FINAL EVALUATION OF THE MUNICIPAL INVESTMENT FINANCE (MIF) PROGRAMME

Final Evaluation Report

Prepared for

United Nations Capital Development Fund (UNCDF)

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PROGRAMME DATAT SHEET

Country:	*Global*
Programme Title (long)	*Municipal Investment Finance (MIF) Programme*
Programme Atlas Code (by donor)	

Financial breakdown by donor

Commitments	As per Prodoc (amount USD)	Actual project budget (amount USD)
UNCDF	880,000	1,139,891
Sida	1,620,000	5,906,150
WBG	200,000	200,000
SDC	8,857,465	8,857,465
UNOPS	230,000	230,000
Dutch Government	122,997	122,997
BGR	47,791	47,791
Total	**12,003,253**	**16,504,294**
FMDV (in-kind)	*45,000*	*45,000*
Funding gap	**27,061,434**	**22,560,393**

Source: MIF portfolio document

Project implementation

Executing Agency	UNCDF
Implementing Agency	UNCDF
Key Project Partners	MIF Participating Countries
Approval Date of Project	August 2015
Project Duration as per Project Document	6.5 years (completed in December 2022)
Project Amendment	n/a
Evaluation Date	October 2022 – September 2023

Project context

Other current UNCDF projects in-country	Bangladesh: LoCAL, IELD, SHIFT Ghana: MicroLead Guinea: INTEGRA Nepal: LGCDP, LoCAL, A2F, CleanStart, MM4P Tanzania: LoCAL, CleanStart, LFI, MicroLead, YouthStart, Water and Energy Solutions Mali: LoCAL, F4F, LOBI Uganda: LoCAL, CleanStart, LFI, MicroLead, MM4P, YouthStart
Previous UNCDF projects (if relevant)	N/A
Previous evaluations (if relevant)	N/A
Dates of audits	N/A

EXECUTIVE SUMMARY

Context

The rapid urbanization in developing countries poses a multifaceted challenge, straining the capabilities of subnational and local governments (LGs) to deliver essential services and infrastructure in the face of emerging climate-related needs. LGs in these countries encounter barriers that hinder their access to capital financing. These challenges encompass inadequate human and technical resources, institutional overlaps, political conflicts, centralized tax systems, and limited revenue sources, all of which impede their ability to implement sustainable urban development projects and attract private capital. Multiple development partners are tackling these challenges. United Nations Capital Development Fund's (UNCDF) Local Transformative Finance Practice (LTFP), as the UN Sub-National Finance Hub, prioritizes finance gaps in smaller cities and non-sovereign entities.

Intervention

The Municipal Investment Finance (MIF) Programme, as part of LTFP, was established to enhance the capacity of LGs and sub-sovereign entities in tackling urbanization challenges by facilitating access to sustainable capital financing. MIF operated in alignment with UNCDF's broader work in municipal and LG finance towards its specific objectives of:

1. Improving access to capital for investment in critical urban infrastructure and services in cities targeted by the programme.
2. Creating or strengthening financial markets and market intermediaries so that they can facilitate capital access for cities.
3. Establishing policies, standards, and practices that improve the efficiency and effectiveness of the capital financing process in beneficiary countries.

To achieve these objectives, MIF expected outcomes were (1) to create an enabling regulatory environment to welcome tailored financing mechanisms, and to improve LGs' creditworthiness and capacities to access to private finance, strengthening the demand side, (2) to increase the access to multiple finance sources and to support the development of municipal capital investment plans, strengthening the supply side; and (3) to create tools and mechanisms to address access to and strengthening of municipal finance, while ensuring alignment with SDG 11 – Safe, Resilient and Sustainable Cities. To achieve these outcomes, MIF focused on 3 (three) outputs:

- O1. LGs and other sub-sovereign entities have transformative capital investment plans, demonstrated debt-carrying capacity, and enabling conditions for infrastructure financing.
- O2. Local fiscal space increased with debt financing transactions closed and repayments initiated.
- O3. Sustainable development of municipal financing mechanisms to contribute to the partner countries' realization of SDG 11 targets.

The programme was co-funded by the Swedish International Development Cooperation Agency (Sida), the Swiss Agency for Development and Cooperation (SDC), the World Bank Group (WBG), *German Gesellschaft für Internationale Zusammenarbeit* (GIZ), and the German Federal Institute for GeoSciences and Natural Resources (BGR). MIF implementation began in 2015, with a total allocated budget of USD $16.5 million ($39 million initially forecast) for the August 2015 – December 2022 implementation period. Originally designed for a five-year implementation, MIF was extended for two (2) additional years, for a total duration of seven (7) years (2015-2022).

UNCDF served as the Implementing Partner for MIF, under the management of the LTFP area. The programme was implemented under a Direct Implementation Modality (DIM) and through UNCDF's regional offices, in collaboration with the United Nations Department of Economic and Social Affairs (UN DESA), the Global Fund for Cities Development (FMDV), the United Cities and Local Governments (UCLG), the Overseas Development Institute (ODI), the *Organisation pour la mise en valeur du Fleuve Gambie* (OMVG) and Freetown City Council (FCC), and supported by United Nations Human Settlements Programme (UN-Habitat), Local Governments for

Sustainability (ICLEI) and Cities Alliance. The programme Steering Committee was made up of representatives of MIF participating countries, including Bangladesh, Nepal, Senegal, Tanzania, Uganda, and Kenya, and delegations from donors, particularly Sida and SDC.

