAL	Local Climate Adaptive Living Facility
MIF	Municipal Investment Finance Program
MM4P	Mobile Money for the Poor
MSME	Micro- Small- and Medium- Enterprises
MSU	Management Support Unit
OECD	Organization for Economic Co-operation and Development
PPC	Partnerships, Policy and Communications
QCPR	Quadrennial Comprehensive Policy Review
SDG	Sustainable Development Goal
SF	Strategic Framework
SIDA	Swedish International Development Agency
SME	Small and Medium-sized Enterprises
TA	Technical Assistance
TAF	UNCDF Technical Assistance Facility

TOC	Theory of Change
TOR	Terms of Reference
UCLG	United Cities and Local Governments
UN	United Nations
UN-SWAP	UN System-wide Policy on Gender Equality and the Empowerment of Women
UNCDF	United Nations Capital Development Fund
UNCT	United Nations Country Team
UNDP	United Nations Development Program
UNDS	United Nations Development System
UNEG	United Nations Evaluation Group
UNIDO	United Nations Industrial Development Organization
WEE	Women's Economic Empowerment

EXECUTIVE SUMMARY

Background

The evaluation of the United Nations Capital Development Fund (UNCDF) Strategic Framework 2018-2021 was conducted in accordance with UNCDF's Evaluation Plan 2018-2021. The evaluation aims to strengthen UNCDF's accountability to its key development partners, including the Executive Board; support the development of the next Strategic Framework 2022-2025; and enable organizational learning. The evaluation also serves as a gender thematic evaluation exercise, targeting the gender dimensions of UNCDF's work.

Evaluation Objectives and Scope

The evaluation's general objective is to present evidence on UNCDF's performance in relation to the Strategic Framework (SF), including specific assessment of organizational and programmatic performance related to gender equality and the empowerment of women (GEEW).

The evaluation's specific objectives are:

- ◆ To assess UNCDF's organizational and programmatic work under the SF in relation to the OECD/DAC criteria (namely, relevance, coherence, efficiency, effectiveness, and sustainability) and against the objectives of the UNCDF gender strategy;
- ◆ To use evidence to validate and explore UNCDF's contribution to the SF impact of making finance work for the poor, including women and girls across a sample of programs in its 2018-2021 portfolio; and
- ◆ To provide evidence-based and actionable recommendations to support the development of the new Strategic Framework.

The evaluation takes into account all work that UNCDF has carried out in collaboration with UNDP and other United Nations (UN) partners to meet the objectives as set out in the Strategic Framework 2018-2021 to make finance work for women and men, small and medium-sized enterprises (SMEs), and local governments. The evaluation covers two distinct but interlinked results areas: 1) expected programmatic results and 2) expected institutional results for UNCDF that are set out in the SF and the accompanying Integrated Results and Resources Matrix (IRRM). The evaluation also covers the requirement for UN entities to commission periodic evaluations of their gender policies and strategies under the UN System-wide Policy on Gender Equality and the Empowerment of Women (UN SWAP 2.0).

Methodology

The evaluation of the Strategic Framework 2018-2021 was the first strategy evaluation undertaken by UNCDF in recent years. It was conducted between January and June 2021 by a competitively selected, impartial, external evaluation team reporting to UNCDF's Evaluation Unit, which commissioned and managed the evaluation on behalf of UNCDF. The evaluation was

framed by a theory-based approach, assessing how the overall SF theory of change (TOC) and gender-responsive TOC are operationalized in program and project documents and across the UNCDF portfolio of interventions, including UNDCF's global advocacy and norm-setting work. A gender equality lens was also applied to inform all aspects of the evaluation, looking beyond women's numerical participation to explore, from an intersectional perspective, whether and how the SF fosters changes in gendered norms and practices, including women's access to and control over financial opportunities and resources, and advances GEEW in the Least Developed Countries (LDCs).

The evaluation approach was based on a highly consultative and comprehensive data collection and analysis process that included all levels of the organization and external stakeholders. A mixed-methods approach combining multiple sources of qualitative and quantitative evidence was applied and included i) a systemic review of over 300 internal and external documents, ii) 76 key informant interviews which were conducted virtually with senior managers of UNCDF at headquarters, regional bureaus and country offices, UN agencies and partners in program countries, impact investors, private sector partners, donors, and members of the Executive Committee, iii) two surveys – one to 150 UNCDF staff at all professional levels (with a response rate of 41 percent) and the other, a purposive sample to 251 external stakeholders and partners (with a response rate of 10%). In addition, the evaluation team undertook deep dives into six areas covering UNCDF's programming and operational objectives to produce six detailed case studies.

Evaluation Findings

Relevance and Coherence

UNCDF's Strategic Framework positioned the organization in 2018 and throughout the SF period to respond to the 2030 Agenda for Sustainable Development, the Addis Ababa Action Agenda, and the Istanbul Program of Action (IPoA) for the Sustainable Development of LDCs. The Istanbul Program of Action (IPoA) focuses among other things on building productive capacity in LDC economies and mobilizing financial resources for development and capacity building over the decade from 2011 to 2020. It will be replaced by a new Program of Action to be agreed at the Fifth UN Conference on LDCs (LDC V) to take place in Doha in January 2022, preparatory sessions for which are focussing on the need to 'build back better' from the devastating effects of COVID-19 on LDCs. Again, the call will be for more emphasis to be placed on the mobilization of domestic and international resources to help LDCs achieve their SDG targets. The SF attempts to position UNCDF as an organization within the UNDS and with other public and private actors in the international development finance space to address this challenge. The SF articulates that the organization will partner and seek to develop synergies with the UNDP, agencies within the wider UNDS, international and other financial institutions, and with private sector actors, including impact investment firms and foundations. The positioning of the organization in this dynamic makes sense. Nevertheless, the SF needs to represent a unified, coherent, and consistent value proposition for the organization that accentuates its strengths, overcomes its weaknesses, takes advantage of opportunities, and mitigates against threats.

The SF was built around the existing structures and Practice Areas of the organization at the time it was formulated. As a result, UNCDF developed its strategy around the identified strengths and opportunities of the two existing Practices while presenting the new role of UNCDF, through the LDC Investment Platform, in making blended finance approaches available to a wider range of UN partners. The organization, accordingly, missed an opportunity to present itself as a unified organization with a coherent and consistent value proposition that would guide its work over the SF period. The SF identified a funding model for the ideal scenario to achieve the goals of the SF but was unsuccessful in securing the necessary funds during the SF period. UNCDF's increased emphasis over the SF period on addressing GEEW dimensions of LDC finance and development is consistent with global, regional, and country priorities and commitments.

Efficiency

The Strategic Framework sets out UNCDF's strong focus on the end client – poor men and women in LDCs, SMEs, governments, and other stakeholders of UNCDF interventions. Notwithstanding substantial achievement of results that have contributed to SF outcome objectives over the evaluation period, a more cohesive strategy driving institutional funding and resource mobilization could have created greater efficiencies in the deployment of corporate resources as well as in the prioritization and implementation of program interventions. Relevant IRRM indicators which reflect efficiency considerations in the “Institutional Effectiveness” section of the IRRM indicate that resources have been used efficiently, though these indicators might not align with goals of a SF crafted to provide UNCDF with a cohesive, unified value proposition. UNCDF's coordination, collaboration, and organizational arrangements have been effective and highly relevant to UNCDF's stated goal of covering many or all 46 LDCs in an efficient manner, though its inability to achieve its ideal funding scenario during the SF period has created pressure on the organization to realize this goal. UNCDF gained momentum on gender mainstreaming with increased attention to the UN SWAP 2.0 accountability framework. However, progress on institutional gender mainstreaming has been uneven, and mechanisms for integrating GEEW in program development, implementation, and monitoring are not yet consistently applied. In responding to the COVID-19 pandemic, UNCDF was able to adapt its existing work under the Strategic Framework and create new opportunities to pivot towards crisis and recovery initiatives and address needs in the LDCs created by the pandemic.

Effectiveness

UNCDF has been effective overall in contributing meaningfully to its Strategic Framework outcome objectives, namely (i) enhanced inclusive financial markets and local development finance systems that benefit poor and vulnerable populations; and (ii) unlocked public and private finance for the poor, with results that are likely to have lasting influence on public and private local development finance systems and inclusive finance markets and ecosystems at both the national and local levels in LDCs. While the IRRM presents some evaluability challenges, multiple lines of evidence have demonstrated that UNCDF has established its LDC expertise and local relationships as crucial strategic assets; it has effectively adapted its programming in response to emergent development themes and shifts in both public and private market systems; it has leveraged its capital mandate to catalyze capital for individual projects as well as for other

innovative financing solutions with multi-pronged strategic objectives that have built and influenced markets for systemic change; it has successfully collaborated and partnered to enhance results; and, increasingly, it has sought to address gendered barriers and promote women's economic empowerment through its work. Moreover, UNCDF has established itself as a global convener and influencer on themes relevant to the accomplishment of SDGs.

Sustainability

While non-core funding has increased over the SF period, core funding has remained stagnant, putting UNCDF's institutional sustainability at risk due to a funding model under pressure. The evaluation found ample but varied program-level evidence of initiatives that were able to leverage or facilitate stakeholder leveraging of additional resources, and of initiatives that were expanded or scaled across levels or geographic locations to capitalize on benefits demonstrated by UNCDF work. Still, there is a shortage of comparable, systematic data, including in the IRRM, to support an assessment of organization-wide performance against UNCDF's maturity model. UNCDF relationships with government and market stakeholders at the level of influencing legal, regulatory, and policy aspects of enabling environments are critical to sustainability implications of UNCDF's interventions which over the long-term address systemic challenges beyond UNCDF programs' immediate sphere of influence. Yet, several factors – especially limited core resources – constrain UNCDF's capacity to pursue such work. Over the SF period, work on gender norms, agency, and enabling environments for GEEW has been identified as critical for the sustainability of gender-related results. The evaluation found increasing emphasis on this work, notwithstanding ongoing capacity constraints to support emphasis on structural gender issues in partner countries.

Cross-Cutting Issues

In line with the 2030 Agenda, UNCDF's commitment to "leave no one behind" is operationalized in many programmatic activities which seek to benefit and empower vulnerable communities, SMEs, and local governments in last mile LDC settings. However, mechanisms and practices related to rights-based approaches and inclusion for specific marginalized groups are not systematically incorporated, and indicators are largely missing to capture information and learning in this area. Nevertheless, the evaluation found evidence of increased attention to these issues, both within programs and in organizational practices. At an institutional level, UNCDF has sought to meet its commitments to diversity, inclusion, and respect for human rights; however, limited evidence was found to confirm progress, perhaps because the entity's small size constrains its capacity to track initiatives and results in these areas.

Conclusions

Conclusion 1 – UNCDF's uniqueness: UNCDF's Strategic Framework positioned the organisation well to respond to the 2030 Agenda for Sustainable Development, the Addis Ababa Action Agenda and the Istanbul Program of Action (IPoA) to the sustainable development of the Least Developed Countries. UNCDF is unique within the UN system because of its capital mandate and its focus on LDCs. It has built up strong strategic assets that can be the basis for creating a cohesive and relevant value proposition for the organization in its work in LDCs and with the UN Development System, including the UNDP and other development partners, including

impact investors and the private sector. The evaluation found that UNCDF has established its LDC expertise and local relationships as crucial strategic assets; it has effectively adapted its programming in response to emergent development themes and shifts in both public and private market systems; it has leveraged its capital mandate to catalyse capital for individual projects as well as for other innovative financing solutions with multi-pronged strategic objectives that have built and influenced markets for systemic change; it has successfully collaborated and partnered to enhance results; and, increasingly, it has sought to address gendered barriers and promote women's economic empowerment through its work. Moreover, UNCDF has established itself as a global convener and influencer on themes relevant to the accomplishment of SDGs.

Conclusion 2 – Common vision and strategic goals: UNCDF's coordination, collaboration and organisational arrangements – both globally within the UN Development System and within the LDCs - facilitate achievement of UNCDF's stated goal of covering many or all of the LDCs in an efficient manner. However, the SF was built and operationalized around the existing structures and practices of the organization at the time it was formulated, which limited its ability to conceive, develop, communicate, and execute its work on the basis of a common vision of its strategic goals over the four-year period. The organization and its Practice Areas at that time were evolving, looking for a meaningful way to contribute to the development agendas of the LDCs. Each Practice had its own way of working, and had developed its own vision and strategy, even its own theories of change. The bottom-up, Practice-based approach limited the organization's ability to efficiently address the question of how best to deploy its strategic assets.

Conclusion 3 – Gender mainstreaming: UNCDF has achieved success in moving the dial forward on gender mainstreaming in its work. The evaluation found UNCDF programming on GEEW relevant to needs on the ground and coherent with global commitments, but the organization has yet to articulate an overall approach that identifies its niche on gender in a compelling way that describes the particular added value UNCDF offers. Further progress may be limited unless UNCDF applies resources to building the technical expertise needed ensure a gender lens is applied to all of its programming and its GEEW infrastructure and accountability mechanisms are strengthened.

Conclusion 4 – Integrated Results and Resources Matrix: The IRRM was a marked achievement of the organization to develop an approach to planning and results reporting in a consolidated manner. The IRRM reflects efforts to adapt to UNCDF's evolving program strategies and is understood as an approach to making the best use of existing data in the context of a practice-driven Strategic Framework. Yet, the IRRM does not yet align with best practice for performance measurement frameworks; in its current form, it is not effective as a management tool nor as a support to telling UNCDF's complete "impact story."

Conclusion 5 – UNCDF Funding Model: The funding model is under pressure as core resource mobilization and LDC IP capitalization continue to be constrained. The SF identified an ideal resource to results scenario that UNCDF did not achieve during the SF period. This has led to a fragmented approach to resource mobilization that could be better optimized. Notwithstanding substantial achievement of results that have contributed to SF outcome objectives over the evaluation period, the lack of a cohesive strategy driving institutional funding and resource mobilization creates inherent inefficiencies in the deployment of corporate resources as well as in

the prioritization and implementation of programming interventions. A strategy developed from a common vision, mission, and theory of change for the organization would fully assess UNCDF's current interventions and comparative advantages, how long these might be expected to endure, what additional unmet demand exists for interventions in the LDCs, and the competitive environment, allowing interventions to be prioritized in an efficient manner.

Recommendations

Recommendation 1: Employ strategic planning principles in the development of the next Strategic Framework 2022-2025 to agree on a common mission and vision of UNCDF and actionable strategic goals to be achieved.

Recommendation 2: Consider establishing a country-level integrated strategic approach to UNCDF's programming and operations that focuses on UNCDF's core strengths and value proposition contextualized to the needs and priorities of LDCs and relevant stakeholders, including donors and partner organisations within the UN development system, including UNDP. Align these integrated country strategies to UNCDF's regional and global strategies to ensure that the organization's priorities and initiatives are supported throughout the organization – at HQ, regional level, country level, and across individual practices. Structure the accountabilities, reporting lines, individual performance, and development plans based on country, regional, and global strategies and needs rather than individual practices.

Recommendation 3: Revisit the IRRM to ensure the selection and design of performance indicators that adopt best practice and reflect corporate and impact development goals based on a single internally-aligned UNCDF theory of change. This will help to improve clarity and relevance in the monitoring and reporting of UNCDF's performance against its mandate.

Recommendation 4: Integrate gender fully into the SF and theory of change, with (at least) gender-sensitive outcomes, outputs, and indicators, and gender analysis incorporated into analysis of risks and assumptions.

Recommendation 5: Conduct a review of the resource mobilization process in order to develop an overarching strategy to achieve UNCDF's ideal resources to results scenario in core and non-core funding and one-time capitalization of the LDCIP.

Lessons Learned

Following are a number of the lessons that have emerged from the implementation of the SF over the 2018-2021 period and that should inform approaches by the organization to develop and implement its SF for 2022-2025:

- ◆ Relationships are developed at the local level.
- ◆ An integrated country approach will find common ground between diverse practices and allow room for more innovations to emerge.
- ◆ A small organization needs to make extra effort to be heard above the clamour of the multitude of UN and development agencies operating in the field.

- ◆ Meaningful gender mainstreaming must be reinforced by clear incentives and compliance structures.
- ◆ Success comes from leveraging assets in a strategic manner to optimize impact.

1. SCOPE AND OBJECTIVES OF THE EVALUATION

The evaluation of the United Nations Capital Development Fund (UNCDF) Strategic Framework (SF) 2018-2021 was conducted in accordance with UNCDF's Evaluation Plan 2018-2021 and in line with the United Nations Development Program's (UNDP) Evaluation Policy (to which UNCDF is a party).¹ The purpose of the evaluation is to strengthen UNCDF's accountability to its key development partners, including the Executive Board; support the development of the next Strategic Framework 2022-2025; and enable organizational learning. The evaluation also serves as a gender thematic evaluation exercise, targeting the gender dimensions of UNCDF's work. It considers how UNCDF's Strategic Framework, its associated Gender Equality and Women's Economic Empowerment pathway, and the UNCDF Gender Strategy promote gender equality across programs and institutional practices. The primary users of the evaluation are UNCDF staff at all levels and members of UNCDF's Executive Board.

1.1. Evaluation Objectives

The evaluation's general objective is to present evidence on UNCDF's performance in relation to the Strategic Framework, including specific assessment of organizational and programmatic performance related to gender equality and the empowerment of women (GEEW).

The evaluation's specific objectives are:

- ◆ To assess UNCDF's organizational and programmatic work under the SF in relation to the OECD/DAC criteria (namely, relevance, coherence, efficiency, effectiveness, and sustainability) and against the objectives of the UNCDF gender strategy;
- ◆ To use evidence to validate and explore UNCDF's contribution to the SF impact of making finance work for the poor, including women and girls across a sample of programs in its 2018-2021 portfolio; and
- ◆ To provide evidence-based and actionable recommendations to support the development of the new Strategic Framework.

1.2. Evaluation Scope

The evaluation takes into account all work that UNCDF carries out in collaboration with UNDP and other United Nations (UN) partners to meet the objectives as set out in UNCDF's Strategic Framework 2018-2021 to make finance work for inclusion for women and men, small and medium-sized enterprises (SMEs) and for local governments. This includes UNCDF's objective to support the expansion of financial markets and local development finance systems that help

¹ United Nation's *Norms and Standards for Evaluation* <http://www.unevaluation.org/document/detail/1914>

unlock public and private finance at the local level in Least Developed Countries (LDCs). The evaluation covers two distinct but interlinked results areas: 1) the expected programmatic results and 2) the expected organisational results for UNCDF that are set out in the SF and the accompanying Integrated Results and Resources Matrix (IRRM). The evaluation also covers the requirement for UN entities to commission periodic evaluations of their gender policies and strategies under the UN System-wide Policy on Gender Equality and the Empowerment of Women (UN SWAP 2.0).²

1.3. Overview of the Evaluation Approach

In conducting this evaluation, the evaluation team was guided by professional standards and principles³ and took particular care to ensure transparent, inclusive, participatory, utilization-focused, and gender-responsive evaluation processes and outcomes. All efforts were made to facilitate the participation of UNCDF SF stakeholders at different levels and in the various stages of the evaluation. Since the scope covered global and program interventions in a range of countries and regions, it was not possible for all UNCDF staff and stakeholders to voice their thoughts through direct exchanges with the team; for this reason, the methodology used complementary online surveys to reach as many of these staff and stakeholders as possible. (See Annex 3 for a discussion of these surveys.)

Open communication was established from the outset in the inception period with UNCDF's Evaluation Unit which managed the evaluation. This continued throughout the evaluation, allowing for free and fluid circulation of messages, documents, and data, while maintaining appropriate professional standards of integrity and independence.

The evaluation was framed by a theory-based approach, assessing how the overall SF theory of change (TOC) and gender-responsive TOC are operationalized in program and project documents and across the UNCDF portfolio of interventions, including UNCDF's global advocacy and norm-setting work.

A gender equality lens was applied to inform all aspects of the evaluation, looking beyond the numbers of women participating in development activities to explore, from an intersectional perspective, whether and how the SF fosters changes in gendered norms and practices, including women's access to and control over financial opportunities and resources, and advances GEEW in the LDCs.

The COVID-19 pandemic is set to push tens of millions of people back into, or further into, poverty, with disproportionately negative effects on the most vulnerable, including significant risks to the livelihoods, well-being, and agency of women.⁴ Given the magnitude and likely long-term impacts

² For more information, please see <https://www.unwomen.org/en/how-we-work/un-system-coordination/promoting-un-accountability>.

³ These include *OECD-DAC Evaluation Standards* and *UNEG Norms and Standards for Evaluation*, as well as UNEG's *Guidance on Evaluating Institutional Gender Mainstreaming* and UN Women's *How to Manage Gender-Responsive Evaluation* handbook. The evaluation design and implementation also reflects the guidance in CGAP's *Measuring Market Development: A Handbook for Funders and Implementers of Financial Inclusion Programs*.

⁴ World Bank, *Global Economic Prospects, June 2020* (Washington, D.C.: World Bank, 2020), p. 17.

of the crisis, the evaluation team was alert to opportunities to assess how the pandemic is affecting UNCDF programming and institutional processes and vice versa. Attention to this cross-cutting concern is seen as a critical input to inform the next SF which will be developed and implemented in a pandemic and post-pandemic world.

2. PROFILE OF UNCDF'S STRATEGIC FRAMEWORK 2018-2021

2.1. UNCDF's Mandate and Positioning within the UN and International Development Finance Ecosystem

The United Nations Capital Development Fund (UNCDF) promotes the social and economic transformation of least developed countries (LDCs) by making public and private finance work for the poor. With its capital mandate and instruments, UNCDF uses official development assistance to help build inclusive financial markets and local development finance systems, proposing “last mile” finance models that unlock public and private resources, especially at the domestic level, to reduce poverty and support local economic development.

The mandate of UNCDF is focused on making finance work for the inclusion of those at risk of being left behind – local governments, SMEs, and poor women and men who have been underserved and excluded, where development needs are the greatest, and where financial flows are the scarcest.

UNCDF works closely in partnership with the UNDP and other UN agencies, concentrating its efforts in LDCs in order to enhance inclusive financial markets and local development finance systems that benefit poor and vulnerable populations and to unlock public and private finance for the poor. UNCDF advances these goals by aiming to transform the way development actors invest. This is to be accomplished by being an early-stage investor and incubator that shows proof of concept, de-risks opportunities, and crowds in financing that can later be scaled up and replicated by institutional and private sector partners. UNCDF also assists local governments in LDCs to create the right conditions to mobilize resources to meet urgent development needs at the local level. UNCDF describes these elements through a maturity model with support moving from Stage 1 (Innovation, where UNCDF is an early investor and incubator aiming to show proof of concept) to Stage 2 (Leverage, whereby UNCDF consolidates the lessons from the innovation stage to create leverage for unlocking additional public, private, foreign, and domestic resources to help LDCs embed the innovation in policies, capacities and broader market systems and institutions) to Stage 3 (Scaling Up, when UNCDF and its partners work with national and international investment organizations to create the conditions for replication across more institutions, more populations, more geographic localities and/or more countries).⁵

⁵ UNCDF Corporate Brochure, 2016, p. 2.

<https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&ved=2ahUKewi96LTL48TxAhXZMikFHe1qDFYQFjACegQIAXAD&url=http%3A%2F%2Fwww.uncdf.org%2Fdownload%2Ffile%2F127%2F650%2Fcorporate-brochurepdf&usq=AOvVaw2Ci2DWAeyUc9sOVWoFLSMO>

2.2. Key Objectives of the Strategic Framework

The UNCDF Strategic Framework 2018-2021 (SF) was developed to support the organization in contributing to the achievement of Sustainable Development Goal (SDG) 1 of ending poverty and SDG 17 on the means of implementation.⁶ It identifies the opportunities and challenges faced by UNCDF in developing financial solutions for those in the last mile who are often left behind. It articulates UNCDF's guiding principles of making finance work for inclusion, responding to needs of the Least Developed Countries, focusing on the last mile, aligning with global agendas, building on its strengths in financial inclusion and local development finance, and "learning by doing" to spark innovation, leverage finance, and scale up. The SF was shaped by lessons learned from UNCDF's previous Strategic Framework (2014-2017) and reviews and evaluations of its past programs, projects, and results-based management systems and was formed to respond to the 2030 Agenda for Sustainable Development (Agenda 2030) launched in 2015 and to the UN Development System (UNDS)⁷ reforms taking place that delink the UN's Resident coordination function from the UNDP and promote a one-UN system.

UNCDF's SF is organized around an overarching theory of change (TOC) (please see Annex 1) with gender equality and women's economic empowerment identified as core objectives across all of its levels and elements. This high-level theory of change identifies two outcomes as pathways for achieving UNCDF's envisaged impact of "Making finance work for poor men and women, SMEs and local governments." These outcomes are:

1. Enhanced inclusive financial markets and local development finance systems that benefit poor and vulnerable populations, and
2. Unlocked public and private finance for the poor.

These two outcomes are intended to be mutually reinforcing and share the same output to outcome pathways. Three general output packages are identified, whereby:

1. UNCDF investment tools are used to provide seed capital and to incentivize innovation, de-risk and crowd in new public and private partners, and demonstrate proof of concept;
2. Public and private partnerships are leveraged and capacities built to develop inclusive financial markets and local development finance systems; and,
3. Policy support, diagnostics, data, knowledge and evidence drive policy and regulatory change and change in investor's behaviours.

The SF is operationalized through its funding model, which rests on a combination of core and non-core resources, with its work organized into a portfolio of programs and projects across the programmatic divisions: the Inclusive Digital Economies (IDE) practice formerly the Financial

⁶ Also includes goals 5, 7, 8, 9, 10, 11 and 13. UNCDF work can also contribute to wider goal 16-related responses in countries affected by conflict or natural disasters. UNCDF Strategic Framework, 2018-2021; footnote 2; p. 3.

⁷ United Nations, 'General Assembly resolution on repositioning of the UN development system, adopted in May 2018 in the context of the quadrennial comprehensive policy review (A/res/72/279)', 2018.

Inclusion Practice, and the Local Development Finance (LDF) practice. These two practice areas are supported by the Least Developed Country Investment Platform (LDCIP), the emerging third area of expertise which extends the range of financial instruments the UNCDF can offer to include targeted loans and guarantees to partner organizations.

The TOC also identifies UNCDF's institutional enablers as inputs supporting progress towards its outcomes and overall impact. These include UNCDF's human resources, its management and work around knowledge, thought leadership, communications and advocacy that ensure UNCDF has the systems, staff and tools to deliver the intended results of the SF.

Across its work, UNCDF seeks to mainstream gender equality and women's economic empowerment needs and priorities, meeting its commitments under the 2030 Agenda and the UN SWAP 2.0. Described in an annex to the Strategic Framework, the Pathway to Gender Equality and Women's Economic Empowerment of the SF is a dedicated gender-responsive theory of change detailing how UNCDF seeks its envisioned gender-responsive impact of "making finance work for poor women and girls, woman-led SMEs, and local governments that empower women and girls."

Mirroring the logic of the high-level TOC, the pathway envisions the same two mutually supporting outcomes, adapted to reflect the particular focus on GEEW needs:

1. Enhanced inclusive financial markets and local development finance systems *to be adaptive to women's lifecycle needs and economic roles*, and
2. Unlock public and private finance *to promote women's economic empowerment and gender equality*.

These outcomes are aligned with the primary drivers of women's economic empowerment identified by the report of the UN Secretary General's 2016 High-Level Panel on Women's Economic Empowerment, which range from strengthening women's collective voice and representation and tackling adverse gender norms to building women's financial assets and improving public sector practices.

At the output level, UNCDF is committed to promoting gender-responsive outcomes by deploying its investment tools based on gender-sensitive analyses and to gender-targeted GEEW areas; increasing the awareness and capacities of public and private partners to promote GEEW considerations in the development of inclusive financial markets and local development finance systems; and providing gender-sensitive policy support, diagnostics, data, knowledge and evidence to drive policy and regulatory changes in support of GEEW.

Just as the high-level TOC identifies the funding model and institutional enablers required for its work, the Gender Pathway identifies five institutional effectiveness factors reflecting GEEW priorities, related to both programming and internal organizational processes. Finally, the pathway identifies 14 mechanisms to ensure UNCDF's positive engagement with women and girls, such as the UNCDF Strategy on Gender Equality and the Empowerment of Women 2018 - 2021, participation in relevant interagency processes, and gender-responsive investment policy and project appraisal.

UNCDF developed its IRRM for monitoring of results and results to resources linkages. The IRRM translates the SF into a set of performance indicators to track results, with baselines and targets for institutional and impact objectives of the SF. It identifies results' alignment with SDGs and provides a system for monitoring progress on achieving results to enable the organization and its stakeholders to assess achievements, draw lessons, and hold the organization accountable for its development contributions.

The IRRM follows the three levels of results identified in the SF TOC: impact, outcomes, and outputs. It also identifies indicators for institutional effectiveness based on UNCDF's funding model and capital resources, partnerships with public and private stakeholders, management, people, and knowledge, communications, and advocacy. Where relevant, many of the indicators are disaggregated by sex.

2.3. Implementation of the Strategic Framework 2018-2021

The implementation of UNCDF's SF over the last four years was influenced by the changing development context and in particular the context relating to LDCs. With the launch of the UN Secretary-General's call for a Decade of Action to deliver the Sustainable Development Goals, financing for sustainable development remains a top priority. The United Nations Development System (UNDS) is undergoing wide ranging reform in an attempt to develop a more integrated and coordinated approach to achieving the SDGs. Preparations for the fifth United Nations Conference on Least Developed Countries (LDC5) are highlighting the need for different approaches to seek sufficient financing of sustainable development in these countries. In addition, the COVID-19 pandemic has come as a major shock to the system and has hampered the ability of LDCs to reach their 2030 targets.

UNCDF evolved during this period to meet these challenges, as it set out to help LDCs unlock public and private finance for their development by expanding financial inclusion, delivering innovative local development finance, and expanding deployment of financial instruments. In its 2020 Annual Report to the Executive Board, UNCDF reported that it:

- ◆ Worked to promote financial inclusion, especially through digital technologies, partnering with over 420 financial and digital service providers, small and medium enterprises (SME) and public organizations providing inclusive financial and digital solutions to over 2 million people in 44 countries;
- ◆ Supported 536 local governments in 42 countries to enhance their subnational financial systems and completed 674 localized strategic investments to demonstrate the effectiveness of decentralized financing and use local development finance as a means to contribute to COVID-19 emergency response and recovery efforts at the local level;
- ◆ Expanded its investment portfolio to 21 loans and guarantees in seven countries and disbursed US \$30 million in strategic grants, which together unlocked US \$85 million in direct and catalytic financing along with an additional US \$48 million channelled through decentralized financing mechanisms developed with UNCDF support;

- ◆ Assisted countries in responding to COVID-19 by providing localized emergency grants benefiting over two million people, 60 percent of whom were women. It also supported the development of digital solutions that provided benefits and services to around 2.6 million people affected by the pandemic; and,
- ◆ Improved its performance against the UN SWAP 2.0 from meeting or exceeding 88 percent of requirements in 2019 to 94 percent in 2020 and improved staff capacity to assess and incorporate GEEW considerations across all UNCDF programs.⁸

According to UNCDF's *Midterm Review of the Strategic Framework*, including its annual report to the Executive Board on results achieved in 2019, UNCDF is on track to meet or has exceeded over 90 percent of its development effectiveness indicators and almost 90 percent of its institutional effectiveness indicators.

UNCDF is described as being unique to the United Nations system because of its capital mandate and expertise to address gaps in the international development finance architecture, particularly for LDCs. To operationalize the SF, UNCDF works in partnership and in collaboration with other organizations within and outside of the UN system. As an associated Fund of UNDP (UNCDF's administrator), synergies between the two agencies are designed to capitalize on UNCDF's local finance solutions and subnational focus with UNDP's global presence, policy advice, and relationships with host country government and development partners and support for the SDGs at country level. During the SF period, this collaboration has continued with joint programming with UNDP and other UN entities under the UN Joint SDG Fund among other collaborations. As well, UNCDF has partnered with other UN entities on joint projects. These include among others major projects and programs with UN Women, the Food and Agriculture Organization, the International Fund for Agricultural Development, UN-Habitat, the Department of Economic and Social Affairs, and the Office of the United Nations High Commissioner for Refugees (UNHCR).⁹ UNCDF also collaborates and works with international and domestic finance institutions, the private sector and foundations to deliver SDG results at the municipal and local government level, with SMEs, civil society organizations, beneficiary groups and alliances and networks formed to making finance work for the most disadvantaged. Examples of UNCDF's work over the SF period include the following:

- ◆ **The Local Climate Adaptive Living Facility (LoCAL)**, a mechanism designed by UNCDF in 2011 to channel climate finance to local governments in mostly LDCs that in turn provides investments to local governments to support economic adaptation to the effects of climate change through performance-based grants. Since its official launch in 2014, LoCAL has reported supporting more than 300 local governments, making over 1,680 climate resilient investments that are benefitting over 11 million people.

⁸ Report on results achieved by the United Nations Capital Development Fund in 2020; Executive Board of the United Nations Development Program, the United Nations Population Fund and the United Nations Office of Project Services

⁹ For work with UN Women please see <http://www.uncdf.org/ield> ; For work with FAO see <https://www.uncdf.org/article/5714/rfa-innovative-digital-lending-solutions-for-farmers-in-uganda>; For work with IFAD see <https://www.uncdf.org/article/421/promoting-access-to-remittances-for-financial-inclusion-project-document>; For work with UNHCR see <https://www.uncdf.org/unhcr-uncdf-joint-program-for-financial-inclusion-of-forcibly-displaced-persons-and-host-communities>

- ◆ **“Leaving No One Behind in the Digital Era,”** UNCDF’s strategy for financial inclusion has evolved from microfinance in the 1990s to inclusive finance and digital finance in early 2010s to now focus on inclusive digital economies, using an inclusive market development approach working simultaneously with policymakers, regulators, and market actors to ensure that low-income women and men are engaged in the economy to not just meet their basic needs but to provide them access that improves skills, productivity, and marketability in the digital economy era.
- ◆ The launch of the **Least Development Countries Investment Platform (LDCIP)** to operate as an independent risk function in deploying loan and guarantee transactions from UNCDF balance sheet. Since its launch, the LDCIP has issued 18 loans and 3 guarantees totalling US \$4.1 million across a variety of sectors in 7 countries. UNCDF’s loans, guarantees, and other financial instruments aim to de-risk investments, demonstrate the viability of investing in last-mile environments, and stimulate domestic and foreign investors to deploy capital in countries and opportunities traditionally underserved by capital markets.
- ◆ The development of **Blended Finance Instruments for Sustainable Development.** UNCDF has been active over the SF period in identifying ways to blend financing instruments to attract additional public and private finance for SDGs. UNCDF has partnered with Bamboo Capital Partners, an impact investment firm in Geneva to establish a blended investment vehicle called the **BUILD Fund** to bring capital to missing middle SMEs, especially in the LDCs. In March 2021 the Government of Luxembourg committed EUR 2 million as the first investment into the BUILD Fund. UNCDF has also made progress in launching the **International Municipal Investment Fund (IMIF)** a blended finance fund targeting urban and municipal infrastructure projects. The fund will be managed by a private asset manager, Meridiam. UNCDF in partnership with United Cities and Local Governments (UCLG) will provide the technical assistance to municipalities to ensure urban and municipal infrastructure projects are investment ready.
- ◆ Development of diagnostic instruments – such as the **“Dual Key” system**¹⁰ providing multi factor analysis of an investment’s readiness by understanding its potential developmental impact (first key) and its business model in terms of its bankability, sustainability and follow-on investment potential (second key). Another planning tool, the **Inclusive Digital Economies Scorecard (IDES)**¹¹, helps central governments in LDCs develop a more strategic and systematic approach to planning and operationalizing an inclusive digital economy. It identifies the key market constraints hindering the development of an inclusive digital economy and sets priorities with public and private stakeholders to develop a digital economy that leaves no one behind.

¹⁰ For more information, please see <https://www.uncdf.org/dual-key>

¹¹ For more information, please see Case Study 2 in Annex 6 and <https://ides.uncdf.org/homepage>

- ◆ The capacity building of alliances and networks as key initiatives during the SF period. The **Malaga Global Coalition for Municipal Finance** was first convened in 2018 by UNCDF in partnership with United Cities and Local Governments (UCLG) and the Global Fund for Cities and Development (FMDV) to bring together a range of global stakeholders to conduct high-level policy dialogue on municipal finance. The **Better than Cash Alliance** with its secretariat hosted by UNCDF, is a global partnership of governments, businesses, and international organizations supporting via advocacy, research and advisory services the transition from cash to digital payments in developing countries.

Within UNCDF, the implementation of the SF was operationalized through the different divisions: the Local Development Finance (LDF) Practice Area, Inclusive Digital Economies (IDE) Practice Area, and the Least Developed Countries Investment Platform (LCDIP). A Partnership, Policy and Communications (PPC) Team supported the Practice Areas in developing partnerships, setting policy, and communicating results, lessons learned, and knowledge products to a wider audience. Each of the Practice Areas works with UNCDF country teams and representatives in partner LDCs to implement a series of projects and programs.

2.4. UNCDF's Current Financial Status

The SF identified four results-to-resources scenarios, from “pessimistic” to “ideal” in order to ensure that UNCDF could meet the results that it set to achieve in its Strategic Framework over the period 2018-2021. The ideal scenario would provide UNCDF with US \$25 million per year in core funds; US \$75 million per year in program funding; and a one-time US \$50 million capitalization of the LDCIP. This level of funding would support a strategic presence in 40 LDCs.

As illustrated in Figure 1, core resources have remained relatively flat over the SF period increasingly slightly to reach US \$14.8 million in 2020 but well short of the US \$25 million requested in 2018. Non-core or project funding from member states, the private sector and non-governmental organizations, and from joint projects with UN entities (except for 2019 in which UNCDF signed large multi-year commitments) did not reach the target of US \$75 million per year of the ideal scenario but provided enough resources to deliver its investments and services to 39 LDCs. Only US \$1.5 million of the one-time US \$50 million capitalization targeted was raised by 2020. While non-core or earmarked project funding has reached its highest totals in UNCDF history during the SF period, this has been based on specific projects and programs and in specific countries of interest to donors.

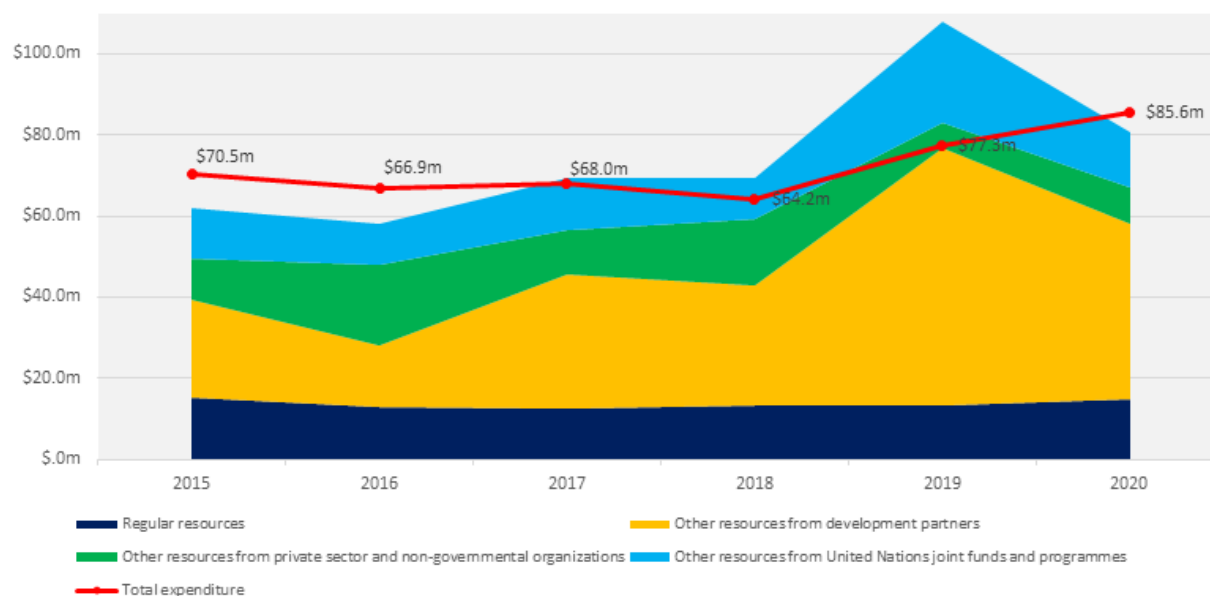
UNCDF expenditures during the SF period grew from US \$64.2 million in 2018 to US \$85.2 million in 2020, a 33 percent increase. According to UNCDF's report to the Executive Board for results achieved in 2020, this is largely due to strengthening program delivery for local development financing systems, especially the expansion of the local climate adaptation and municipal financing approaches.¹²

¹² Executive Board of the United Nations Development Program, the United Nations Population Fund and the United Nations Office of Projects Services, Report on results achieved by the United Nations Capital Development Fund in 2020, p. 12.

Regular or core funding provides the foundation for UNCDF to innovate, ensure a presence in LDCs, and be part of the UN system at country level. It supports the main operating costs of the organization and country teams that are not financed by non-core or programmatic budgets. Of the US \$14.8 million received by UNCDF in core funding in 2020, UNDP accounted for 27 percent of the total or just under US \$4 million. The remaining US \$10.8 million in core funding were contributed by 11 member states, of which Sweden and Switzerland provided 67 percent of the total. The governments of the United States, Luxemburg, Australia, and Norway contributed an additional 31 percent between them. The remaining 2 percent are smaller donations from Austria, France, China, Myanmar, and Thailand.

Donors contributed US \$65.9 million of earmarked (non-core) resources for programming in 2020, a portion of which is multi-year funding. Of the 36 donors who contributed to UNCDF in 2020, 61 percent of funds came from 13 member states, 21 percent from 12 UN entitles (including multi donor trust funds) and 13 percent from 11 foundations, private sector and non-government organizations combined.¹³

Figure 1: UNCDF revenue and expenditures, 2015 -2020 (in millions of US\$)¹⁴



¹³ <https://www.uncdf.org/contributions-to-uncdf>

¹⁴ Ibid.

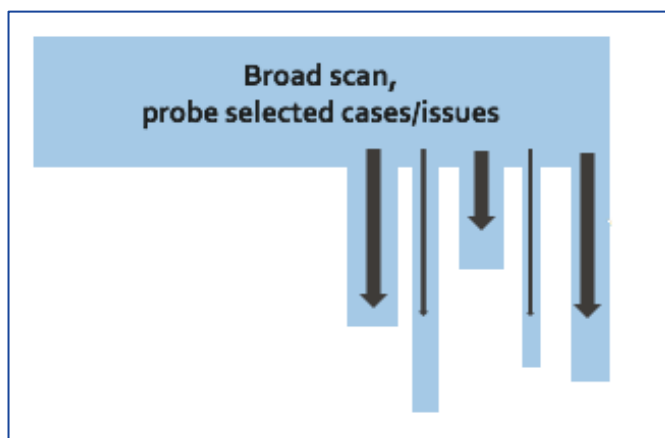
3. EVALUATION APPROACH AND METHODOLOGY

The evaluation of the Strategic Framework 2018-2021 was the first corporate strategy evaluation undertaken by UNCDF in recent years. It was conducted between January and June 2021 by a competitively selected, impartial, external evaluation team reporting to UNCDF's Evaluation Unit which – reporting directly to UNCDF's Executive Secretary – commissioned and managed the evaluation on behalf of UNCDF.

3.1. Evaluation Design

The evaluation was designed to balance an overarching assessment of program and organisational aspects of SF implementation with specific insight into program interventions at project and country level, including with respect to gender dimensions of UNCDF work. It combined the use of existing secondary data that document and report on UNCDF's performance at different stages of the planning and implementation of the SF with primary data collected by the evaluation team to answer the evaluation questions in the matrix (included in Annex 2). The evaluation team, therefore, undertook a “key-shaped” evaluation enquiry, as shown in Figure 2. This involves a broad scan across the various aspects of the SF to assess overall results, with focused investigation of selected programming examples or themes that were probed in greater depth. (Please see Annex 6 for the case study reports.)

Figure 2: Key-shaped evaluation inquiry



The evaluation relied on a mix of data sources, collection methods, and analysis techniques, both quantitative and qualitative. Using a mix of methods generated several lines of evidence to incorporate and reflect various sources of information and perspective as the foundation for rigorous triangulation. This ensured a comprehensive, robust, and evidence-based understanding of UNCDF programmatic, global policy, and organizational work. For this evaluation, with its strong emphasis on GEEW elements, it was particularly important that a range of sex-disaggregated and gender-focused data be collected to support a gender analytical approach to the evaluation of both program and organisational subjects.

3.2. Evaluation Approach

The evaluation was framed by a theory-based approach, assessing how the overall SF TOC and the gender-responsive TOC are operationalized in program and project documents and across

the UNCDF portfolio of interventions, including UNCDF's global advocacy and norm-setting work. This allowed the evaluation team to systematically develop and present evidence about the effectiveness of programming efforts in relation to planned objectives, and link questions of coherence, relevance, efficiency, effectiveness, and sustainability – as well as contributions to impact – to the results framework. The diverse effects of the COVID-19 pandemic – considered from a gender and inclusion perspective – are noted in this regard. The evaluation team also took a utilization-focused and mixed-methods approach to addressing the evaluation criteria and questions covered in the evaluation matrix, which is presented in Table 1 below and more fully explained in Annex 2.

Table 1: Evaluation criteria and what was assessed

Key Criteria	What was assessed: The extent to which....
<p>Relevance and Coherence</p> <p>(Is UNCDF doing the right things?)</p> <p>How well does UNCDF's SF support this?)</p>	<ol style="list-style-type: none"> 1. The SF positioned UNCDF to respond to the 2030 Agenda and to the UN's evolving development finance architecture 2. The SF supported the planning of UNCDF's programmatic work to make finance work for poor men & women, SMEs and local governments 3. UNCDF's support to gender mainstreaming and women's empowerment has been relevant to the needs of its partner countries and consistent with UNCDF's mandate to unlock public and private finance for the poor in the LDCs 4. UNCDF's Gender Strategy has been relevant in supporting the mainstreaming of gender equality and women's empowerment within UNCDF in line with the priorities of the System-Wide Action Plan 2.0.
<p>Efficiency</p> <p>(How well are resources being used?)</p>	<ol style="list-style-type: none"> 1. UNCDF resources have been used efficiently in delivering the expected results of the Strategic Framework 2. Coordination and collaboration, specifically management arrangements, at the global and country levels, have been efficient in supporting the implementation and results achievement of the Strategic Framework 3. The priorities and mechanisms of UNCDF's support to gender mainstreaming and women's empowerment have been embedded in UNCDF policy and program development and implementation. 4. UNCDF has been able to respond and adopt to the COVID-19 pandemic in its partner countries.
<p>Effectiveness</p> <p>(Is UNCDF achieving its objectives?)</p>	<ol style="list-style-type: none"> 1. UNCDF has been effective in achieving the expected outcomes of the SF. 2. UNCDF's different partnerships and stakeholder relationships have contributed to the outcomes of the Strategic Framework 3. UNCDF programming has contributed to gender responsive and transformative results in partner organizations, and in the broader policy and market systems in which UNCDF is active.
<p>Sustainability</p> <p>(Will the benefits last?)</p>	<ol style="list-style-type: none"> 1. UNCDF's work at the level of market and policy systems is likely to be sustainable. 2. UNCDF's work at the partner level (local governments, inclusive finance partners, MSMEs, regulators and national decision makers is likely to be sustainable. 3. Results from UNCDF gender strategy are likely to be sustainable. Which organizational level results, if any, are not likely to be sustained without continued investment, either technical, financial, or through other activities?
<p>Cross-Cutting</p>	<ol style="list-style-type: none"> 1. UNCDF has meaningfully incorporated human rights, gender equality, and inclusion practices for people with disabilities and other marginalized groups in results at both programmatic and organisational levels.

The evaluation was structured according to the Organization of Economic Cooperation and Development/Development Assistance Committee (OECD/DAC) and UN international evaluation criteria of relevance, coherence, efficiency, effectiveness, and sustainability. The comparison of evidence of SF outcomes to what was planned took into account risks and assumptions. In addition, the evaluation team explored how important contextual factors, opportunities, and constraints have affected the pathways from outputs to outcomes and how this may have been addressed or leveraged in different instances.

The evaluation matrix identified the sources of both primary and secondary data, ensuring that multiple sources were used to assess each evaluation criteria and address each question. This allowed the evaluation team to triangulate evidence and ensure objectivity and consistency. The evaluation matrix also guided the design and development of data collection and instruments. The evaluation approach and deployment of data collection tools was done in accordance with principles of inclusive evaluation, following a “leave no one behind” approach.¹⁵ The UN Evaluation Group’s *Guidance on integrating Human Rights and Gender Equality in Evaluation* was taken into account and embedded in evaluation questions and data collection methods, sources, and instruments.

Gender-sensitive data collection – such as gender-sensitive interview questions and attention to gender equity in sampling – ensured evaluation findings rested on gender-inclusive evidence. Data collected and reported was disaggregated where possible, and findings and conclusions reflect a gender analysis framework that considers women’s empowerment as decision-makers and their access to and control over resources and benefits.

3.3. Evaluation Data Collection Methods

At the start of the evaluation, before inception, the evaluation team conducted a gap analysis of secondary data made available to the team to determine the evidence available to answer the evaluation questions and sub questions. Based on this analysis, gaps were identified on where secondary evidence would not be able to fully answer the evaluation questions and where the team would need to gather primary data and additional evidence to inform the findings, conclusions and recommendations of the evaluation. During the inception period, the team reviewed additional documents and conducted a set of preliminary interviews in order to fully design, in detail, the approach, methodology and workplan for implementing the evaluation. The data collection strategy, including interviews, document reviews, case studies, and surveys were detailed in the inception report which was reviewed by the Evaluation Reference Group for this evaluation and approved by the UNCDF Evaluation Unit.

Six case studies were conducted constituting a deep dive into selected programming and themes of the SF. Within the case studies, relevant documents were reviewed and semi-structured interviews were conducted (virtually, due to COVID-19 travel restrictions which precluded field

¹⁵ No One Left Behind. Evaluating SDGs with an equity-focused and gender-responsive lens, Report of the 2016 New York High-Level Panel and Technical Seminar, EvalPartners, March 2016.

visits and face-to-face interviews). Case studies were organized around sampled programs, initiatives, and issues and focussed on: each of UNCDF's three Practice Areas, gender mainstreaming, collaboration within the UN system, and a country focus on programmatic delivery. The case study reports are presented in Annex 6 and referred to in the findings section of this report.

For the broad scan, the evaluation team conducted two surveys, one for UNCDF professional staff and the other for UNCDF stakeholders (donors, UN member countries and partners, and programmatic partners). As time and resources were limited, the surveys enabled greater participation in the evaluation from sources that would otherwise not be reached. The UNCDF staff survey was sent out to 150 staff members from all professional employment categories, of which 62 responded fully or partially (a 41 percent response rate). 42 percent of respondents identified themselves as women, 48 percent as men, and the remainder as non-binary or choosing not to identify their gender.¹⁶ UNCDF responses to the UNDP staff surveys from 2018 to 2020 were also reviewed to provide baseline and a trendline over the SF period. The partner survey was sent to 251 individuals from a purposive sampling and were selected from 11 partner or other stakeholder categories from a UNCDF database of 4500, based on the numbers of interactions registered in UNCDF's Salesforce platform.¹⁷ 35 respondents (a 10 percent response rate) fully or partially completed this survey. The information gleaned from the surveys was complemented by an in-depth and extensive literature and document review in order to form an evidence base from which to assess the progress UNCDF is making towards achieving its SF results.

Over 300 documents were reviewed (please see Annex 5), including UNCDF SF documents, annual and project reports, evaluations, program and country level documents, financial data, operational manuals, and data from the IRRM. The team also reviewed strategic documents from UNDP and other UN agencies, including evaluations, program documents, surveys, key policy documents, and documentation of key UN initiatives such as Agenda 2030, the LDC5 preparatory program, the Paris Agreement on Climate Change, and others, as well as consulting external websites of donors, coalitions and alliances working with UNCDF, impact investors, foundations, and other partners and stakeholders of UNCDF.

A multi-stakeholder approach was adopted to gather the views and perspectives from 76 key informants (sometimes repeatedly), using a semi structured interview format. (Please see Annex 4 for a list of persons interviewed.) 34 percent of interviewees identified as women and 66 percent identified as men. 37 percent were located in the Global North whereas 63 percent were resident in the Global South. Interviews were conducted virtually with senior managers of UNCDF at headquarters, regional bureaus and country offices, UN agencies and partners in program countries, impact investors, private sector partners, donors, and members of the Executive Committee. The evaluation team was privileged to attend the UNCDF Global All Staff Retreat on

¹⁶ 41 percent identified themselves as working with IDE; 31 percent with LDF; 8 percent with LDCIP; and 8 percent with PPC. 41 percent of respondents worked in country offices; 29 percent in regional offices; and 5 percent at the Brussels Liaison Office. For more information on the survey, please see Annex 3.

¹⁷ Number of interactions were used as a proxy for an individual's involvement with and knowledge of UNCDF's activities.

Thinking Ahead: Co-creating UNCDF's Next Strategic Framework 2022-2025 held April 7-9, 2021, which provided insights into the workings of the organization and its aspirations going forward.

3.4. Data Analysis and Triangulation

The multiple lines of evidence used in the evaluation were triangulated to provide a user-focussed, evidence-based narrative that connects analysis to findings, conclusions, and recommendations. Experiences and opinions from the different categories of stakeholders were assessed for commonality as well as divergences to test the assumptions, enablers, and blockages identified in the SF TOC and to answer the evaluation questions. Interviews with executive staff at the end of the data collection period were used for validation of emerging trends and findings from the analysis of the evidence gathered. A preliminary findings workshop was held with 35 UNCDF staff to provide an opportunity for them to offer additional perspectives, correct any noted factual errors, and highlight areas of particular interest for lessons and recommendations, while continuing to respect the impartiality of the professional evaluation process.

3.5. Challenges and Limitations

A number of challenges and limitations identified during the course of the evaluation are described below.

- ◆ ***The broad scope of work presented challenges to conduct a comprehensive assessment*** – The UNCDF SF is comprised of many activities spanning many countries, sectors, and partners. Moreover, the evaluation team was called on to assess both programmatic and organisational results and to include a gender thematic evaluation. This presented the team with a complex object of evaluation to address in a relatively short period of time with limited resources. The team mitigated this challenge to some extent by adopting a key-shaped evaluation inquiry using a broad scan while probing more in-depth specific programs, themes, and issues.
- ◆ ***The large number and variety of stakeholders presents a challenge to the inclusion of relevant perspectives*** – A large number of stakeholders are involved in the various programs and activities covered under the SF. Available time and resources only permitted direct consultation with a limited number of these, and there is a risk that important voices and views may not have been represented, creating gaps in the assessment. The team addressed this challenge by conducting surveys of all UNCDF professional staff and a large sample of partners and stakeholders, and by attending the UNCDF Global All Staff retreat. While the survey of UNCDF staff and the team's attendance at the staff retreat gave the team a perspective of opinions and views from a wider range of voices, the survey of partners and stakeholders did not elicit a similar result.
- ◆ ***The strategic nature of the evaluation did not facilitate a deep analysis of all of UNCDF's programming leading to calls for more details of program successes in the evaluation findings*** – Discussions with key UNCDF managers during the preliminary

findings stage highlighted the need to highlight the major programs in the analysis of findings, conclusions and recommendations of the evaluation. Although the evaluation reference group agreed with the choice of deep dive case studies, the absence of significant programs could have called into the question the representativeness of the evaluation in some minds. The evaluation team, to the extent possible, took this challenge into consideration and made extra effort to cover these elements in the draft and final versions of the report.

- ◆ ***The Integrated Results and Resources Matrix presented evaluability challenges for assessing the effectiveness of achieving SF results*** – The IRRM, due to a number of issues described in Finding 12, reflects a sampling of program level results, aggregated to the corporate level where possible, and which could not be readily verified within the scope of this evaluation. Despite this challenge, through multiple lines of evidence in the evaluation, the evaluation team can demonstrate UNCDF’s substantial accomplishments toward achievement of its SF objectives.
- ◆ ***Conducting evaluations during a global pandemic*** – The COVID-19 context presented many challenges, including the exclusion of in-person consultation and field visits, which had the potential to limit the evaluation team’s ability to cross-check information and supplement data gathering with direct observation. The team was comfortable using virtual platforms for primary data collection. Moreover, given that the methodology relied heavily on secondary data collection, the lack of field visits and in-person engagement was not considered a major limitation.

4. EVALUATION FINDINGS

4.1. Relevance and Coherence

UNCDF's Strategic Framework positioned the organization in 2018 and throughout the SF period to respond to the 2030 Agenda for Sustainable Development, the Addis Ababa Action Agenda, and the Istanbul Program of Action (IPoA) for the Sustainable Development of LDCs. The Strategic Framework was built around the existing structures and practices of the organization at the time it was formulated. As a result, UNCDF developed its strategy around the identified strengths and opportunities of the two existing Practice Areas while presenting the new role of UNCDF, through the LDC Investment Platform, in making blended finance approaches available to a wider range of UN partners. The organization missed an opportunity to present itself as a unified organization with a unique, coherent, and consistent value proposition that would guide its work over the SF period. The SF identified a funding model for the ideal scenario to achieve the goals of the SF but was unsuccessful in securing the necessary funds during the SF period. UNCDF's increased emphasis over the SF period on addressing GEEW dimensions of LDC finance and development is consistent with the global, regional, and country priorities and commitments that it made.

This section discusses the relevance and coherence of the Strategic Framework and examines whether it positioned the organization to respond to the 2030 Agenda and to the UN's evolving development finance architecture. It assesses whether the SF presented a clear and coherent vision and mission that guides the organization and supports its programmatic work to make finance work for poor men and women, SMEs, and local governments. It also explores the relevance of its work to support gender mainstreaming and women's empowerment to the needs of its partner countries and how consistent this work is with UNCDF's mandate to unlock public and private finance for the poor in the LDCs. It assesses the relevance of UNCDF's Gender Strategy in supporting the mainstreaming of gender equality and women's empowerment within UNCDF in line with the priorities of SWAP 2.0.

Finding 1: UNCDF's Strategic Framework positioned the organization in 2018 and throughout the SF period to respond to the 2030 Agenda for Sustainable Development, the Addis Ababa Action Agenda, and the Istanbul program of Action (IPoA) for the Sustainable Development of LDCs.

UNCDF's Strategic Framework has remained highly relevant over the SF period as a means to support UNCDF's contribution to the policies and programs of the UN to achieve sustainable development globally by 2030. The 2030 Agenda sets an objective to "eradicate poverty in all its forms and dimensions, including extreme poverty," pledging that "no one will be left behind" as

the world transforms itself.¹⁸ UNCDF's focus on making "finance work for poor men and women, SMEs and local governments" and its focus on LDCs and reaching the last mile and most vulnerable clearly positions UNCDF to undertake actions aligned with the 2030 Agenda. Furthermore, in line with the Addis Ababa Action Agenda on financing for development, the SF situates UNCDF as a key actor in increasing the availability of private and public finance to underserved parts of the LDCs through its focus on expanding inclusive financial markets and local development finance systems. The introduction of the LDCIP during the SF period highlights the emphasis UNCDF has placed on identifying tools for bringing blended finance approaches and solutions to financing for sustainable development in the countries that UNCDF supports.

The Istanbul Program of Action (IPoA) focuses among other things on building productive capacity in LDC economies and mobilizing financial resources for development and capacity building over the decade from 2011 to 2020. It will be replaced by a new Program of Action to be agreed at the Fifth UN Conference on LDCs (LDC V) to take place in Doha in January 2022, preparatory sessions for which are focussing on the need to 'build back better' from the devastating effects of COVID-19 on LDCs. Again, the call will be for more emphasis to be placed on the mobilization of domestic and international resources to help LDCs achieve their SDG targets. By clearly identifying the SDGs that UNCDF should work on – SDG 1 (poverty eradication) and SDG 17 (means of implementation) – the SF aligned the organization with these global agendas and specified the outcomes the organization would try to achieve in this regard. The SF was also intended to contribute to SDGs 5 (gender equality), 7 (affordable and clean energy), 8 (decent work and economic growth), 9 (industry, innovation, and infrastructure), 10 (reduced inequalities), 11 (sustainable cities and communities), and 13 (climate action). 91 percent of respondents to the staff survey agree with the statement, "The SF positioned UNCDF to respond well to the 2030 Agenda and the Addis Ababa Action Agenda for financing sustainable development." 100 percent of respondents to this question in the external survey somewhat or strongly agreed with this statement

The challenge in operationalizing these global agendas is that resources continue to flow in traditional ways that maintain inequalities and exclusions rather than overcome them. The SF attempts to position UNCDF as an organization within the UNDS and with other public and private actors in the international development finance space to address this challenge, stating,

UNCDF aims to increase and shift the dynamics of financing towards the local level, by providing the demonstration space for least developed countries to deploy innovative finance approaches that 'crowd-in' the additional public and private, domestic and international finance needed to accelerate progress towards the sustainable development goals.¹⁹

The SF articulates that the organization will partner and seek to develop synergies with the UNDP, agencies within the wider UNDS, international and other financial institutions, and with private sector actors, including impact investment firms and foundations, "to introduce more integrated

¹⁸ Transforming our world: the 2030 Agenda for Sustainable Development, United Nations Department of Economic and Social Affairs.

¹⁹ UNCDF Strategic Framework 2018-2021, p. 2

approaches to making finance work for inclusion.”²⁰ The positioning of the organization in this dynamic makes sense. Nevertheless, as discussed below, the SF needs to represent a unified, coherent, and consistent value proposition for the organization that accentuates its strengths, overcomes its weaknesses, takes advantage of opportunities, and mitigates against threats.

Finding 2: The Strategic Framework was built around the existing structures and practices of the organization at the time it was formulated. As a result, UNCDF developed its strategy around the identified strengths and opportunities of the two existing Practice Areas while adding a new role of UNCDF, through the LDCIP, in making blended finance approaches available to a wider range of UN and private sector partners. This resulted in a missed opportunity for the organization to present itself to others as a unified organization with a unique, coherent and consistent value proposition that would guide its work over the SF period.

Key informant interviews highlighted the evolution of UNCDF over the last two strategic planning periods in how it deploys its capital investment mandate in LDCs. They described an organization and Practice Areas that were reinventing themselves, looking for a meaningful way to contribute to the development agendas of the LDCs. Each Practice, largely dependent on donor and project funding, has followed its own path – LDF on the public capital side, first with local governments and then through SMEs; IDE on the private capital side moving from financial inclusion to its current focus on inclusive digital economies. Each continued to develop its competencies and expertise, networks, and relationships. As described to the evaluation team, each Practice has its own way of work, its own vision and strategy, even its own theories of change. Different language and messaging are being used by each Practice to describe their mandate and different indicators were used to measure the success of their work.

The challenge for the development of the Strategic Framework in 2018 was how to bring the work of these two distinct Practices and their networks and alliances together with the organization’s broader work on global advocacy and initiatives as an intergovernmental organization in one common strategy without risking dilution of the uniqueness of each practice and the organization as a whole for the better good. The high-level TOC in the SF reflects the attempt made to design common development outcomes and impact goals for the organization.²¹ Two mutually supported outcome statements were developed to support the envisaged impact. The SF highlighted the organization’s role as an enabler, accelerator, facilitator, and convener of key actors in development finance systems in LDCs drawing on its partnerships with UNDP and other UN entities. It committed the organization to the integration of gender equality and women’s economic empowerment across its objectives, approaches, theories of change, and results indicators. The SF also introduced the LDC Investment Platform as a means to strengthen its lending and guarantee instruments to support blended finance approaches in its work. 80 percent²² of respondents to the staff survey agreed that “the SF is useful for supporting program development

²⁰ Ibid, p. 13

²¹ “Making finance work for poor men and women, SMEs, and local governments”

²² While 100 percent of management and national staff agreed or strongly agreed with this statement, it is interesting to note that only 64 percent of international staff agreed or strongly agreed, and 24 percent of international staff disagreed or strongly disagreed with this statement.

and planning” and 81 percent agreed that its goal to “unlock finance for the poor and vulnerable” complements the work of other UN agencies, whereas 88 percent of respondents to the external partners’ survey somewhat or strongly agreed with the statement that “UNCDF programs work in collaboration with other UN programs to unlock finance for the poor and vulnerable”.

Still, the clarity and cohesiveness of the SF narrative was diminished during its operationalization over the last four years. The output results identified in the SF TOC were not aligned with the output results of the practice areas as articulated in their separate TOCs and in their program level activities and objectives. (Please see Finding 12 for a more detailed discussion). Consequently, contributions from the various programs and the results produced from projects did not easily roll up in logical or cohesive pathways to demonstrate achievement of the development outcome and impact goals of the organization. The performance measurement system (IRRM) likewise presented challenges for the organization to effectively measure program and organizational results. Consequently, the SF did not adequately capture the volume, texture, and relevance of the two programmatic divisions and their networks nor adequately incorporate contributions of the LDCIP or the Policy, Partnerships and Communications (PPC) Unit group which had been introduced as a new division during this period. Key informant interviews with donors, member states, and UN partners spoke to a lack of clarity around UNCDF’s value proposition. Only 30 percent of staff survey respondents agreed (21 percent) or strongly agreed (9 percent) with the statement that “UNCDF’s Strategic Framework has helped the organization build synergies and coherence between its Local Development Finance practice, its Inclusive Digital Economies practice, and its LDC Investment Platform;” while 40 percent of respondents disagreed (28 percent) or strongly disagreed (12 percent).²³ Comments from the survey echoed what the evaluators heard from interviews with many staff – that the SF lacks the overarching coherence to provide a unified, cohesive, and consistent value proposition for the whole organization. The “separate paths” of each UNCDF division also found their way into the oversight, management, and support structures of UNCDF, which had the effect of creating silos for the different practice areas.

Finding 3: The SF presented a funding model for the “ideal” scenario to achieve the goals of the SF but was unsuccessful in securing the necessary funds during the SF period. Although core funding for organizations like UNCDF is not likely to increase substantially over the next SF period, by clarifying a unified, coherent and consistent value proposition, UNCDF can establish a strategic goal of identifying and securing funding sources that will enable it to deploy its strategic assets to bring about systemic change in LDCs where it works.

The “ideal” results-to-resources scenario presented in the SF was to raise US \$25 million per year in core funding resources; US \$75 million per year in non-core or earmarked resources; and a one-time US \$50 million capitalization of the LDCIP. As illustrated in Table 1 in section 2.4 above, UNCDF did not achieve this funding scenario for the three-year period 2018 - 2020 except in 2019

²³ Management tended to agree more with the statement (63 percent) vis-a-vis national staff (30 percent) and international staff (20 percent) whereas internationally staff tended to disagree more with the statement (54 percent) vis-vis national staff (30 percent). 23 percent of international staff strongly disagreed with the statement, the only respondents to do so.

when revenue from non-core resources rose to US \$94.5 million, due mainly to large multi-year commitments signed in that year. Discussions with donors suggest that the situation is not expected to change over the next SF period. Core funding will remain static or decrease in preference for non-core or earmarked project funding both at the global and regional levels and for country specific interventions.

The rise in non-core funding has benefited the organization as it confirms the relevance and effectiveness of its individual practice areas. As many have pointed out, the Practice Areas have been the engine behind the growth of UNCDF and have created the visibility for the organization. The downside is that each Practice works in a silo, sometimes competing with each other. Country-based staffing draws on project funding and some staff expressed the notion they are “fundraising for their salaries.” This creates a situation where UNCDF is identified by each of its parts and not as a unified, cohesive organization. In interviews and surveys, key stakeholders and staff expressed confusion on what UNCDF’s value proposition really is: Is it about its capital mandate? Is it the DFI of the UN? Or is it about local development finance or inclusive digital economies? What is the value proposition that can join all three with a focus on helping LDCs achieve their SDGs?

A paradigm shift from seeing UNCDF as a Practice-led organization that generates a lot of earmarked resources to seeing it as an organization that develops and operationalizes a unified corporate value proposition will not occur easily or quickly. It will require discussion and debate to develop a vision and mission that everyone is comfortable with. It will require an understanding of the key strengths and weaknesses of the organization and its opportunities and threats. Further, it will need to operationalize its Strategic Framework as a tool to enable the organization to work together better to bring about systematic change in the LDCs.

Finding 4: UNCDF’s increased emphasis over the SF period on addressing Gender Equality and Empowerment of Women (GEEW) dimensions of LDC finance and development is consistent with global, regional, and country priorities and commitments. Nevertheless, there is room for improvement in responding to context-specific needs.

The SF approach to gender equality and women’s economic empowerment recognized that overcoming barriers to women’s participation and autonomy in the economic sphere is critical for sustainable development to the benefit of all. In addition to the Strategic Framework’s Gender Pathway being aligned with the *2016 Report of the UN Secretary General’s High-Level Panel on Women’s Economic Empowerment*, as noted earlier, much of UNCDF’s work contributes to SDG 5 targets²⁴ and gender-related targets under other SDGs.²⁵ UNCDF’s efforts on GEEW are also

²⁴This includes targets 5.5 (Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life), 5.A (Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with national laws, 5.C (Enhance the use of enabling technology, in particular information and communications technology, to promote the empowerment of women), and (Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels).

²⁵ For example, under SDG 1, to which UNCDF is officially committed to contributing, target 1.4 is related to ensuring that “all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services” and other means to support livelihood and well-being; and target 1.b refers to the creation of policy frameworks “based on pro-poor

aligned with the positions expressed by the Group of 77, whose 2020 Ministerial Declaration acknowledges that women's economic empowerment "accelerates achievement across other development outcomes" and "women's full and equal participation and leadership in the economy and as partners for development are vital for achieving sustainable development[...]."²⁶

Nevertheless, alignment with the particular needs and circumstances of partner countries is less consistent. Some partners consulted were positive. 87 percent of external stakeholders who responded to the evaluation survey agreed that the entity's GEEW mainstreaming actions are aligned with partner country needs.²⁷ In interviews, a number of partners expressed satisfaction in general terms with UNCDF's approach on gender, while others highlighted room for improvement in moving from general, high-level policy to work on the ground. One donor commented, for example, that UNCDF "writings and comments have a good focus on women" but "I don't see that so much in practice." Some evaluations also highlighted the relevance of UNCDF contributions on gender to country needs. The Inclusive and Equitable Local Development (IELD) midterm evaluation noted that the program had been adapted to align with country context and priorities in each country location.²⁸ Similarly, the final evaluation of the Pacific Financial Inclusion Program – Phase II found the intervention highly relevant to conditions in the region, "particularly given the emphasis on digital finance and agent banking to help overcome the geographic and gendered barriers to accessing and using financial services."²⁹

Still, staff perceptions in this area were varied. 61 percent of staff evaluation survey respondents felt that UNCDF's support for GEEW is aligned with partner country needs (33 percent strongly agree, 28 percent agree), but interviews and survey comments suggest room for improvement. One respondent noted that "there are several factors on the ground to be addressed to ensure the initiatives are demand driven," and another felt that "gender continues to be a tick-of-the-box exercise." Similar perspectives emerged in a number of evaluations. The SHIFT in SAARC midterm evaluation, for example, noted that the program's design emphasized gender and matched the Government of Bangladesh's Vision 2021, which targets gender equality and women's empowerment, yet because gender analysis was not carried out during the planning and design phase, the program did not sufficiently understand gender dimensions of the local target market and therefore was not on track to achieve its gender goals.³⁰

Finding 5: The SF commits UNCDF to articulating women's economic empowerment across all its work and backs this up with a dedicated gender-responsive theory of change, although this is not embedded in the overall SF. Gender-related guidance documents and tools demonstrate inconsistencies that reflect an *ad hoc* approach to mainstreaming.

and gender-sensitive development strategies." UNCDF work on data disaggregation, especially sex-disaggregation, is aligned with increased focus on data needs to support GEEW under the 2030 Agenda and aligns with target 17.18.

²⁶ Ministerial Declaration adopted by the 44th Annual Meeting of Ministers for Foreign Affairs of the Group of 77 (New York, 12 November 2020).

²⁷ External partner survey results cannot be considered representative, given the low response rate. Nevertheless, they are a good supplement to other lines of evidence.

²⁸ IELD evaluation, p. 12.

²⁹ PFIP II Final Evaluation, p. 13.

³⁰ Midterm Evaluation of SHIFT in SAARC, p. 14.

Gender mainstreaming under the SF has been guided by a variety of documents and processes, whose interrelationships, purpose, status, and accountability elements are sometimes unclear. The Gender Pathway presents a brief but solid gender analytical approach with elements that directly echo the overall SF logic model. This dedicated GEEW theory of change and logic model provided a valuable opening to foster more rigorous attention to pathways of change for gender equality and women's economic empowerment. In practice, not integrating these elements fully into the overall strategy and accountability tools limited the opportunity to mainstream GEEW comprehensively in the organization's work. References to gender or to women in the SF narrative mainly present women as a target group in the context of statements about reaching the poor and vulnerable – women, youth, small-holder farmers, SMEs, and others. They do not fully reflect the Gender Pathway, and reference is lacking to issues such as women's participation in planning and decision-making, gender-equitable systems change, and sociocultural barriers for women.

In addition to the Gender Pathway, several other documents and processes were created to guide UNCDF's work on GEEW. Nevertheless, there are a number of inconsistencies within and between these. For example, Intermediate Outcome 1 of the Gender Strategy implementation plan refers to promoting "transformative gender approaches"³¹ but does not define this term, and this language is not consistently used across UNCDF's gender-related documentation, in which terms like "gender-responsive," and "gender-sensitive" appear to be used interchangeably.³² The link between the Gender Strategy and its implementation plan is also unclear. The plan lists seven main activities to "translate UNCDF's Gender Strategy into action," but while these overlap with the focus areas in the Gender Strategy and the specific activities and associated tasks in the plan's implementation table, none of these are explicitly mapped on to each other, nor onto the implementation plan's three intermediate outcomes. While relatively trivial, these inconsistencies demonstrate the need to invest time and attention to fully develop these tools.

Annual reporting on UN SWAP 2.0 performance has been an important vehicle for consolidating information on GEEW and a key incentive driving UNCDF's mainstreaming efforts. Indeed, the SWAP process has become the accountability mechanism for gender mainstreaming, largely substituting for a UNCDF-owned process. This may be contrasted with more systematic approaches seen in some other peer organizations, such as UNDP or International Fund for Agriculture Development (IFAD).³³

Challenges in developing a systematic approach to mainstreaming are underlined by the relatively poor familiarity among staff of the guiding strategies and documents that support mainstreaming.

³¹ The UNEG's *Guidance on Evaluating Institutional Gender Mainstreaming* states: "Entities will determine themselves what constitutes a transformative result in the context of their mandate and/ or policy on gender equality and the empowerment of women, and clearly outline why the result is considered transformative. According to UN SWAP 2.0, transformative results is defined as results that contribute to changes in social norms, cultural values, power structures and the root causes of gender inequalities and discrimination." (p. 10)

³² A range of acronyms is also used in documentation: GEEW (gender equality and empowerment of women) in the Gender Strategy and its implementation plan, GEEW (gender equality/women's economic empowerment) in the Gender Pathway, WEE alone in some program documents, and GEWE in SWAP reporting. While not important in itself, this lack of standardization underlines the lack of a shared, coherent approach across the entity. (In this report, we use GEEW, since this is used in the UN SWAP guidance.)

³³ See IFAD, *Gender Mainstreaming in IFAD10*, 2016. This brief clearly sets out the history, approach, and commitments of IFAD to mainstreaming gender in its development activities and in IFAD as an organization, and links this to the action areas identified in its 2012 gender policy and to its 2016 – 2025 strategic framework. See also [UNDP, UNDP Gender Equality Strategy 2018-2021](#), 2018 which provides a brief but thorough overview of how the entity addresses gender equality in all aspects of its work.

Only 42 percent of evaluation staff survey respondents were familiar with the Gender Pathway, compared to 70 percent who said they were familiar with the Strategic Framework overall. A similar proportion (45 percent) were familiar with the UN SWAP accountability framework. Interviews and document review further showed that very few staff – including those with responsibilities enumerated in it – were familiar with the Gender Strategy implementation plan.

4.2. Efficiency

The Strategic Framework sets out UNCDF's strong focus on the end client – poor men and women in LDCs, SMEs, governments, and other stakeholders of UNCDF interventions. Notwithstanding substantial achievement of results that have contributed to SF outcome objectives over the evaluation period, a more cohesive strategy driving institutional funding and resource mobilization could have created greater efficiencies in the deployment of corporate resources as well as in the prioritization and implementation of program interventions. Relevant IRRM indicators which reflect efficiency considerations in the “Institutional Effectiveness” section of the IRRM indicate that resources have been used efficiently, though these indicators might not align with goals of a Strategic Framework crafted to provide UNCDF with a cohesive, unified value proposition. UNCDF's coordination, collaboration, and organizational arrangements have been effective and highly relevant to UNCDF's stated goal of covering many or all 46 LDC's in an efficient manner, though its inability to achieve its ideal funding scenario during the SF period has created pressure on the organization to realize this goal. UNCDF gained momentum on gender mainstreaming with increased attention to the UN SWAP 2.0 accountability framework. However, progress on institutional mainstreaming has been uneven, and mechanisms for integrating GEEW in program development, implementation, and monitoring are not yet consistently applied. In responding to the COVID-19 pandemic, UNCDF was able to adapt its existing work under the Strategic Framework and create new opportunities to pivot towards crisis and recovery initiatives and address needs created by the pandemic.

This section assesses how well UNCDF has used its resources in delivering the expected results of the Strategic Framework. It explores the extent to which coordination and collaboration, specifically management arrangements, at the global and country levels, have been efficient in supporting the implementation and results achievement of the SF. It also examines whether and to what extent the priorities and mechanisms of UNCDF's support to gender mainstreaming and women's empowerment are embedded in UNCDF's policies and program development and implementation. Finally, it assesses how well UNCDF has responded and adapted to the COVID-19 pandemic.

Finding 6: The Strategic Framework sets out UNCDF's strong focus on the end client – poor men and women in LDCs, SMEs, governments, and other stakeholders of UNCDF interventions. Notwithstanding substantial achievement of results that have contributed to SF outcome objectives over the evaluation period, a more cohesive strategy driving institutional funding and resource mobilization could have created greater efficiencies in the deployment of corporate resources as well as in the prioritization and implementation of program interventions.

Despite increasing revenues, resource mobilization has continued to be an issue during the period of the review, particularly as it relates to core funding arrangements. This may be due in part to the “bottom up” approach to the development of the SF and fragmented responsibility for resource mobilization, as well as being reflective of working within the “norms” of a UN development

organization whose implementation models and resource mobilization processes are organized primarily around programs. The Practice-based approach does not address the question of how best to deploy UNCDF's strategic assets overall – that is, to ask the question, “Is UNCDF doing the right things to efficiently use its limited resources towards a common vision and achievement of its organizational strategic goals?” A strategy developed from a common vision, mission, and theory of change for the organization to achieve its mandate as a capital development fund would fully assess UNCDF's current interventions and comparative advantages, how long these might be expected to endure, what additional unmet demand exists for interventions in the LDCs, and the competitive environment, allowing interventions to be prioritized in a more efficient manner. There is also space for greater cooperation between the various fundraising activities of the organization. The Policy, Partnerships and Communication (PPC) Unit is responsible for mobilizing resources from central government partners without the full engagement of the Practice Areas. The Practices, in turn, are autonomous from each other and from PPC in their fundraising activities. Core funding arrangements may be negotiated from donor home countries or their UN HQ-based offices, and not necessarily coordinated within UNCDF with country-level donor activity. There is no overarching donor engagement strategy to optimize UNCDF's collective funding efforts and systematically identify unique needs and a coordinated approach for articulating value propositions tailored to each donor's interests (including messaging, promotion, method of engagement, co-operative and joint publishing opportunities, etc.). Currently, each area and individual program is motivated to secure its own funding requirements.

Some stakeholders observed that what UNCDF is able to do is ultimately constrained by opportunities on the ground, or by donor preferences. This reflects the individual initiatives of national development plans and the current state of development priorities within each LDC, as well as the capacity of national or regional governments to implement these plans. Similarly, donors have varying objectives with programming across numerous countries or regions that they may wish to bring to bear when prioritizing their preferences within a particular LDC. The complexity for UNCDF of achieving a common focus, with an identifiable intervention in a particular country where a government can be expected to see the program to completion should not be underestimated. There are numerous, evolving challenges which may appear idiosyncratic in nature.

Here UNCDF can bring expertise to discern viable solutions through its multi-country or regional experiences, and through its demonstration effect – what has worked elsewhere, why, and why this is applicable to the country under discussion. These regional / cross- border / country / technical / contextualization factor sets are one of UNCDF's unique and value-generating propositions which can lead to enlarging the scope and assessment for potential program opportunities with representatives from the LDC's and donors, in an effort to drive initiatives through commonality of purpose, and to be (somewhat) less prone to the priorities of others.

Regarding resource mobilization, UNCDF mobilized 89 percent of its targeted volume and percentage of non-core resources over the period of the SF. However, two of three resource mobilization metrics fell short. Critically, core resources mobilized fell short of the objectives set by UNCDF's Board. These resources help fund the administration of UNCDF, including management, country presence, oversight, probity, evaluation and more generally, matters of

accountability and it is therefore concerning that mobilization reached only 53 to 59 percent of target over 2018 to 2020. The second shortfall related to capital mobilized for the LDCIP – that is US \$1.5 million raised against a US \$50 million target (2020). The number of partnership arrangements contributing to core and non-core were both below target, at 81 and 84 percent respectively in 2020. These results impact all levels of UNCDF, with 74 percent of staff “somewhat” or “strongly” disagreeing with the statement that UNCDF has the necessary resources to carry out its plans and programs in LDCs. As one respondent to the staff evaluation survey noted, “As a non-resident agency, UNCDF has to rely on project-financed management and staffing structures. This creates a significant risk to the continuity of the UNCDF presence and operation.” Nevertheless, during the SF period, UNCDF developed and introduced various business and management innovations to address these inefficiencies:

- ◆ In 2020, the Management Support Unit (MSU) at HQ was renamed the Office of Finance and Management Services (FMS) and a revised and updated Terms of Reference and Organigram was developed to properly reflect the Unit’s responsibilities within the organization. Positions in Regional Offices (Dakar and Kampala) were added to address the operational support surge in West Africa and East Africa and Asia regions. Finally, a matrix reporting line to FMS was established for operational and program management support functions to improve coordination, risk management and effective implementation of internal controls.
- ◆ In 2020, the UNCDF Operations Manual was updated, outlining policies and procedures unique to UNCDF.
- ◆ Also in 2020, UNCDF revised its Enterprise Risk Management (ERM) Policy and updated its Risk Register system accordingly. The ERM now follows ISO31000:2018 guidelines, and among other revisions establishes three levels of risk management and registers, allows for aggregation of risks for effective response at the corporate level, and clarifies the governance arrangements within the organization.
- ◆ In 2021, UNCDF developed a new online platform for reporting (UNCDF Annual Results Platform), to facilitate and automate the reporting, management, analysis, documentation, and communication of UNCDF results across the organization.
- ◆ In 2021, UNCDF’s Transparency Window was introduced to provide clarity about who funds UNCDF, how this funding is used, who grantees are, and who provides goods and services to the organization.

Finding 7: According to relevant IRRM indicators that reflect efficiency considerations in the “Institutional Effectiveness” section of the IRRM, resources have been used efficiently in delivering the expected results of the Strategic Framework. These indicators may not align with the organizational goals for a SF crafted to provide UNCDF with a cohesive, unified value proposition.

Expenditure against budget was consistent over the first three years of the Strategic Framework period, but the budgeted level of expenses may be impacting the overall efficiency of delivery. Expenditures against the approved budget ranged between 79 and 83 percent between 2018 and

2020. Table 2 shows UNCDF expenses over the 2018 to 2020 period.

Table 2: Expenses by cost classification and practice area, 2018-2020 (thousands of US dollars)

Year	Development		Management	Elimination ³⁴	Total
	Program	Development Effectiveness			
2018	\$53,947	\$4,650	\$4,413	(\$2,135)	\$60,855
2019	\$69,088	\$4,354	\$4,571	(\$4,440)	\$73,573
2020	\$77,743	\$5,099	\$4,409	(\$5,582)	\$81,669

Management activities and travel costs were both under target, while capital investment (grants, loans, guarantees) achieved target at 101 percent. Notwithstanding the containment of expenditures to budgeted levels, there is operational evidence that the organizational structure is not always well matched to programmatic demands. Results from the staff evaluation survey support this, with staff sharing comments such as, “We are quite a small organization but very centralized and with many layers of approval which create a number of inefficiencies and delays,” and, “We have proportionally a much larger head office and operational function than any other UN agency. The very nature of this structure implies inefficiency.”

These program-level challenges are not captured in IRRM monitoring such that the management and executive can effectively fulfill their oversight function on matters of efficiency. For example, budget impacts are also reflected in evaluation reports, such as the midterm evaluation of the IELD program, which highlighted access to resources as the biggest constraint. Here, the fact that 51 percent of the original IELD budget was mobilized during the planned programming period placed constraints on implementation, which affected the testing of the model and results that emerged.³⁵ While country level work managed risks well, broader IELD program risks, such as “funding fragmentation,” were found to be more challenging. The overall governance structure and program management did not conform to the original agreement, and the steering committee did not play the approval and oversight role at the HQ level. The process for selecting and approving investments was found to be sound – ensuring that gender issues were fully integrated – but there was room for gains to be made in areas of delegation (for example, when dealing with very small SME investments). Finally, the IELD results framework targeted only quantitative indicators, which limited capture of the behavioural change process at the outcome level, making it difficult to show what the IELD as a program could achieve in terms of changes in the broader

³⁴ This adjustment is required to remove the effect of internal UNCDF cost recovery.

³⁵ Inclusive and Equitable Local Development, Mid-term Evaluation – Bangladesh and Tanzania, p. 22.

GEEW enabling environment. This is an example of a gap in the oversight functions, in this case showing how inefficiencies arise.

Formal oversight of management, as measured by the number of evaluations and audits, met or exceeded targets set out in the IRRM. For the 2018 to 2020 period, 12 evaluations were planned and eight delivered. In 2020, the number of evaluations was two below target, most likely a result of the COVID-19 pandemic. Implementation by management against agreed actions within the evaluations and audit were recorded at 100 percent. Compliance with UNDP quality targets for independent evaluations was over plan at 100 percent in 2018, 2019, and 2020.³⁶

UNCDF's LDC footprint and total country footprint met or exceeded targets. The 2020 IRRM indicators are "LDC footprint and b) total country footprint of UNCDF as whole and disaggregated by practice," with targets of 34 LDCs and 44 for the total country footprint. UNCDF achieved both these targets, recording a presence in 34 countries (seven of which were reported at "thin") and a total country footprint of 63.³⁷

As noted above, the SF set out four funding models – Ideal, Strategic, Baseline and Pessimistic. The Baseline scenario was realized and this had budgetary implications which necessitated regional adaptive responses to continue to deliver on commitments and seek new in-country opportunities. Funding notwithstanding, UNCDF continues to seek greater coverage of the LDCs, and the question of "thin" versus "robust" presence remains. The experiences of the past few years may inform the development an efficient model of country presence.

To contribute to this assessment the Country Focus case study was undertaken and adds context to the question of presence (please refer to Annex 6). For example, the case study finds that greater synergies are reported in offices where programming density is greater (such as in Uganda and the regional office in Senegal), where there is a greater level of collaboration between staff members, and in areas of new program generation. The regional office approach has also provided the scale necessary to speak with other agencies and donors in the region. Regional experience is helpful as donors may be country-focused, and intra-regional specificities can apply across borders. This has the additional effect of demonstrating localized knowledge, proven experiences, and broader regional knowledge that can help inform donors. Although UNCDF's LDC footprint targets were met or exceeded, evaluation staff survey responses identified what might be a matter for analysis or monitoring at a more granular level. On this topic, one respondent commented, "One of the conditions for effectiveness is to have a minimum critical mass of country programming. Many UNCDF programs are inadequately funded and struggle to scale up."³⁸ The Country Focus case study was inconclusive as to whether "critical mass" also resulted in greater cost efficiencies in and between the countries. (This was primarily due to limited data and varying categorization of some data.) The case study concludes that evidence to date

³⁶ Refer to IRRM, Institutional Effectiveness, indicator IE 3.4. UNDP's Independent Evaluation Office assesses all completed evaluations by UNDP decentralised offices as well as UNCDF and UNV against a six-point scale. Evaluations need to be assessed as 'satisfactory' or 'highly satisfactory', or the top two levels in the scale, to meet the quality standard.

³⁷ Ibid, Institutional Effectiveness indicator IE 3.8.

³⁸ Results of the Global Staff Survey

is sufficient to warrant further investigation as to the drivers of efficiencies across UNCDF's various models of "presence" (including the dimensions of country, regional, "robust" and "thin").

Finding 8: The IRRM is an important tool to capture performance data at a macro level to be used for a number of purposes: to monitor and assess UNCDF's key achievements, draw lessons, and hold the organization accountable for its development contributions. However, it is insufficient as a tool to capture data efficiently, as this requires a corporate results framework that can measure and track progress toward achievement of program delivery and development objectives in a manner that is as meaningful for and useful to development practitioners on the ground as it is for decision-makers exercising oversight function at Headquarters and for both internal and external communications purposes.

The evaluation noted challenges in UNCDF's ability to capture, measure, and track progress toward program implementation targets, timelines, budgets, interdependencies, and other practices of project oversight and management. The exercise of populating the IRRM as an annual "compliance" requirement was identified as an area for improvement in interviews with staff and in the staff survey, where only 59 percent of respondents strongly or somewhat agreed that "the results achieved by UNCDF are accurately reflected by IRRM reporting" and 21 percent disagreed. Nevertheless, UNCDF does not have regular reporting mechanisms for the timely determination of whether or not programs are progressing as forecasted, whether the various resources are being brought together in an efficient and coordinated manner, using tools of project management, and for the purposes of accountability and oversight.

The integrity and sufficient granularity of timely data is also an important tool to assist in communications with donor agencies and support increased impact reporting. While program level reporting was generally in line with formats agreed in project documentation, some stakeholders highlighted concerns about the accuracy and relevance of monitoring data and results. One donor called for a review of how UNCDF collects and demonstrates attribution or contribution to program results, noting, "We've been talking about this for a long time. Reporting is anecdotal."³⁹ UNCDF staff identified the benefits of implementing best practices in monitoring and evaluation including aspects of attribution, contribution, randomized control trials, and ex-ante data capture to more efficiently tell the performance story of UNCDF.⁴⁰

Finding 9: UNCDF's coordination, collaboration and organizational arrangements – both globally within the UNDS, and within the LDCs – facilitate achievement of UNCDF's stated goal of covering many or all 46 LDCs in an efficient manner. However, its inability to achieve its ideal funding scenario during the SF period has held back the organization's ability to realize this goal to the fullest extent possible.

The efficiency of critical mass afforded by a regional presence – as compared to a country-only presence – is supported by evidence of collaboration across programs and practices. Global programs, which are generally large and provide visibility, are beneficial to UNCDF. They also

³⁹ KII.

⁴⁰ Results of Global Staff Survey and KII.

provide cross-border, or intra-regional knowledge and experience and opportunities to collaborate with other UN agencies, thereby improving the breadth of interventions that contribute to or cross-pollinate with other programs.

The operational structure of regional or country offices is often driven by budgetary constraints rather than by design. The Country Focus case study found differing organizational designs between Uganda (with a large programmatic presence), Senegal (with the Regional West and Central Africa office), and Bangladesh (once a large presence, and gradually reduced in programmatic scale as the country approached graduation and funding was gradually reduced). It may be instructive to draw upon the findings of the UNDS Quadrennial Comprehensive Policy Review (QCPR) in 2020 which called for increased collaboration between UN development agencies across borders and within regions and sub-regions to increase expertise, as the incentive to enhance coordination in programming activity.⁴¹ This would ensure the UN Country Teams (UNCT) deliver increased levels of relevant and efficient inter-agency collaboration, and improve coordination with government priorities.

However, there are compelling – and less financially driven – ways in which a robust in-country presence delivers enhanced collaboration and greater value to interventions, as the Country Focus case study finds. Presence on the ground also allows UNCDF to build on one of its greatest strengths, which is its capacity to contextualize global thematic programming and maximize relevance to recipient countries. This on-the-ground experience, and local context approach also facilitates scaling of innovative, successful programs across multiple LDCs and beyond the LDCs, as additional governments consider the implementation of a particular program see UNCDF doing the “heavy lifting” (as it was described in one KII). This is seen as particularly relevant in both a) the LDF practice – where adaptation to each local government is necessary due to variations in their own organizational structures, mechanisms of implementation, decision making process, and operational capabilities or capacity may vary region-to-region and country-to-country, and b) where “global” programming is viewed as locally beneficial (by the recipient governments) when it is adapted to the local requirements as determined by the local government. These ongoing developments of scaling impactful programs across additional countries – whether by UNCDF or other agencies across the UNDS - will reinforce this value with all stakeholders.

UNCDF has a history of collaborating with other entities in the UN Development System to combine its tools and expertise with other agencies’ sector or thematic specializations. Past collaborations have included UNDP, UN Women, UNDP, FAO, IFAD, and UN Habitat. Recently, UNCDF has partnered with other agencies on the Joint SDG Fund, which supports countries to accelerate progress towards the Sustainable Development Goals and deliver on the commitment to “leave no one behind.”

⁴¹ “Implementation of General Assembly resolution 71/243 on the quadrennial comprehensive policy review of operational activities for development of the United Nations system” P. 3

Finding 10: UNCDF has gained momentum on gender mainstreaming over the Strategic Framework period, tracking institutional and programmatic results in line with the UN SWAP 2.0 accountability framework. This has been recognized by internal and external stakeholders alike, although progress has been uneven and mechanisms for integrating GEEW in program development, implementation, and monitoring are not yet consistently applied.

The 2019 Gender Strategy and implementation plan present a range of activities to operationalize UNCDF's gender mainstreaming priorities for the SF period. They outline plans for a network of gender focal points across the organization; targeted capacity building; application of a gender lens to programming, policy, and communications; and monitoring and evaluating of GEEW work. UNCDF leadership has successfully communicated gender as a priority – as recognized by the 63 percent of staff evaluation survey respondents who agreed that “Senior management actively champion and provide support for gender mainstreaming at programmatic and institutional levels in UNCDF.” Still, the approach has been largely *ad hoc*, with responsibilities needing more clarity and accountability elements strengthened.

UNCDF met or exceeded requirements for 15 of the 17 UN SWAP indicators 2019, and for 16 in 2020 – compared to its 2018 baseline of just seven. This progress speaks to the organization's commitment to integrate GEEW into its work and structures, but a few areas still require attention. Gender parity in staffing remains a challenge, for example, despite considerable efforts.⁴² Similarly, while performance against the UN SWAP indicator on organizational culture has improved, primarily based on following applicable UNDP policies and procedures, results from the 2018 UNDP Global Staff Survey showed room for improvement, as echoed by an evaluation staff survey respondent who noted “a need to see practical application of GEEW and gender sensitivity in the whole organization including the management.”⁴³

UNCDF improved processes for tracking resources dedicated to GEEW through the introduction of the Gender Marker, with all new programs required as of 2020 to identify whether GEEW is their principal objective, or whether they make a “significant contribution” (mainstreamed) or a “partial contribution.” However, coding may sometimes be inconsistent, in part because there has been no qualified specialist at corporate level to vet its application.⁴⁴ Just 48 percent of staff evaluation survey respondents felt the Gender Marker “facilitates the integration and tracking of GEEW in program work.” Meanwhile, nearly half of UNCDF's total program delivery (47 percent) in 2020 was coded as only GEN1 (partial contribution).

⁴² As of 2020, 44 percent of staff across all positions were female, with 43 percent female staff at P4 level and above.

⁴³ Results linked to this on the 2020 UNDP Global Staff Survey suggest there may be some improvement, but results disaggregated by sex were not available at the time of this evaluation.

⁴⁴ Some initiatives coded GEN3 do not appear to have GEEW as their principal objective. For example, “Leaving No One Behind in the Digital Era Uganda (LNOBU)” was coded GEN3 (principal objective) in the July 2020 program document submitted to the Project Appraisal Committee (PAC) but while GEEW is mainstreamed into this program, which could justify a GEN2 coding, its principal objective is not gender equality. Similarly, the Myanmar “Expanding Financial Access” (EFA) program is coded GEN3, but while it is oriented to “inclusion” GEEW is not its principal objective.

Institutionalizing a “gender architecture” was a Gender Strategy priority, as per the first main activity described in the strategy’s implementation plan: “Allocate resources to gender, to grow a gender focal points team and prioritize gender focus.” Focal points were identified for the two practices, but not for LDCIP nor (until early 2021) at HQ level, and coordinated, corporate-level activity on GEEW appears to have revolved largely around annual UN SWAP submissions. LDF and IDE focal points have a range of responsibilities: responding to corporate GEEW policy and program review needs, preparing SWAP submissions, participating in external policy spaces on gender, and supporting GEEW results through lesson sharing and capacity building within their own practice areas. Nevertheless, various lines of evidence point to a need for greater expertise. Staff opinion on gender capacities is varied. On the evaluation survey, two thirds of staff felt their area of work had the needed capacities, but open-ended comments and interviews emphasized that capacity is severely stretched.

The HQ Project Approval Committee (PAC) checklist asks whether gender is mainstreamed and according to interviews, PAC members increasingly require attention to GEEW, but gender analysis in program design remains variable. Although the SF Gender Pathway and the Gender Strategy refer to both “sex-disaggregated and theme-disaggregated indicators in the IRRM,” only the sex-disaggregated indicators appear in the IRRM and only a little aggregated data is available to assess progress on GEEW outputs and outcomes in the SF. Corporate GEEW monitoring has nevertheless improved with the addition of a “Women Empowerment” space in the online corporate results platform template. Interviews noted this as an important change since, previously, programs had no place to share summary information about their GEEW work.

SWAP reporting indicates that UNCDF exceeded requirements for gender dimensions of evaluation in 2020, which call for integrating gender equality in all phases of evaluation and conducting at least one evaluation to assess corporate mainstreaming performance every five to eight years. The present evaluation is reported as meeting the requirement, since the standalone global gender thematic evaluation planned for 2020 was not carried out.⁴⁵

Finding 11: In the context of COVID-19, UNCDF was able to adapt its existing work under the Strategic Framework, as well as create new opportunities to pivot towards crisis and recovery initiatives and address needs created by the pandemic.

Beginning in early 2020, UNCDF sought to identify opportunities aligned with its core mandate and technical expertise to address both immediate and long-term effects of the pandemic on poor and excluded communities, SMEs, and local governments, with particular attention to women. UNCDF reports that in 2020 localized emergency grants to respond to COVID-19, launched through an e-platform to assist local levels of government, benefitted over two million people (60

⁴⁵ UNCDF, “Annex 4 – UNCDF Strategic Framework 2018-2021: Evaluation Plan.” UN Volunteers (whose relationship with UNDP parallels that of UNCDF), IFAD, and many other UN and international organizations have allocated resources to standalone, entity-wide gender evaluations or reviews of their gender mainstreaming mechanisms and results. See, for example, UNV’s 2017 *Evaluation of UNV Gender Equality and Women’s Empowerment for Organizational and Programmatic Effectiveness*, which was carried out separately from the evaluation of UNV’s Strategic Framework; UNDP’s 2015 *Evaluation of the UNDP Contribution to Gender Equality and Women’s Empowerment*; IFAD’s *Performance with regard to Gender Equality and Women’s Empowerment* conducted in 2010; UNESCO’s 2020 *From Ambition to Action: Evaluation of the UNESCO global Priority Gender Equality*; and many more

percent of them women).⁴⁶ In addition, digital solutions – such as an e-commerce platform connecting market vendors to customers during pandemic lockdown and innovations such as mobile health applications to assess COVID-19 symptoms and access health services – provided benefits to approximately 2.6 million people affected by the pandemic.⁴⁷

The evaluation found many examples of UNCDF COVID-19 rapid response. These included alleviation measures through restructuring loans to ease financial burden for borrowers, UNCDF research in collaboration with the International Association of Money Transfer Networks on the effects of the pandemic on migrants and remittances,⁴⁸ and support for the development of a national COVID-19 contact tracing app, made possible by reallocating funds within an ongoing partnership with FijiCare in the Pacific. UNCDF also conducted a survey of more than 2400 MSMEs in all 47 LDCs to understand the impacts of COVID-19 on this sector, which suggested that disruptions will disproportionately affect female led businesses.⁴⁹ In terms of pandemic resilience and recovery, examples include UNCDF's collaboration with UNDP and UN Women to support COVID-19 recovery of women-led or women-owned SMEs in Myanmar through the Multi-Partner Trust Fund and launching the Women Enterprise Recovery Fund in partnership with the Economic and Social Commission for Asia and the Pacific (ESCAP) and others. COVID-19 response has also included policy and knowledge interventions, such as a joint Call to Action to keep remittances flowing and reduce transfer costs for migrants during the COVID-19 crisis, sharing good practices as part of the “rebuilding local fiscal space initiative,” and the Better Than Cash Alliance's release of “Reaching Financial Equality for Women: A 10-point action plan for governments and businesses to rebuild stronger after COVID-19 by prioritizing women's digital financial inclusion.”⁵⁰

At an institutional level, UNCDF's own operations were affected by COVID-19 as travel was impeded and interactions moved online. While staff and systems adapted – for example, by working with evaluators with access to local teams and remote data collection techniques – the situation created challenges, particularly with respect to maintaining the important relationships with private and public sector stakeholders that are at the core of UNCDF's success. As one program explained in its annual reporting, what originally seemed like an advantage (because it allowed staff to engage virtually with multiple stakeholders in different countries in the same day or week, avoiding time-consuming or costly travel), eventually became an obstacle as the situation continued, making it “increasingly difficult to capture the full attention of our counterparts” and “difficult to build new relationships, especially in countries with limited internet access.”⁵¹

⁴⁶ UNCDF, *Harnessing the True Power of Capital: Unlocking the Growth Potential of the Last Mile. Annual Report 2020*. New York: United Nations Capital Development Fund, 2021, p. 11.

⁴⁷ UNCDF, *Harnessing the True Power of Capital*, p. 15.

⁴⁸ This research was supported by the Swiss Agency for Development and Cooperation and the Swedish International Development Cooperation. See UNCDF, “[COVID-19 Changing the Landscape for Migrants and Remittances](#)” (UNCDF website).

⁴⁹ UNCDF, “[Taking the Pulse of Small Businesses in LDC Markets during COVID-19](#)” (UNCDF website).

⁵⁰ UNCDF, Women's World Banking, The World Bank, Better Than Cash Alliance, UNSGSA, UN Women, *Reaching Financial Equality for Women: A 10-point action plan for governments and businesses to rebuild stronger after COVID-19 by prioritizing women's digital financial inclusion*, March 8, 2021.

⁵¹ 2020 Results narrative from Policy Accelerator.

4.3. Effectiveness

UNCDF has been effective overall in contributing meaningfully to its Strategic Framework outcome objectives, namely (i) enhanced inclusive financial markets and local development finance systems that benefit the poor and vulnerable populations; and (ii) unlocked public and private finance for the poor, and results are likely to have lasting influence on public and private inclusive finance markets and ecosystems at both the national and local levels in LDCs. While the IRRM presents some evaluability challenges, multiple lines of evidence have demonstrated that UNCDF has established its LDC expertise and local relationships as crucial strategic assets; it has effectively adapted its programming in response to emergent development themes and shifts in both public and private market systems; it has leveraged its capital mandate to catalyze capital for individual projects as well as for other innovative financing solutions with multi-pronged strategic objectives that have built and influenced markets for systemic change; it has successfully collaborated and partnered to enhance results; and, increasingly, it has sought to address gendered barriers and promote women's economic empowerment through its work. Moreover, UNCDF has established itself as a global convener and influencer on themes relevant to the accomplishment of SDGs.

This section discusses the extent to which UNCDF has been effective in achieving the expected outcomes of the SF. It explores the contributions of UNCDF's different partnerships and stakeholder relationships to the SF identified outcomes. Finally, it assesses the extent to which UNCDF programming has contributed to gender responsive and transformative results in partner organizations, and in the broader policy and market systems in which UNCDF is active.

Finding 12: The IRRM reporting indicated strong development results for the evaluation period, including for 2020, when UNCDF reported meeting or exceeding 16 of 18 outcome and output targets. At the same time, the evaluation team has assessed IRRM reported results as inconclusive for the purpose of adequately demonstrating a clear, cohesive, and reliable presentation of UNCDF's most relevant contributions to its outcome and impact objectives. Notwithstanding the evaluability limitations of IRRM reported results, the multiple lines of evidence examined for this evaluation allowed the evaluation team to confirm substantive effectiveness findings, as presented in Finding 13 and onwards.

The IRRM in its current form reflects efforts to adapt to UNCDF's evolving program strategies as well as recommendations from the midterm review (to reduce the number of indicators and acknowledge market building as a result) and is understood as an approach to "making the best use of existing (program) data" in the context of a practice-driven SF that does not readily enable performance measurement of institutional-level development results. This is because the SF in its current form does not adequately articulate actionable organizational strategic and program goals against which performance indicators and measurements could then be selected to establish the IRRM as a more effective performance measurement tool at the level of UNCDF overall.

In an effort to operationalize the current SF, IRRM indicators were selected to measure performance directly against the broadly stated development goals of UNCDF's theory of change. This challenge was exacerbated by a lack of clarity in the alignment between UNCDF's institutional theory of change and the distinct Practice Area theories of change. Bottom-up reporting from program and practice areas, as a result, does not reflect activities or results organized or defined in a manner that enables aggregation along common pathways to convey a cohesive and reliable story of how UNCDF's many activities, programs, and initiatives translate into results that reflect institutional accomplishment towards SF outcome and impact objectives.

IRRM reported results comprise a sampling of program level results, aggregated to the corporate level where possible, and reported results cannot be readily verified within the scope of this evaluation.

In addition, UNCDF's two Strategic Framework outcome objectives have a mutually reinforcing dynamic and this has presented challenges to clearly differentiating results and performance measures for each of them. This is reflected in the periodic reference made by key informants to the reporting "tension" between direct and indirect impacts of UNCDF's various interventions. A more succinct and useful approach going forward as UNCDF revisits the design of its theory of change could be to consider Outcome 1 (or a version thereof) as UNCDF's primary outcome goal (building markets and systems), with "unlocked public and private finance for the poor" (currently Outcome 2) reflected as a component of performance measurement in demonstrating the achievement of this Outcome 1 and the impact generated from it.

The utility of the IRRM is further limited in that it does not fully reflect some key components of a best practice results framework design, as summarized in Table 2.⁵² For example, its indicators are not always specific, measurable, attainable, relevant, or time-based ("SMART" characteristics), with "relevance" being particularly challenging for UNCDF given the lack of clearly articulated goals and theory of change alignment discussed above. Other components of best practice results frameworks include features such as clear descriptions of each indicator, especially where definitions of any ambiguous terminology may be necessary. This is especially important for UNCDF with its many forms of intervention and "investment" activities. IRRM indicators use terms such as "UNCDF-supported," "leveraged," "enhanced," or "financial products," or "clients" without sufficient context or explanation of what is meant to be measured, why, or how. The reason a particular indicator was selected is often dependent on context, and in the case of UNCDF's IRRM, commentary on the rationale for a particular indicator is crucial in a number of instances.

Now would seem a good time to revisit the IRRM in conjunction with the development of UNCDF's new Strategic Framework and a review of its theory of change. An effective IRRM should be practical, relevant, and user-friendly to its intended audience, measuring and reporting performance against clearly understood objectives. As UNCDF continues to evolve and establish

⁵² IEG, World Bank, « Designing a Results Framework for Achieving Results: A How-to Guide »; and Evaluation Team expertise

a more cohesive institutional value proposition, an improved, fit-for-purpose IRRM will serve as a highly valuable management tool.

Table 3: Components of a best practice result framework as compared to the IRRM⁵³

Components of a Best Practice Result Framework	IRRM Development Indicators:
Desired Result (Outcome or output objective)	Acceptable
Performance Indicator Selection of indicators should reflect best practice (i.e., 'SMART' characteristics: specific, measurable, attainable, relevant , time-based)	Room for improvement
Performance Indicator Description Descriptions to include definitions of any ambiguous terms, with consistency	Inconsistent/ room for improvement
Performance Indicator Rationale Articulation of rationale is crucial to interpretation of relevance for some indicators	Inconsistent/ room for improvement
Measurement and Unit	Room for improvement
Source of Data	Inconsistent/ room for improvement
Method and Responsibility for Data Collection and verification	Clarity inconsistent
Frequency of Data collection and reporting	Inconsistent / room for improvement
Baselines, targets	Present

Finding 13: UNCDF has established its LDC expertise and local relationships as acknowledged strategic assets and crucial tools, consistently contributing to the accomplishment of Strategic Framework objectives.

UNCDF has leveraged its expertise to implement solutions involving a combination of tailored technical assistance and/or advisory services with various forms of investment capital (from seed grants to market terms), achieving meaningful results across Practice Areas and catalyzing SDG-positive investments that likely would not otherwise have occurred.

UNCDF's strong technical and financial expertise has been anchored by its local presence and evidence-based research and knowledge of LDC-specific challenges, opportunities, market gaps, and local relationship dynamics, with increasing, but inconsistent, attention to the specialized constraints facing women. KIIs, case studies, and the evaluation survey of external partners revealed that international and local stakeholders alike place significant value on UNCDF's unique contributions, which have reflected an LDC local community-based perspective, and UNCDF's innovative yet practical, hands-on, and results-focused *modus operandi*. This approach has built credibility with central and subnational governments, partners, and other stakeholders, including private sector actors. Deep expertise in core areas is evident across programs, and there is strong, though not systematic, engagement on GEEW initiatives at the program level across many

⁵³ IEG, World Bank, « Designing a Results Framework for Achieving Results : A How-to Guide »; and Evaluation Team expertise

but not all of the LDCs. Indeed, inconsistency in the degree of country presence across the LDCs has been a constraint.

UNCDF's portfolio is rich with examples, based on extensive document review, of success rooted in local relationships, knowledge, and "boots on the ground" expertise. Case Study #6 undertaken for this evaluation, for example, considers eight projects undertaken by UNCDF in partnership with other UN agencies that have been recently funded through the Joint SDG Fund (please see Annex 6). For each project, evidence clearly indicated the critical success factor in getting the projects approved was UNCDF's unique expertise grounded in its local country presence and relationships, not only with UN partners but throughout the broader ecosystem. The case study concluded, *inter alia*, that "partnerships happen at the local level, and where UNCDF has a presence in a country, relationships are built that then lead to successful collaborations." In addition, the creative use of UNCDF's capital mandate was identified as a critical success factor in several cases, integrated into multi-faceted initiatives requiring highly tailored TA. In the case of Madagascar, for example, the funded joint program aims to address the lack of an integrated national financial system and limited energy access, particularly in rural areas. UNCDF is partnering with UNDP and the United Nations Industrial Development Organization (UNIDO) to create (i) a sustainable energy incubator that will support early-stage projects needing technical assistance, (ii) a de-risking facility that will provide capital in the form of grants, concessional loans, and guarantees to projects and companies, and (iii) a sovereign fund that will invest in strategic structural infrastructure projects identified as priorities by the government. After four years, it is expected that an autonomous fund that catalyzes financing from private investors will be operating.

Similar evidence is found in other projects (not funded through the joint SDG fund) that have been successfully implemented. In Bangladesh, the Credit Guarantee Scheme (CGS) platform was established as a successful local blended finance facility in partnership with the Central Bank in Bangladesh, as a result of highly tailored technical assistance (TA) and advisory interventions along with seed capital. This CGS enabled local banks to lend to women SMEs and, as reported by the Central bank of Bangladesh,⁵⁴ successfully unlocked \$440,476 (2.2X leverage) of collateral-free credit generating 620 jobs (70 percent of which were for women) in 1.5 years. Moreover, anticipated demonstration effects appear likely to be realized as the government has now transitioned this pilot project into a permanent program within the Central Bank. Other innovative examples include the WE! Fund in Senegal, resulting from UNCDF's partnership with a local financial institution to create a new fund that now invests in gender sensitive SMEs and PPPs. In the Solomon Islands, 'YouSave' is now operational as the world's first pension scheme that leverages the use of cellular airtime for deposits. This voluntary savings scheme was designed especially for the self-employed and was made possible by the success of a UNCDF-driven, locally tailored business model achieving a threshold level of adult subscriber participation.

⁵⁴ Letter dated February 19, 2020 from the Governor of the Central bank of Bangladesh to the Swedish Ambassador to Bangladesh.

Finding 14: UNCDF has effectively adapted its programming in response to emergent development themes and shifts in both public and private market systems in the LDCs to generate systemic change.

A holistic and LDC needs-based perspective has informed practical and innovative solutions implemented by UNCDF in adapting its programs, and results have contributed to systemic change and impact aligned with SF outcome objectives and an increasing number of SDGs.

A prominent example of adaptive programming is UNCDF's core global strategy, "Leaving No One Behind in the Digital Era" (LNOB-digital), launched in 2019. This was the culmination of more than a decade of UNCDF financial inclusion strategies, programs, and learnings originating in microfinance, which ultimately evolved to identify the promotion of inclusive digital economies as crucial to furthering multiple SDGs within last mile communities. Initiatives such as the Better than Cash Alliance, which UNCDF continues to lead as secretariat, helped bring digital financial services to scale by promoting the systematic digitization of payments.⁵⁵ Mobile Money for the Poor (MM4P), which completed in 2018, was UNCDF's flagship digital financial services program which helped build digital financial service ecosystems in various LDCs, through a market development approach.⁵⁶ With 61 percent of the world's population forecast to have mobile internet connectivity by 2025, UNCDF programming adapted to leverage this rapid acceleration in mobile internet access with programs such as YouthStart⁵⁷ and CleanStart⁵⁸ (completed in 2018). These expanded the reach of digital financial services platforms to meet individual needs at the last mile such as employment skills to empower youth, and better access to more efficient energy sources for poor people.

Building from these experiences, LNOB-digital was crafted based on the premise that digital finance is the primary route to financial inclusion, which in turn is a crucial gateway for marginalized and low-income financial account holders to meet daily needs beyond mobile payments and banking, through increasing their participation in the broader economy rapidly transitioning to digital. This re-orientation of strategic focus toward the development of Inclusive Digital Economies (IDE) has been swift and responsive, with IDE strategies implemented in 20 LDCs to date and establishing a basis for replication, scaling, and further leverage of UNDP and other partnerships to generate systemic impact across the LDCs and potentially beyond. UNCDF's Financial Inclusion Practice Area (FIPA) is now referred to as the IDE Practice Area.

⁵⁵ As an example, at the *Digital Wages Summit* (convened by the Alliance in Dhaka, November 2019), the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) committed to digitizing 90% of payments made to garment workers by 2021. Around 60% of Bangladesh's 4 million garment workers are women. Leading brands Gap Inc., H&M, Inditex, and Marks & Spencer also endorsed the call to move away from cash, in alignment with the goals of the Government of Bangladesh to create a cashless society. (Better than Cash Alliance" website: www.betterthancash.org)

⁵⁶ The MM4P mid-term evaluation (December 2018, p. 6) noted that "...it is likely that MM4P will contribute (and has already contributed in specific instances) to increasing access to digital financial services (DFS) for underserved clients", and that "MM4P has had a significant impact on how UNCDF is approaching future programming and is considered critical to the agency's new strategy, which is centered on leveraging digital solutions to support the achievement of the Sustainable Development Goals."

⁵⁷ UNCDF reports that as of 2018, the YouthStart program has enabled 955,000 new young beneficiaries to save \$24 million at FSPs, \$43 million loaned to young entrepreneurs, and approximately 1 million youth trained through financial education programs (UNCDF website).

⁵⁸ The CleanStart mid-term evaluation (October 2017, p. 2-3) found that "a total of 536,325 people (direct and indirect beneficiaries) had gained access to clean energy as a result of the program" (by 2016).

An important enabler of this process has been the deployment of the Inclusive Digital Economies Scorecard (IDES), the subject of Case Study #2 (please see Annex 6). The IDES is proving an effective planning tool for national governments to map and measure the status of their digital economy, including inclusivity dimensions. Through the IDES process, market gaps have been identified, and governments have thus been positioned to address barriers systematically to drive their country's digital transformation. UNCDF's LNOB programming also focuses on helping to fill these market gaps, such as limitations within the legal and regulatory environment. In the case of Uganda, for example, a 'digital' theme is now mainstreamed throughout Uganda's new 5-year National Development Plan, and the IDES tool is driving its implementation.

IDE programming has taken a market development approach in partnering with private sector and central government actors to implement solutions with national and also regional scope. For example, UNCDF's 'policy accelerator' programs have helped digital regulators prepare for the challenge of digital finance, and work has begun with regional agencies, such as ASEAN, to promote harmonization of regulations to enable digital remittances that more effectively meet 'last mile' needs.

Further adaptations during the evaluation period include the leveraging of UNCDF's capital mandate systematically through IDE's sourcing of prospective SDG-positive SME investees engaged in digital services across sectors. These investments were initiated by IDE then completed through collaboration with the LDC Investment Platform (LDCIP) which is significant as the Platform itself is a new adaptation for UNCDF. While LDCIP's overall loan and guarantee portfolio is relatively small at (18 loans and 3 guarantees for US \$4.1 million), it is strategically relevant as a pilot portfolio for UNCDF at this time. Additional pipeline has also been developed by IDE for the newly developed Bridge Facility and Build Fund, which are managed and coordinated, respectively, by the LDCIP as further discussed under Finding #15.

Financing digital service SMEs can generate multi-tiered strategic results. First, it can enable SDG-positive product and service offerings from the SME for the benefit of last mile clients. Second, it can contribute to systemic change by helping to build inclusive financial markets through (i) catalyzing incremental capital as a result of the SME financing structure; and (ii) demonstration effects that may be anticipated to accrue from a deal structure, risk, sector, or broader market feature perspective. Third, it can contribute to building out a national inclusive digital economy through the aggregate impact of portfolio SMEs' contributions, and moreover the built IDE itself is a platform for further replication and scale regionally or globally, aligned with UNCDF SF objectives. UNCDF is reasonably presumed to be contributing to this multi-tiered set of strategic results based upon the current and growing portfolio of IDE-generated SME investments, even though these results (holistically) are not currently identified as a programmatic objective per se, nor as a measured result in UNCDF's IRRM. The systemic impact implications, however, are central to UNCDF's SF outcome objectives and are thus relevant to inform UNCDF's strategic thinking for the revisiting of its theory of change and program development going forward, including LDCIP's, to factor in the farther-reaching implications of, and justification for, any single SME investment.

While adaptations within the IDE practice area continue to expand under the guidance of the LNOB-digital strategy, including collaboration with the LDCIP and new outreach initiatives aimed

at increasing digital economy partnership opportunities within the UN system, adaptations within the Local Development Finance (LDF) Practice Area have reflected a different approach.

Within LDF, a number of mechanisms have been developed, adapted, and/or brought to scale, each contributing unique value towards building and enhancing local development finance systems. These mechanisms were created in response to emergent needs from the LDCs incorporating prior programmatic experience informed by LDF's presence across 31 of the LDCs and its unique expertise as a "centre of excellence for local government and economic development finance." Some of these mechanisms or elements thereof have been utilized across programs with the potential for greater leverage across the organization and through external partnerships.

For example, deployment of the Local Climate Adaptive Living Facility (LoCAL) combines expertise in fiscal decentralization, local governance capacity building, and financing climate resilient infrastructure. The program has also helped local governments in LDCs achieve direct access to the Green Climate Fund to build climate-resilient infrastructure at the local level. Scaling efforts are underway and as of 2020, LoCAL was active in 27 countries (14 in operation, 13 in design/scoping phase) and had engaged with more than 300 local governments, 24 of which were new in 2020, and nearly 600 small scale adaptation investments were realized through a performance-based climate resilient grant system.⁵⁹

Another example is the development of the Dual-Key System of investment analysis. This is a highly innovative tool⁶⁰ used for SME investment purposes; it establishes an investment methodology, a component of which assesses both the financial and impact sustainability of an SME utilizing a multi-factored approach that is uniquely tailored to incorporate local economic development principles. For example, on the impact side, it will consider the role that value chains can play advancing or undercutting local development, as well as factors such as women's economic empowerment, food security, climate change and emergency response implications. On the finance side, factors include not only the immediate 'bankability' of the SME, but follow-on investment potential and impact implications for local financial market development, such as expanded local currency lending capacity and de-risking factors that help build the capacity of domestic banks and sovereign finance funds to lend to SMEs.

Local currency financing availability at reasonable rates is an important feature of sustainable finance models. This is because international funding sources face the perennial challenge of mitigating or allocating the cost and/or risk of foreign exchange (FX) risks associated with on-lending to SMEs in local currency, especially in the LDCs, where hedging costs are generally higher and fewer actors (borrowers or their banks) have access to natural hedging mechanisms through participation in international trade or trade finance activities. Under UNCDF's Bridge Facility, for example, UNCDF is assuming the FX risk of local currency lending from the Facility,

⁵⁹ UNCDF social media post, May 27, 2021, and LD presentation of strategic overview February 2021.

⁶⁰ UNCDF's "Dual-Key" System received an honourable mention for "Product Innovation of the Year" at the IFC-managed 2020 Global SME Finance Forum.

which may be acceptable as a short-term tactic for building market systems and other strategic objectives but raises the question of sustainability over the long term at scale.

The Dual-Key System is central to UNCDF's many local finance initiatives building national platforms that prioritize capacity building of domestic banks and central and local governments, and more recently, pipeline development of SMEs and revenue-generating investments.⁶¹ UNCDF has reported that as of December 2020, through the LDF practice are, 176 active projects were considered for technical assistance and 110 of those projects successfully passed through the Dual-Key System and reached investment readiness stage; moreover, 106 of these projects reached "financial closure", representing formal approval for financing.⁶² There would appear to be good potential for this tool or aspects of it to be used across UNCDF practice areas.

Adaptive and responsive programming is a significant theme for UNCDF with evidence at the project, program, and practice level further corroborated through staff, KIs and external stakeholder surveys.

Finding 15: UNCDF has leveraged its capital mandate to position itself to more actively catalyze, or "crowd in" capital for individual projects, as well as for creative financing solutions including blended finance vehicles with multi-pronged and multi-tiered strategic objectives that are reasonably expected to build and influence markets for systemic change.

UNCDF's capital mandate and a variety of capital deployment strategies have been increasingly acknowledged as points of leverage to achieving a much greater vision and realm of influence for UNCDF. Investments at the project, program and practice levels have become more intentional throughout the evaluation period and UNCDF has built new tools and capacity to position the organization to mobilize its capital mandate more systematically. This work has contributed to UNCDF preparing to address an important topic for the new SF, which is how best to optimize UNCDF's capital mandate going forward, both at a strategic/visionary level and operationally.

In 2017 the LDC Investment Platform was formed and during the evaluation period accomplished several tasks.⁶³ First, it launched a pilot portfolio of on-balance sheet loans and guaranteed risk exposures, disbursing 18 loans and issuing three guarantees for a total amount of US \$4.1 million.⁶⁴ Although the portfolio is relatively small, it has generated strategic value as a new endeavor for a newly appointed IP team and Practice Areas with a mandate to strengthen the use of loan and guarantee products across UNCDF. This is significant because historically, UNCDF's financial 'investments' have, in effect, been strategic grants. These grants were treated as program expenses and were typically used as seed capital in various financial and project structures to attract, or crowd in incremental or catalytic capital, from both public and private sector sources (alongside TA, policy work, and/or advisory services). There are many examples of how

⁶¹ The Dual-Key approach is utilized, for example, in pipeline development for the IMIF as discussed in Case Study #3.

⁶² As reported in UNCDF's 2020 Annual Report, p.28.

⁶³ The LDCIP is reviewed in more depth in Case Study #5 (Annex 6).

⁶⁴ LDCIP written comments June 23, 2021, F. Cometto

leveraging these grants have generated results from both the LDF and IDE Practice Areas.⁶⁵ Transitioning now from strategic grants into market-based, risk-adjusted investments and co-financing structures with risk-sharing features, has enabled UNCDF to begin to develop new partnerships to explore new prospective pathways to scale through interventions more akin to development banking practices, including for private sector development.

Second, the LDCIP portfolio served as a “live” reference point for the development of UNCDF policies and procedures for a more disciplined use of loans and guarantees from a risk management perspective. A new set of policies are now in place, enabling better and more systematic management, monitoring, and reporting of capital-at-risk from loan and guarantee exposures, including analysis, review, and approval procedures aligned with best practice, even as the strategic premise for how loans and guarantees will be used is still evolving (to be further addressed in the new SF and UNCDF theory of change).

Third, LDCIP has developed an “investment continuum,” that maps the progression of investee projects or SMEs across four phases of development from start-up to maturity. Alongside this is a parallel mapping of multiple channels and points of intervention for UNCDF capital deployment through grants, loans or guarantees, directly or through third party vehicles. Referencing this framework, three new facilities were created during the evaluation period, to deliver and catalyze capital and create pathways to scale: (i) the Bridge Facility which is managed by the IP and has been set up ‘on balance sheet’ to provide loans and/or guarantees to finance SMEs or other strategic investments. It is to be capitalized with UDS \$50 million of donated funds and UNCDF is currently working to secure commitments. Management is confident in securing necessary funding, while some stakeholders have questioned the premise of a lending facility reliant upon a capital base that is 100 percent grant funded; (ii) the Build Fund, in contrast, is an off-balance sheet fund structured as a blended finance facility (raising capital on both commercial and concessional terms) and managed by a third-party partner (Bamboo Capital); funds are deployed as loans or equity to SMEs and UNCDF contributes through pipeline development; and (iii) the International Municipal Investment Fund (IMIF) has been created as a third-party partner-managed blended finance facility channeling international capital to municipal and local government infrastructure projects in the LDCs.⁶⁶ IMIF’s target capitalization is €350Mⁱ and an innovative tiered risk offering was designed to not only attract but educate investors about municipal finance and build supply-side capacity across public and private sector investor categories with varying risk appetites. The range of investment options spans the philanthropic assumption of first loss risks, to equity targeting investors such as insurance, pension and sovereign wealth funds, and a senior debt tranche targeting commercial banks, DFIs and other market debt investors. Crucial TA to develop pipeline is being provided though the IMIF Technical

⁶⁵ Examples include (i) LDF interventions in Mozambique (policy development, capacity building, design of finance mechanisms adapted to post-conflict and fragile environments) resulting in local government revenues increasing 10X, and \$1M mobilized for local governments to finance rural livelihoods affected by Covid-19, and (ii) LD interventions in Guinea in the mining sector promoting PPPs resulting in a new financing mechanism (FODEL) that enabled \$5M in funding to local governments in 2020 (source: February 2021 UNCDF presentation to UNCDF Executive Secretary).

⁶⁶ Please refer to Case Study #3 conducted for the evaluation, Annex 6, for more details.

Assistance Facility, managed by UNCDF, with examples of pipeline projects in Kumasi, Ghana and Sierra Leone reviewed in Case Study #3 (please see Annex 6).

The creation and launch of each of these facilities is an important result in and of itself, in the context of building tools and financing vehicles that build market systems, and notwithstanding that pipelines are well developed but initial projects are not yet financed, although several are imminent.

Finding 16: UNCDF has successfully collaborated and partnered in global forums, including those relating to gender, to enhance results through leveraging its UN status, expertise and local relationships. UNCDF has, moreover, established itself as a convener and influencer in global forums, creating a strategic asset which UNCDF has utilized for improved results.

Successful partnerships and collaboration have been a strength for UNCDF throughout its programming and particularly in core areas of expertise. Yet given its comparatively small size within the global development and finance ecosystem, UNCDF's sphere of influence remains limited. Nevertheless, many notable results are attributed to effective collaboration within the LDCs and with global partners including within the UN.

As discussed in Case Study # 6 (please see Annex 6), which examines UNCDF's participation under the UN Joint SDG Fund and reviews eight joint programs approved for funding, UNCDF successfully partnered with the UNDP and a number of other UN departments and programs. 19 detailed joint program proposals were developed and submitted to address either (i) building financial ecosystems through social financing initiatives, or (ii) catalyzing SDG finance initiatives in the LDCs. Under the first category, 10 proposals were successful and will be funded, of 12 submitted. Under the second category, four were selected for funding from seven joint submissions, including two with UNCDF as a partner agency. Another two are pending a decision in 2022. To date, UNCDF will be receiving 26 percent of all SDG funds allocated which is second only to UNDP which will receive 51 percent of approved funding.

As reviewed in Case Study #3 (please see Annex 6), which explores UNCDF's contributions through the Malaga Municipal Finance Coalition, UNCDF's strategic collaboration and legacy work through the Local Development Finance Practice Areas is credited with the launch of the Malaga Coalition, in partnership with United Cities and Local Governments (UCLG) and the Global Fund for Cities Development (FMDV) representing the interests of municipalities and local governments globally. Quite apart from the launch of the UNCDF-managed International Municipal Investment Fund (IMIF), itself an important result of the Malaga convenings as the only solution of its kind now in the market linking international capital with SDG-positive municipal financing needs in the LDCs, the Malaga Coalition continues to influence global financial ecosystems through high level policy dialogue in favour of more effective municipal finance systems and solutions. In KILs, stakeholders including UNCDF strategic partners, funders, and member countries concurred that important results have been achieved through the coalition,

while further progress and innovation continues to unfold, including through the IMIF as it becomes operational, with pipeline developing into potentially investable projects.

UNCDF's collaborative reach has been further enhanced through the publication of several knowledge products, such as the well-received⁶⁷ "Blended Finance in the LDCs 2020"⁶⁸ report, created through an ongoing research and knowledge partnership with the OECD. UNCDF moreover convenes notable forums such as the Secretary-General's Task Force on Digital Financing of the SDGs, the Economic Justice and Rights Coalition (Generation Equality), and the UNITLIFE Fund in partnership with UN Women, which leverages innovative financing solutions to fight chronic malnutrition, one of the least known and critically underfunded disease challenges in the world. Participation in high-level strategic dialogue such as through the UN Framework Convention on Climate Change (UNFCCC), for example, is also reported to have had positive influence on enhanced results for relevant programs, such as LoCAL.

Finding 17: UNCDF programs have contributed towards UNCDF's strategic impact-level goal of making finance work for poor women and girls, female-led SMEs and local government that empower women and girls and the evaluation noted many positive examples of programming reaching women and, increasingly, addressing gendered structural barriers and seeking gender transformational results. Still, performance remains mixed, reflecting incomplete integration of gender considerations across the program cycle.

UNCDF has met most of its sex-disaggregated IRRM targets and annual reports describe contributions to SF Gender Pathway outputs that have fed positive outcomes for women – such as addressing the gender divide in digital financial inclusion, working with partners to improve the collection and use of sex-disaggregated data, fostering innovation in "gender-smart" financial services products, financing or helping build capacity to access finance for women-led SMEs or SMEs benefiting women, and supporting gender-responsive subnational planning, budgeting, and investment.

Over the SF period, UNCDF has also taken steps towards a more transformative gender approach. The beginning of a shift is evident, from considering GEEW mainly in terms of quantitative reach, to considering gender norms, leadership and agency, and gender-specific barriers to women's participation and decision making in public and private investment arenas.⁶⁹ Nevertheless, the evaluation found room for improvement in applying transformative approaches and ensuring programs are informed by gender analysis. The Gender Strategy expected GEEW approaches over the SF period to be piloted by gender targeted (GEN3) programs and there is evidence that such programming has led to important innovations, including in recognizing and addressing structural gender barriers. The LDF GEN3 flagship program (IELD), for example, developed and applied a comprehensive set of WEE tools that support gender-responsive local

⁶⁷ Based on KII evaluation feedback.

⁶⁸ <https://www.oecd.org/dac/blended-finance-in-the-least-developed-countries-57620d04-en.htm>

⁶⁹ A recent program document from IDE's Leaving No One Behind in the Digital Era portfolio noted, for example, that "gender stereotypes have a profound impact on the digitalization of finance" and identified actions to counter such stereotypes. IELD has also emphasized local gender inclusive enabling environments, through work with policy makers, planners, and private sector actors to address discriminatory norms and practices.

planning and investment, assessment of GEEW dimensions of local investment, and local government institutional capacity on WEE.⁷⁰ These have been taken up by partners and provided learning within the practice (and beyond UNCDF). Still, this has not translated into consistent integration of a gender lens into LDF programming overall, and as IELD comes to a close in 2021, the practice is left without a GEN3 successor. In IDE, the focus has been on development of the Women Builders of the Digital Economy Strategy, efforts to integrate GEEW into the overall Practice strategy, and development of GEN2 programming. With respect to LDCIP, some staff felt that since the platform is primarily a financing “back office,” responsibility for addressing GEEW lies with the practices that provide the investment pipeline.⁷¹ Others felt that in order to position UNCDF in impact investing and develop a niche on women and finance, the platform itself must address these considerations. The evaluation found LDCIP did not track or communicate GEEW contributions. On the 2020 corporate reporting platform, LDCIP breaks down its portfolio by sector – “Green Economy,” “Financial Inclusion and Innovation,” and “Food Security and Nutrition” – but without any mention of gender.

Over the SF period, UNCDF has made significant efforts to highlight GEEW in communications, policy, and outreach.⁷² In 2020, the entity took up co-leadership of the Economic Justice and Rights Coalition as part of the UN Women-convened Beijing +25 Generation Equality campaign, a role that is valued by partners and has generated visibility and interaction with key players in this arena. The October 2020 appointment of Sonia Gardiner as UNCDF’s first Goodwill Ambassador for Gender Equality in Access to Finance also projected commitment on GEEW. Nevertheless, efforts to position UNCDF on gender have been hampered by the lack of a high-level narrative identifying UNCDF’s niche on GEEW. Moreover, limited and stretched gender capacity and resources create a risk – as one interviewee put it – of “over-promising and under-delivering.”

Internal and external stakeholder views of UNCDF effectiveness on GEEW are mixed. Some recognize, like one staff evaluation survey respondent, that “at a technical level there is increased focus and resources available to mainstream gender in our work.” A UN partner noted that they had recently “begun to take UNCDF more seriously” on gender. Some donor interviews also yielded positive views. Yet only 46 percent of staff evaluation survey respondents agreed UNCDF is “effective in influencing gender mainstreaming in policy and market systems in LDCs where it works” and just 30 percent felt UNCDF is “effective in influencing mainstreaming in its partner organizations” – compared to 78 percent and 82 percent who agreed that UNCDF is effective in these areas overall. Notably, men expressed more positive views than women on this topic.⁷³

⁷⁰ The tools are the Gender Responsive Local Economic Assessment Tool, the Women’s Economic Empowerment Index, and the Training Module for Local Governments on WEE. In 2021 the IELD experience, and discussion of these tools, was brought together in a paper entitled Financing Sustainable Women’s Economic Empowerment in the Least Developed Countries – launched during the Financing for Development Forum in April. (See UNCDF, [Financing Sustainable Women’s Economic Empowerment in the Least Developed Countries](#).)

⁷¹ Along these lines, LDCIP reports on the 2020 corporate results platform that “a number” of transactions involved companies that promote women’s ownership, leadership, or employment, but that “actual results are reported for in the relevant programs.”

⁷² The 2020 SWAP submission reported that in the preceding year, knowledge products on WEE included approximately 30 news items, 12 publications, two speeches from the Executive Secretary, five requests for applications, and three videos or webinars and the 2019 submission referred to similar evidence

⁷³ 62 percent of men responded that they strongly or somewhat agreed that UNCDF is effective in influencing gender mainstreaming in policy and market systems in LDCs where it works, compared to just 29 percent of women; on influencing partner organizations, 58 percent of men strongly or somewhat agreed, compared to 29 percent of women.

Many staff echoed the respondent who said: “There is a lot of communication about GEEW in UNCDF's programmatic work but only a few programs truly integrate gender equality/women's economic empowerment.”

4.4. Sustainability

While non-core funding has increased over the SF period, core funding has remained stagnant putting UNCDF's institutional sustainability at risk due to a funding model under pressure. The evaluation found ample but varied program-level evidence of initiatives that were able to leverage or facilitate stakeholder leveraging of additional resources, and of initiatives that were expanded or scaled across levels or geographic locations to capitalize on benefits demonstrated by UNCDF work. Still, there is a shortage of comparable, systematic data, including in the IRRM, to support assessment of organization-wide performance on the maturity model. UNCDF relationships with government and market stakeholders at the level of influencing legal, regulatory and policy aspects of enabling environments are critical to sustainability implications of UNCDF's interventions which over the long-term address systemic challenges that lie beyond UNCDF programs' immediate sphere of influence. Yet, several factors – especially limited core resources – constrain UNCDF's capacity to pursue such work. Over the Strategic Framework period, work on gender norms, agency, and enabling environments for GEEW has been identified as critical for the sustainability of gender-related results. The evaluation found increasing emphasis on this work, notwithstanding ongoing capacity constraints to support emphasis on structural gender issues.

This section explores the extent to which benefits created by UNCDF interventions will last. It assesses the sustainability of UNCDF's work at the level of market and policy systems. It also assesses the sustainability of its work at the partner level with local governments, inclusive finance partners, MSMEs, regulators and national decision makers. Finally, it discusses the extent to which results from UNCDF gender strategy are likely to be sustainable and which, if any, are not likely to be sustained without continued investment, either technical, financial, or through other activities.

FINDING 18: While non-core funding has increased over the SF period, core funding has remained stagnant putting UNCDF's institutional sustainability at risk due to a financing model under pressure.

The Strategic Framework identified a financing model to support its work over the period that combined core resources, non-core resources, and capitalization of the LDCIP. (These matters are also raised in Findings 3, 6, and 9, for the impact on program effectiveness, wherein the shortfall of core funding impacts the ability of UNCDF to execute its full SF – including the oversight accountabilities as envisioned by UNCDF's Board.) While non-core resources during the SF period have increased, the organization has been less successful with attracting core resources and capital funds. This creates two related risks for sustainability. On the one hand, unreliable core funding undermines planning at corporate level across programs and practices.

In particular, it constrains UNCDF in building up human and other resources and systems identified as strategic for its future contributions to LDCs – notably, in relation to GEEW, but also in other cross-cutting areas where additional support not directly tied to specific programs could be useful, such as mainstreaming environment and climate change, or developing functional organization-wide knowledge management and learning mechanisms. The second and related risk is that the absence of financing for such corporate needs undermines efforts to develop a clear and cohesive overall value proposition, as each practice – and indeed program – is required and motivated to pursue its own funding.

Finding 19: Sustainability is embedded in UNCDF’s maturity model. The evaluation found ample but varied program-level evidence of initiatives that were able to leverage or facilitate stakeholder leveraging of additional resources, and of initiatives that were expanded scaled across levels or geographic locations to capitalize on benefits demonstrated by UNCDF work. Still, there is a shortage comparable, systematic data, including in the IRRM, to support assessment of organization-wide performance on the maturity model.

UNCDF’s maturity model describes the organization’s role as supporting innovation, collaboration with public and private sector partners to consolidate and embed learning, and finally working with partners to enable scaling up through replication and expansion across institutions or locations. The model assumes that once UNCDF has helped successful innovations take root and thrive, they should continue to grow and spread, largely independent of UNCDF intervention – in other words, they should be sustainable. As the SF midterm review put it, UNCDF’s role is “to create demonstration effects for other more risk-averse players in the market” through an “ecosystems approach that supports demonstration value and taking successes to scale”⁷⁴ UNCDF’s new transparency window presents a graphic of “2020 expenses by Maturity Phase.” By this measure, approximately 16 percent of 2020 expenses were allocated to programming designated as being in scale-up phase; however, given the diversity of programs and context, the basis for this data is unclear.⁷⁵ Reporting on the progression from innovation to scale-up varies from case to case and IRRM indicators do not always fully or consistently capture distinctions or provide meaningful evidence that can be translated as proof of sustainability and according to the Strategic Framework Midterm Review, evaluations at program level “recommended a more targeted focus on how to scale up and replicate approaches.”⁷⁶

Outcome indicator 1.1 monitors products scaling “beyond piloting stage.” UNCDF surpassed targets on this indicator in the three reported years, but definitions vary by program and country and scaled-up products are highly concentrated. 38 percent (19 of 49 reported) come from Uganda. 17 of the 182 piloted products reported for 2020 were identified as “women products/services,” and 3 of the 49 were identified as “scaled women products/services.” Outcome indicator 1.5 measures (every two years) market development in Digital Finance Service

⁷⁴ Strategic Framework 2018-2021 Midterm Review to the Executive Board, p.12

⁷⁵ On the Transparency Window site, UNCDF allocates US \$42,942,886 in 2020 expenses to Consolidation and Replication, US \$25,090,249 to Piloting and Innovation, and US \$13,734,074 to Scale Up.

⁷⁶ Op cit., p. 14.

through stages defined as inception, start-up, expansion, and consolidation. UNCDF met its targets on this indicator in 2019.

Outcome indicator 1.6 measures (every two years) “enhanced” and “maintained” performance of supported “local development finance systems” measured by areas of mobilization, allocation, investment and transparency. Results in 2019 were unclear, with three countries reported as “enhancing,” one “maintaining,” one “decreasing,” and only baseline data reported for seven. At the Strategic Framework level this indicator is not very informative about how the maturity model is translated into work with local government partners. Outcome indicator 2.2 tracks (every two years) supported local governments’ own resource mobilization, which may be considered another sign of sustainability. The target was met in 2019 (percentage increased in 60 percent of the sample countries).

Sustainability can also be promoted at ground level when stakeholders succeed in leveraging new or additional financing, from either public or private sources, to ensure ongoing operation or expansion of initiatives launched with UNCDF support. Aggregated, organization-wide evidence on sustainability in this sense is limited, but the evaluation did find numerous specific examples of this kind in document review or through interviews. Frequently cited is the US \$800,000 from a commercial bank accessed by Aptech Africa, a solar water pump company in Uganda, following its successful repayment of UNCDF’s US \$250,000 loan under the CleanStart program. This is described in the midterm review as “catalytic leverage generated by UNCDF strategic repayment of concessional loans and guarantees.”⁷⁷ In 2020, the SHIFT Financial Inclusion Program in the ASEAN program’s Fund Facility reported leverage ratios of 1:2.5, taking into account actual spending from UNCDF and private sector partners, and a ratio of 1:38.5 when taking into account additional private sector debt or equity investment committed to MSMEs that have received grants and assistance through the program.⁷⁸ Another example is the LoCAL climate finance initiative. According to UNCDF reporting, UNCDF investments of US \$2.6 million through this mechanism helped “unlock \$6.3 million in parallel funding in 2020.” Moreover, the mechanism was scaled nationwide by the governments of Bhutan and Bangladesh with bilateral and multilateral funding.⁷⁹

Challenges in sustainability, and in providing evidence of sustainability, were recognized by some staff consulted. Although most respondents to the staff evaluation survey considered that results of UNCDF work on markets and policy systems, and with local partners, will likely be sustainable over time, a number made comments pointing to issues in this area. A notable recurrent theme was that sustainability constraints are linked back to the lack of core resources, which limits opportunities “to engage in a permanent way with partners.” One staff survey respondent noted, “Sustainability is not tracked, nor is it carefully thought through at design phase” – an observation that was largely supported by the document review which found that sustainability was often not clearly conceptualized and that clear indicators are often lacking beyond references to leveraging of “additional” resources in various contexts.

⁷⁷ Strategic Framework Mid-term Review, p. 12.

⁷⁸ UNCDF SHIFT ASEA Q3 Report, p. 60. The report states: “Although UNCDF SHIFT was not directly involved in some of the fund raising, the grantees did leverage their relationship with UNCDF to access these funds.”

⁷⁹ UNCDF 2021 Annual Report p. 10.

Finding 20: UNCDF relationships with government and market stakeholders at the level of policy and enabling environments are critical for sustainability and, over the long term, can help address systemic challenges that lie beyond UNCDF programs' immediate sphere of influence. However, several factors – especially limited core resources – constrain UNCDF's capacity to pursue such work.

The SF Midterm Review highlighted the importance of policy work to support sustainability, noting that evaluators recommended greater emphasis on collaboration with government partners to ensure ownership, implementation and scaling-up of strategies, policy reforms and solutions developed with UNCDF support⁸⁰. On this theme, the MM4P midterm evaluation noted that regulator and policymaker projects showed promise of sustainability but “tend to have a slower pace of change, requiring longer-term support and engagement” – requiring efforts over longer periods at policy and regulatory level to bring about lasting change. Nonetheless, the evaluation had positive things to say about sustainability of the UNCDF approach in this program, particularly noting efforts at the ecosystem level. However, the evaluation also noted the need for a plan to continue UNCDF's role as a convenor in the policymaker arena after the program end.

Limitations in human resources, linked to reliance on earmarked program funding, creates challenges for this kind of ongoing work at policy level which needs to be sustained on the basis of institutional and personal relationships that go beyond individual projects and programs. A number of stakeholders in both interviews and surveys suggested that permanent UNCDF staff with corporate roles in the field may be in a better position than contract staff linked to specific initiatives, to represent UNCDF as an institution and speak to broader policy and regulatory issues, building networks and trust over time that can support longer term positive changes in the enabling environment. Limited resources for these roles can detract from UNCDF's acknowledged role as a valued “neutral broker” between different actors in local and national market and governance systems, a role that supports sustainability.

Finding 21: Over the Strategic Framework period, work on gender norms, agency, and enabling environments for GEEW has been identified as critical for the sustainability of gender-related results. The evaluation found increasing emphasis on this work, notwithstanding ongoing capacity constraints to support emphasis on structural gender issues.

Efforts to shift gender power relations and build gender-responsive legal, regulatory, and policy frameworks are critical for sustainability of GEEW results and the evaluation found evidence of growing attention to these more complex issues in UNCDF's gender approach. IELD – UNCDF's largest gender targeted initiative over the 2018-2020 period – took a systems-based approach combining capacity building to support women entrepreneurs and financing of gender-focused local economic development with efforts to improve the institutional environment for women's economic empowerment. The IELD midterm evaluation identified such work on enabling

⁸⁰Strategic Framework Mid-term Review, p. 14.

environments, including efforts to address discriminatory attitudes and practices, as important though incipient elements of sustainability for the program.⁸¹

In IDE, the 2020 report for the Mozambique Local Climate Adaptive Facility, noted that a main objective for 2021 would be to “deconstruct some social norms that contribute to the limited participation of women in the planning processes” with local government. Along similar lines, the 2018 midterm evaluation of Mobile Money for the Poor (MM4P) pointed out that UNCDF had recognized the need to actively address resistance by financial service providers to initiatives for reducing constraints to women’s access (p. 67). IDE’s work on women in the digital economy⁸² emphasizes these issues, for example through the IDES (see Annex 6). The UNCDF Policy Accelerator also promotes an integrated approach to addressing “legal, social, and cultural barriers faced by women” by applying a gender lens across all stages of policymaking.

The evaluation noted a need to increase the availability of GEEW expertise and resources to further develop these approaches. In IELD, the evaluation observed that only a few elements of sustainability were emerging linked to capacity development for local officials for policy change. This was linked at least in part to funding shortfalls. As the program was unable to reach its budget targets or mobilize donors or partners for a second phase, it was left with gaps in work “on broader policy issues that could influence the enabling environment for WEE.” The midterm evaluation noted that efforts to strengthen the capacity of local officials required “more time and resources to embed the changes into the local governments.” Support for SMEs was considered effective, but the evaluation noted that these “one-off investments” would “likely not change the practices of banks or result in catalytic leverage at the country level.” Limited progress in influencing local actors’ gender awareness and interest in GEEW was identified as a constraint to achieving sustainable results.⁸³

Other initiatives also noted limited technical expertise as a check on progress towards sustainability. A UNCDF Policy Accelerator launched a project with the French Ministry of Finance to promote women’s digital financial inclusion through fostering and advocating for policy change. A risk noted in the proposal was “Absence of sufficient technical expertise to provide TA and advice, especially on gender (notably due to delays in staff recruitment).”

Just over half of staff evaluation survey respondents felt that UNCDF’s GEEW results “are likely to be sustainable over time” – a relatively weak response relative to the 70 and 73 percent who answered positively on the sustainability of results with local partners and with markets and policy systems in general.

⁸¹ A number of the GEEW-focused IRRM indicators listed in the Gender Strategy are potentially relevant to sustainability, but as noted in Section X, in fact these indicators do not appear in the IRRM, and data is not collected against them. These indicators include: I.4 - Implementation rate (percent) of national inclusive finance road maps, action plans and national strategies focused on GEEW adopted by host government based on UNCDF support; I.5 - Percentage of targeted countries shifting market development stage in Digital Finance Service (DFS) market systems for GEEW; and I.6 - Percentage of targeted local governments enhancing local development finance systems incorporating GEEW in its mobilization, allocation, investment and transparency.

⁸² The “Gender and IDE Playbook,” a resource developed to support program staff in identifying and overcoming gendered market constraints to women’s affecting women in the digital economy highlights the impacts of social and cultural contexts and the need to address women’s agency, discriminatory attitudes, and restrictive gender norms.

⁸³ IELD evaluation p. 38.

4.5. Cross-Cutting Issues

In line with the 2030 Agenda, UNCDF's commitment to "leave no one behind" is operationalized in many programmatic activities which seek to benefit and empower vulnerable communities, SMEs, and local governments in last mile LDC settings. However, mechanisms and practices related to rights-based approaches and inclusion for specific marginalized groups are not systematically incorporated, and indicators are largely missing to capture information and learning in this area. Nevertheless, the evaluation found evidence of increased attention to these issues, both within programs and in organizational practices. At an institutional level, UNCDF has sought to meet its commitments to diversity, inclusion, and respect for human rights; however, limited evidence was found to confirm progress, perhaps because the entity's small size constrains its capacity to track initiatives and results in these areas.

This section discusses the extent to which UNCDF has meaningfully incorporated human rights, gender equality, and inclusion practices for people with disabilities and other marginalized groups in results at both programmatic and institutional levels.

Finding 22: In line with the 2030 Agenda, UNCDF's commitment to "leave no one behind" is operationalized in many programmatic activities which seek to benefit and empower vulnerable communities, SMEs, and local governments in last mile LDC settings. However, mechanisms and practices related to rights-based approaches and inclusion for specific marginalized groups are not systematically incorporated, and indicators are largely missing to capture information and learning in this area. Nevertheless, the evaluation found evidence of increased attention to these issues, both within programs and in organizational practices.

UNCDF programs seek to reach some of the most vulnerable communities in LDCs, and excluded sectors and groups within them, often with a particular focus on women and youth and, in some cases, on other populations such as migrants or refugees. This is in line with the 2030 Agenda pledge that "no one will be left behind" (LNOB) and to "endeavour to reach the furthest behind first" in pursuing the holistic vision embodied in the Sustainable Development Goals.⁸⁴ However, the evaluation found a lack of systematic inclusive, rights-based mechanisms and approaches to ensure UNCDF addresses these 2030 Agenda commitments, and tracking of results in these areas is also uneven.

⁸⁴ UN General Assembly, *Transforming our World: the 2030 Agenda for Sustainable Development*, 21 October 2015, A/RES/70/1, p. 3. The 2030 Agenda makes explicit commitments to gender equality and the empowerment of women and girls, and to addressing the needs of vulnerable groups, including among others "all children, youth, persons with disabilities (of whom more than 80 per cent live in poverty), people living with HIV/AIDS, older persons, indigenous peoples, refugees and internally displaced persons and migrants." Further guidance on operationalizing the "leave no one behind" (LNOB) principle is found in the following United Nations System Chief Executive Board for Coordination's [Leaving No One Behind: Equality and Non-Discrimination at the Heart of Sustainable Development. A Shared United Nations System Framework for Action](#) (New York: United Nations, 2017), which further details the obligations of the UN system to address a range of inequalities and forms of discrimination, including discrimination on the basis of poverty, citizenship status, race, ethnicity, religion, age, disability, sexual orientation, and gender identity, among others.

While some IRRM indicators are sex-disaggregated, other inclusion characteristics are not reflected in IRRM program indicators. Consequently, UNCDF work with specific vulnerable groups – such as migrants and their families whose needs are addressed through IDE’s remittances work – is not adequately reported at corporate level through the IRRM and results platform. However, there are signs of greater efforts to address these issues and capture the corresponding data at program level. For example, IDE’s July 2020 “Leaving No One Behind in the Digital Era Uganda (LNOBU)” program document includes indicators disaggregated by sex, age, and refugee status.

While meaningful integration of LNOB issues, inclusion, and right-based approaches across the UNCDF portfolio overall has not been systematic, the evaluation found a number of examples of attention to these issues. For example, after the midterm evaluation of SHIFT ASEAN noted that a strategy to include people with disabilities was missing, despite this being a priority for the donor (DFAT), the program took preliminary steps to reach out to disabled people’s organizations – although some plans were hampered by the COVID-19 pandemic, and a specific strategy had not been developed by the end of 2020.⁸⁵ Another example is UNCDF Myanmar’s Expanding Financial Access (EFA) country program. While the program’s midterm evaluation noted that specific reference to human rights (disability, vulnerable communities) was missing in program design, its implementation has had a particular focus on marginal and conflict-affected areas, and within these on poor, disabled, internally displaced people.

Explicitly rights-based approaches and language are rare. The 2018 program document for the third phase of the UN Joint Program on Local Governance and Decentralized Service Delivery (JPLG) in Somalia highlights the promotion of human rights. However, such examples do not appear to be supported or promoted by standard mechanisms at entity level such as requirements to use rights-based language or to incorporate intersectionality into gender analysis. Notably, LNOB or rights-based analysis in program documentation does not always translate into results captured in reporting. In the case of JPLG III in Somalia, these issues were not included in annual documentation on the corporate results platform for 2019 or 2020, nor did the program provide information under the GEEW heading. However, there is evidence of increased attention to these issues. Minutes from one HQ-based Project Appraisal Committee meeting highlighted the need to further incorporate such issues (as well as climate and environment) into grant investment work, and to clarify the accommodation of persons with disabilities, minorities, or others.⁸⁶ Meanwhile, LDF’s proposed IncluCity program, under development in mid-2021, makes explicit reference to addressing the special needs of “the most marginalized segments,” mentioning women and girls, minorities, people living with disabilities, slum dwellers, people working in the informal sector, and has plans to adapt tools created through IELD for rating the GEEW contribution of municipal investments to this broader inclusion context.

⁸⁵ In early 2020 SHIFT launched the first of a planned series of workshops (the rest postponed by COVID-19) in collaboration with the Jakarta-based Association for Disabled Persons Organizations, with participants from the fintech sector and representatives of disabled people’s organizations (DPOs), to discuss financial inclusion for people with disabilities. In Q3 2020, it was reported that “it has become clear that to achieve the expected results, an alternative strategy is needed. A proposal is therefore being developed based on the previous experiences as well as the DPO input, to be finalized in Q4 2020.” (UNCDF SHIFT ASEAN Q3 2020 Report, p. 46)

⁸⁶ Minutes of the Joint Interagency Program Appraisal Committee Meeting, WING project, January 2020.

Finding 23: At an organizational level, UNCDF has sought to meet its commitments to diversity, inclusion, and respect for human rights; however, limited evidence was found to confirm progress, perhaps because the entity's small size constrains its capacity to track initiatives and results in these areas.

UNCDF's commitments to rights, equity, and diversity in the workplace are primarily met through adherence to UNDP policies and standards. UNCDF staff are required to complete a number of mandatory online courses, including the two-hour "Gender Journey" which is an awareness course designed to build understanding of gender equality and explore how this can be applied in employees' work and personal lives. In addition, UNCDF's SWAP submissions report that, respecting applicable UNDP policies and procedures, UNCDF follows UN system guidance with a zero-tolerance approach to sexual harassment and fostering a safe and inclusive working environment. As noted in Section 4.2 (Efficiency), the most recent available UNDP Global Staff Survey results suggest that there is room for improvement in certain areas, and gender parity in staffing at senior management levels – as well as representation from the Global South at senior management level – remains a challenge. However, the evaluation found a high degree of awareness of these issues within the organization.

5. CONCLUSIONS

Conclusion 1: UNCDF's Strategic Framework positioned the organisation well to respond to the 2030 Agenda for Sustainable Development, the Addis Ababa Action Agenda and the Istanbul Program of Action (IPoA) to the sustainable development of the Least Developed Countries. UNCDF is unique within the UN system because of its capital mandate and its focus on LDCs. It has built up strong strategic assets that can be the basis for creating a cohesive and relevant value proposition for the organization in its work in LDCs and with the UN Development System, including UNDP, and other development partners. (Findings 1, 6, 13 – 16, 19, 20)

The evaluation found that UNCDF has established its LDC expertise and local relationships as crucial strategic assets; it has effectively adapted its programming in response to emergent development themes and shifts in both public and private market systems; it has leveraged its capital mandate to catalyse capital for individual projects as well as for other innovative financing solutions with multi-pronged strategic objectives that have built and influenced markets for systemic change; it has successfully collaborated and partnered to enhance results; and, increasingly, it has sought to address gendered barriers and promote women's economic empowerment through its work. Moreover, UNCDF has established itself as a global convener and influencer on themes relevant to the accomplishment of SDGs. The evaluation also found ample but varied program-level evidence of initiatives that were able to leverage or facilitate stakeholder leveraging of additional resources, and of initiatives that were expanded or scaled across levels or geographic locations to capitalize on benefits demonstrated by UNCDF work. UNCDF relationships with government and market stakeholders at the level of policy and enabling environments over the long term, as well as with UNDP and UN country teams representing the broader UN Development System can help address systemic challenges that lie beyond UNCDF programs' immediate sphere of influence. However, several factors – especially limited core resources – constrain UNCDF's capacity to pursue such work. Limitations in human resources creates challenges for this kind of ongoing work at policy level which need to be sustained on the basis of institutional and personal relationships that go beyond individual projects and programs.

Conclusion 2: UNCDF's coordination, collaboration and organisational arrangements – both globally within the UN Development System and within the LDCs - facilitate achievement of UNCDF's stated goal of covering many or all of the LDCs in an efficient manner. However, the SF was built and operationalized around the existing structures and practices of the organization at the time it was formulated, which limited its ability to conceive, develop, communicate, and execute its work on the basis of a common vision of its strategic goals over the four-year period. (Findings 2, 6)

UNCDF developed the SF around the identified strengths and opportunities of the two existing Practice Areas while presenting the new role of UNCDF, through the LDC Investment Platform, in making blended finance approaches available to a wider range of UN partners. The organization and its Practice Areas at that time were evolving, looking for a meaningful way to contribute to the development agendas of the LDCs. Each Practice had its own way of working,

and had developed its own vision and strategy, even its own theories of change. The bottom-up, Practice-based approach limited the organization's ability to efficiently address the question of how best to deploy its strategic assets – that is, to ask the question, “Is UNCDF doing the right things to efficiently use its limited resources towards a common vision and achievement of organizational strategic goals?” A strategy developed from a common vision, mission, and theory of change for the organization would fully assess UNCDF's current interventions and comparative advantages, how long these might be expected to endure, what additional unmet demand exists for interventions in the LDCs, and the competitive environment, allowing interventions to be conceived and prioritized in an efficient manner.

Conclusion 3: UNCDF has achieved success in moving the dial forward on gender mainstreaming in its work. Further progress may be limited unless UNCDF applies resources to building the technical expertise needed ensure a gender lens is applied to all of its programming and its GEEW infrastructure and accountability mechanisms are strengthened. (Findings 4, 5, 10, 17, 21 - 23)

The evaluation found UNCDF programming on GEEW relevant to needs on the ground and coherent with global commitments, but the organization has yet to articulate an overall approach that identifies its niche on gender in a compelling way that describes the particular added value UNCDF offers. To date, GEEW has not been fully integrated in everything the organization does so as to reflect understanding that its mandate cannot be fulfilled, unless it is fulfilled equally for all genders and taking into account intersecting identities and vulnerabilities in line with the Agenda 2030 promise to leave no one behind and, crucially, “to reach the furthest behind first.” Often in UNCDF, gender is equated primarily with numerical participation of women or addressed through the inclusion of women as a particular (and homogeneous) group in a list of targeted segments. As LDCIP takes on a more important role, identifying the gender-responsive and gender-transformative changes that UNCDF hopes to promote through its financing mechanisms becomes particularly urgent.

Gaps in addressing GEEW are linked to insufficient resources, capacities, and mechanisms dedicated to this issue, suggesting that despite leadership commitment and broad interest across staff, UNCDF has yet to fully take GEEW on board as a core element of its work. This has limited the effectiveness and sustainability of UNCDF contributions to GEEW results overall, although there has been significant success in reaching women and numerous examples of valuable GEEW interventions. Focus on the UN SWAP 2.0 accountability framework has been useful for directing attention and efforts both to institutional and programmatic GEEW issues. Still, positive SWAP performance should not substitute for a coherent, transformative, intersectional – and appropriately resourced – strategy, tailored to UNCDF, for integrating gender equality and the empowerment of women into all aspects of the organization's work.

Conclusion 4: The IRRM was a marked achievement of the organization to develop an approach to planning and results reporting in a consolidated manner. Yet, the IRRM does not yet align with best practice for performance measurement frameworks; in its current form, it is not effective as a management tool nor to tell UNCDF's complete “impact story.” (Findings 7, 8, 12, 19)

The IRRM in its current form reflects efforts to adapt to UNCDF's evolving program strategies and is understood as an approach to making the best use of existing data in the context of a practice-driven Strategic Framework. The IRRM does not adequately articulate actionable strategic and program or development objectives at the level of UNCDF overall, and against which performance indicators and measurements could then be selected to design the IRRM as an effective performance measurement tool for institutional-level results. Instead, IRRM indicators endeavour to directly reflect the broadly stated development goals of UNCDF's theory of change, which presents additional challenges due to the lack of clarity and alignment between UNCDF's institutional theory of change and practice area theories of change, stated goals and results reporting. Bottom-up reporting from program and practice areas, as a result, does not readily aggregate along common pathways in a manner that conveys a cohesive and reliable story of how UNCDF's many activities, programs, and initiatives translate into results reflecting institutional accomplishment towards strategic framework outcome and impact objectives. As such, IRRM reported results comprise a sampling of program level results, aggregated to the corporate level where possible, and results cannot be readily verified within the scope of this evaluation. Inconsistent reporting practices across UNCDF projects and programs⁸⁷ has also been an impediment to the clear understanding and analysis of UNCDF's work and transparency of reporting. Finally, in the selection and articulation of KPIs for the IRRM, the evaluation found that best practice characteristics were not always adopted, and specifically 'SMART' characteristics for KPIs (e.g. specific, measurable, attainable, relevant, or time-based), with "relevance" being particularly challenging for UNCDF given the lack of clearly articulated goals and theory of change alignment discussed above.

Conclusion 5: The funding model is under pressure as core resource mobilization and LDC IP capitalization continue to be constrained. This has led to a fragmented approach to resource mobilization that could be better optimized. (Findings 3, 6, 9, 18)

The SF identified an ideal resource to results scenario that UNCDF did not achieve during the SF period. Notwithstanding substantial achievement of results that have contributed to SF outcome objectives over the evaluation period, the lack of a cohesive strategy driving institutional funding and resource mobilization creates inherent inefficiencies in the deployment of corporate resources as well as in the prioritization and implementation of programming interventions. A strategy developed from a common vision, mission, and theory of change for the organization would fully assess UNCDF's current interventions and comparative advantages, how long these might be expected to endure, what additional unmet demand exists for interventions in the LDCs, and the competitive environment, allowing interventions to be prioritized in an efficient manner. There is room for greater cooperation between the various fund-raising activities. Policy, Partnerships and Communications (PPC) Unit deals with some funding in the areas of partnerships without the full engagement of the Practice Areas. The Practices, in turn, are each autonomous from each and from PCC. And core funding may be from donor home countries or US-based offices, and not necessarily coordinated (within UNCDF) with country-level donor activity. There is no overarching

⁸⁷ A review of project level reporting from the SharePoint data base revealed some inconsistencies and gaps in reported results or inconsistency of content reported across projects or formats of reported results and activity.

strategy for a UNCDF approach to each donor (including promotion, or co-operative and joint publishing opportunities) in order to optimize UNCDF's collective funding, and each area is currently motivated to maximize its own funding requirements. UNCDF can bring its expertise to discern viable solutions through its multi-country or regional experiences, and through its demonstration effect. UNCDF's unique and value-generating propositions can then lead to enlarging the scope and assessment for potential program opportunities with representatives from the LDC's and donors, in an effort to drive initiatives through a commonality of purpose.

6. RECOMMENDATIONS

Recommendation 1: Employ strategic planning principles in the development of the next Strategic Framework 2022-2025 to agree on a common mission and vision of UNCDF and actionable Strategic Goals to be achieved.

The next Strategic Framework 2022-2025 should be developed from a common vision, mission and theory of change of the organization developed in conjunction with a full assessment of UNCDF's current interventions, its comparative advantages, how long these might be expected to endure, what additional unmet demand-side opportunities exist for interventions in the LDCs, and the competitive environment. Such an approach to the SF would also better position UNCDF to ensure other organizational objectives are achieved, for example, the ability to attract and retain the required human resources; the development of an overarching donor strategy; the deployment of performance measures to achieve the "highest, best-use" of donor funding; that there is intentionality and prioritization in establishing regional and country strategies; and finally that its organizational structure of two Practice Areas and one Platform is most suited to deliver the intended results – whether by region, country, intervention, theme (e.g., climate, gender, etc.), or target recipients. In other words, and in light of UNCDF's varied programmatic innovations, aspirations and notably the intention to more fully activate its capital mandate, it is recommended that UNCDF undertake a corporate strategic planning process, utilizing current state analyses and development theory (e.g. theory of change) to generate a strategic framework and corporate business plan as the basis for guiding UNCDF to realize its vision.

Recommendation 2: Consider establishing a country-level integrated strategic approach to UNCDF's programming and operations that focuses on UNCDF's core strengths and value proposition contextualized to the needs and priorities of LDCs and relevant stakeholders, including donors and partner organisations within the UN development system, including UNDP. Align these country integrated strategies to UNCDF's regional and global strategies to ensure that the organization's priorities and initiatives are supported throughout the organization – at HQ, the regional level, and the country level and across individual practices. Structure the accountabilities, reporting lines, individual performance and development plans based on county, regional and global strategies and needs rather than individual practices.

Having on the ground presence has been a key success factor for UNCDF in achieving program-level outputs and outcomes that are aligned with UNCDF strategic objectives. Most country needs are identified within the country through participation in UN Country Teams, recognising localized issues, national development plans, and government priorities. Relationships are built at the local level and underpin the strategic choices UNCDF can make regarding its programming. Developing an integrated country strategy can enable the organization to identify the interventions from its practices that best meet local needs. Also, by developing knowledge and experience at the country level, cross-border and intra-regional knowledge and experiences can be enhanced, thereby improving the quality of interventions that contribute to, or cross-pollinate with, other programs or neighbouring countries. Interviews with in-country staff demonstrate that the

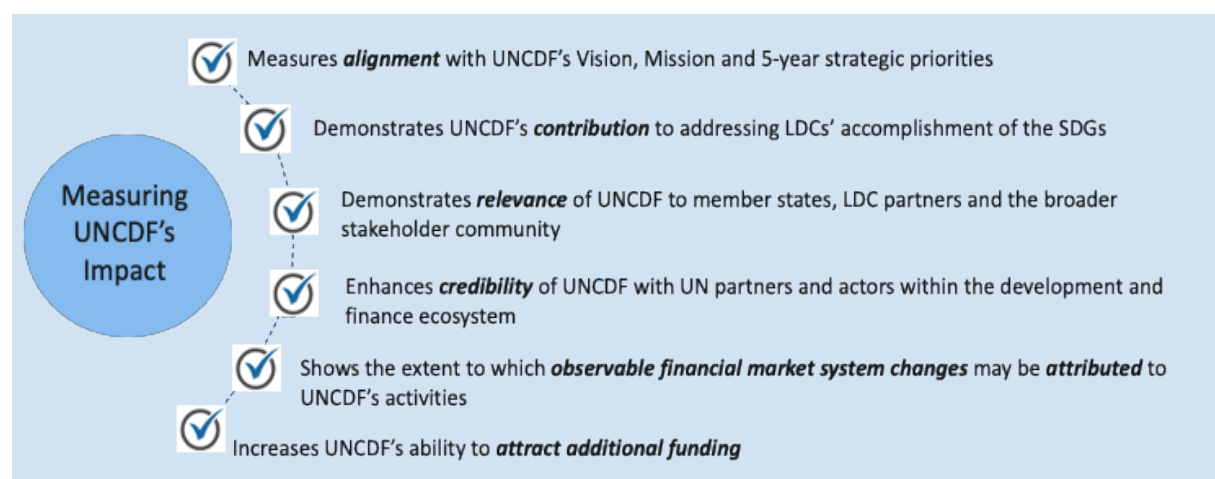
accumulation of experience and knowledge management builds stronger, more effective and efficient programs.⁸⁸ An integrated country level strategy can still enable distinct programming and program delivery (across practices) within countries, but ensures better transparency, coordination, more efficient and effective stakeholder engagement and relationship management, and enhances opportunities for further innovation and partnership within and external to UNCDF.

Under the current operational structure, accountabilities and reporting lines vary by location: the Head of Country or the Regional Co-ordinator roles are in addition to Practice responsibilities and reporting lines. In some countries, field staff report to the Regional Coordinator, whilst other field staff may be reporting to the Practices and/or New York. Structuring the accountabilities, reporting lines and individual performance and development plans, and increasing the alignment of objectives between HQ and regional and country teams would create greater efficiencies, improve communications, and enhance institutional learnings for future programming

Recommendation 3: Revisit the Integrated Results and Resources Matrix (IRRM) to ensure the selection and design of performance indicators that adopt best practice and reflect corporate and impact development goals based on a single internally aligned UNCDF theory of change. This will help to improve clarity and relevance in the monitoring and reporting of UNCDF's performance against its mandate.

UNCDF is accountable to its funders and other stakeholders to demonstrate performance against its stated development impact goals. Measuring UNCDF's impact is also crucial for multiple strategic objectives as illustrated in Figure 3.

Figure 3: Strategic Objectives for Measuring UNCDF's Impact

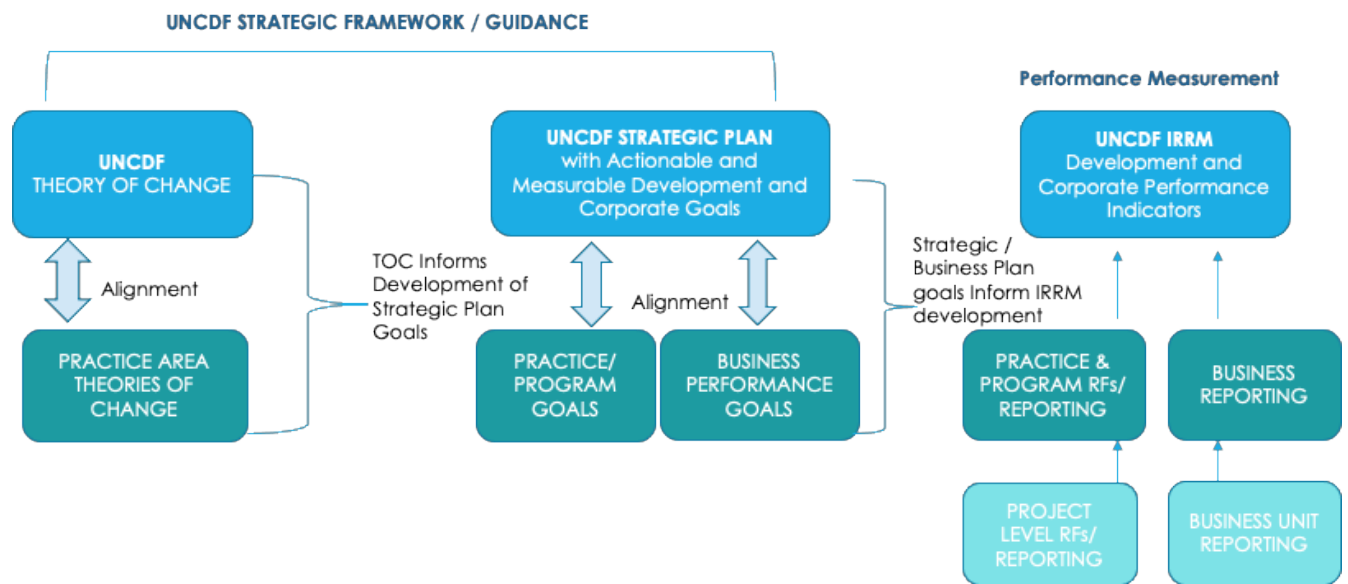


Developing the IRRM to become a more effective monitoring and evaluation tool should be an iterative process of strategic review and internal debate, underpinned by best practice expertise and with clearly articulated corporate and development objectives and interventions providing the basis for its design. Improving the IRRM as an effective results framework will build upon the re-

⁸⁸ Key informant interview

articulation of UNCDF's theory of change reflecting stronger 'top to bottom' alignment, in turn enabling identification of clear causal pathways from UNCDF's many activities and program initiatives to common intended outcome and impact objectives. Until improved clarity of actionable objectives in UNCDF's Strategic Framework (or complementary business/strategic plans) has been established (reflecting top to bottom alignment in UNCDF's theory of change), it will be challenging to design an effective IRRM, as in "putting the cart before the horse" (please refer to Figure 4).

Figure 4: Alignment across UNCDF's development impact, institutional strategy and performance measurement is crucial



The selection of performance indicators to best practice standards for the IRRM should also adopt a particular and standardized set of characteristics, such as the "SMART" characteristics (specific, measurable, attainable, relevant, and time-bound) to ensure relevant measurements are monitored. In addition to tracking performance, a more effective IRRM will strengthen UNCDF's monitoring and evaluation capacity as an essential management function, providing a clear basis for operational and strategic decision-making. Effective M&E moreover captures important 'lessons learned' to inform strategic "course corrections" and future program design and delivery; it is also the basis for knowledge generation and sharing.

Recommendation 4: Integrate gender fully into the Strategic Framework and theory of change, with (at least) gender-sensitive outcomes, outputs, indicators, and gender analysis incorporated into analysis of risks and assumptions.

There is a need to clarify and strengthen UNCDF's gender equality architecture to support enhanced gender mainstreaming and gender-targeted programming as well as the further development of UNCDF as an organization that prioritizes gender equality in its organizational culture and practices. This should include earmarking resources to implement a clear and coherent Gender Strategy with an integrated action plan and strong accountability mechanisms, aligned with the next Strategic Framework. UNCDF's gender architecture should include, at

minimum, a formal, active, and highly visible network of gender focal points composed of selected personnel in all practices and work units and at country, regional, and HQ, with clearly defined terms of reference. This network should be coordinated by a full-time UNCDF gender equality advisor at a senior level, with responsibility for supporting the focal points and leading on other aspects of institutional and programmatic gender mainstreaming.

UNCDF should also develop a high-level strategic narrative that identifies and explains UNCDF's GEEW-related niche in relation to the organization's core mandate. This should be fully integrated into the Strategic Framework and theory of change, rather than formulated as a separate element. The accompanying IRRM should include (at least) gender-sensitive outcomes, outputs, and related sex-disaggregated as well as gender-thematic indicators. Sufficient expertise should be made available to support progress on these results and promote compliance with mechanisms to ensure gender analysis is consistently integrated into all parts of the program cycle and that gender considerations are mainstreamed across all areas of work and program themes.

Recommendation 5: Conduct a review of the resource mobilization process in order to develop an overarching strategy to achieve its ideal resource to results scenario in core and non-core funding and its one-time capitalization of the LDCIP.

Currently UNCDF approach to resource mobilization is fragmented with responsibilities divided among the different practices and sections of the organization that are entirely autonomous from one and another and not necessarily coordinated in their approaches to donors whether in-country or at their head offices. There is a need to develop a unified overarching strategy for mobilizing core and non-core funding for the organization with targeted strategies, shared accountability for results, open communication and incentivizing a "UNCDF first" mentality.

7. LESSONS LEARNED

A number of lessons have emerged from the implementation of the SF over the period 2018 – 2021 that should inform future work of the organization in developing and implementing it SF for 2022-202.

- ◆ *Relationships are developed at the local level.* A key strength of UNCDF is its on-the-ground knowledge, expertise, and the relationships it has built up within a country context. This then requires an in-country presence to develop the relationships with local authorities, meet with beneficiaries, be part of the UNCT and coordinate and collaborate with other development partners. It also requires permanent staff at key professional levels to maintain and develop strategic relationships over and above project level activities.
- ◆ *An integrated country approach will find common ground between diverse practices and allow room for more innovations to emerge.* Developing a UNCDF first country strategy that meets LDC needs enables the organization to identify the interventions from its varied toolkit most appropriate given country-based circumstances. It also enables national, international and contract staff to identify themselves as UNCDF employees rather than LDF, IDE or LDC IP staff.
- ◆ *A small organization needs to make extra effort to be heard above the clamour of the multitude of UN and development agencies operating in the field.* Developing and communicating a cohesive and relevant value proposition for the organization is the first step. Using this value proposition to develop strong collaborations and partnerships at the country level and globally is the next step. Demonstrating coherently that the organization's value proposition is making a difference is the third step. Finally, being at the decision-making table to identify UNCDF's comparative advantage will enable UNCDF's experience, expertise, knowledge and know-how be part of the development story at the country, regional and global levels.
- ◆ *Meaningful gender mainstreaming must be reinforced by clear incentives and compliance structures.* Comprehensively integrating gender equality and women's empowerment into institutional structures and programming requires shifts in mindsets and behaviours. This implies additional effort and, for many, new knowledge, skills, and ways of working. In other words, it involves significant change, and change in organizations needs to be carefully managed. It is less likely to take root in the absence of coherent guidance and a clear performance framework that establishes roles and responsibilities and, crucially, ties them to enforceable accountability processes.
- ◆ *Success comes from leveraging assets in a strategic manner to optimize impact.* UNCDF's maturity model is based on being innovative, leveraging innovations, and scaling up, directly or otherwise. As UNCDF defines its value proposition whether it is as a hybrid organization or the DFI of the UN, it needs to ensure a common understanding of what is being scaled up, how, and for what broad purpose. It appears that UNCDF at the institutional level is ultimately building better, more inclusive public and private finance

markets and systems (e.g., digital economies) for the SDG-aligned benefit of last mile communities, businesses, and individuals. Financing initiatives enabled by activating UNCDF's capital mandate, such as building pipeline, creating blended finance vehicles, and direct financing, can all be viewed as tools for achieving systemic change that builds dynamic markets that operate sustainably after UNCDF has left. This framing is, moreover, compatible with collaborative and not competitive positioning within the broader DFI and global sustainable finance community, where UNCDF may ultimately have the greatest impact.



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