Evaluation Principles

The overall objectives of MIF independent terminal evaluation (TE) were to allow UNCDF and partners to meet their accountability and learning objectives for MIF; to support ongoing efforts to capture good practice and lessons to date; to guide and inform the remaining period of implementation as well as inform subsequent UNCDF programming in municipal finance and local transformative finance; to inform updating of UNCDF global strategies within the 2022-2025 Strategic Framework; and to assess the impact of COVID-19 on the overall implementation framework and provide recommendations for the remaining years of implementation. This evaluation was conducted in accordance with UNCDF's Evaluation Plan 2018–2021 and in line with the United Nations Development Programme (UNDP)'s Evaluation Policy, following the Norms and Standards of the United Nations Evaluation Group (UNEG), Code of Conduct for Evaluation, Ethical Guidelines and Guidance for Integrating Human Rights (HR) and Gender Equality (GE) in Evaluation.

Evaluation Methodology

The evaluation was framed by evaluation questions and organized according to the evaluation criteria proposed by the Organization for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC), namely Relevance, Coherence, Effectiveness, Efficiency, (Likely) Impact and Sustainability of results. Bangladesh, Morocco and Tanzania, as well as the International Municipal Investment Fund Technical Assistance Facility (IMIF TAF), Rebuilding Local Fiscal Space, and the Tanzania Sub-national Municipal Bond Programme initiatives, were selected as country and case studies for the evaluation. The evaluation team used a mix of quantitative and qualitative methods and tools for secondary and primary data collection, to address evaluation questions and develop an evidence-based assessment, and mainstreamed gender equality and the empowerment of women (GEEW) considerations where relevant across all evaluation criteria. The evaluation was challenged by various factors, including the complexity of the programme, the unavailability of some data and key informants, as well as the non-representativeness of the online survey conducted.

Main findings

Relevance. MIF aligned with international development priorities, including the Sustainable Development Goals (SDGs). It made direct contributions to SDGs 11 (sustainable cities and communities) and 17 (partnerships for the Goals) and had indirect contributions to several other SDGs. MIF's approach was in line with international municipal finance priorities and the goals of UNCDF by enhancing the financial capacities of LGs through innovative instruments and legal frameworks. The programme was relevant to the needs of local and national government partners dealing with rapid urbanization, addressing various barriers to accessing capital financing. However, MIF's focus on revenue-generating projects may have overlooked climate resilience and non-revenue generating social infrastructure, impacting its support for urban development. More attention was needed for gender equality and women's empowerment.

Coherence. MIF demonstrated programmatic coherence in contributing to expected outcomes and impact, despite the absence of a Theory of Change (ToC). However, the flexibility in prioritizing countries, activities, and outputs based on fund availability and in-country contexts resulted in some uncompleted workstreams and inconsistencies. This flexibility aligned with UNCDF's innovation-to-scale approach but affected cross-country and in-country coherence and occasionally impacted UNCDF's credibility at the country level. MIF's approach complemented other municipal finance initiatives, both within and outside UNCDF. Outside UNCDF, various institutions worked on municipal finance, but MIF's distinctive focus on non-grant municipal finance instruments, its direct engagement with LGs, and its unique approach in targeting LDCs and intermediary cities set it apart. This distinctiveness allowed for complementarity, potential replication, and scaling up by larger global development banks. Internally, MIF coordinated with other initiatives through the Partnership Unit and LTFP and, externally, collaborated with various development partners at global, regional, and national levels, leading to synergies and no duplications. However, coordination efforts with other UNCDF initiatives, the World Bank Group, and other key players like AFD could be enhanced. MIF was not systematically integrated into the United Nations Development Assistance Frameworks (UNDAFs) or United Nations Sustainable Development Cooperation Frameworks (UNSDCFs) in the countries where it operated, but it indirectly or implicitly contributed to most of them. MIF aligned well with overall development objectives in all countries and with specific sectoral objectives in some cases. However, gender integration was limited in MIF, even though UNDAFs/UNSDCFs emphasized gender. Alignment with other UN in-country initiatives appeared to be increasing over time.

Efficiency. The quality of outputs of the MIF programme was generally adequate but had room for improvement. While MIF established a Steering Committee with diverse stakeholder representation, it didn't convene frequently enough. Advisory councils were formed for some sub-programmes or facilities, but the frequency and nature of their meetings were unclear. MIF lacked governance bodies for its in-country interventions, and although ad hoc meetings with partners and beneficiaries were organized, some key players were not engaged in certain countries. MIF's meetings were integrated into LTFP meetings at UNCDF. Stakeholders generally recognized the governance and management efforts of MIF or LTFP, but some criticized the lack of transparency regarding budget allocation and expenditure, calling for improved reporting on the programme and sub-programme results' progress. While lessons learned were discussed within LTFP and used for MIF's management decision-making, they were not documented and disseminated. MIF demonstrated flexibility and opportunism in its approach, prioritizing high-potential activities to enhance municipal finance development. This led to some activities being modified or added, especially in response to external factors, such as the COVID-19 pandemic, which caused certain delays. MIF's Monitoring and Evaluation (M&E) system, including the M&E plan and results frameworks, had significant shortcomings, partly due to the lack of dedicated M&E staff. Monitoring and reporting needed improvement at different levels, affecting accountability and learning. However, the risk assessment and materials delivered through MIF were generally of good quality. The programme did not allocate specific resources for the integration of HR, disability, or other cross-cutting issues but had some support available for gender and climate change adaptation, especially at the global and regional levels. There was no evidence of dedicated project objectives related to GE, HR, disability, or other cross-cutting issues. MIF made important adjustments in response to the COVID-19 pandemic, following the UNCDF emergency plan. These adjustments addressed emerging needs in target countries and had positive effects without negative impacts on the programme's expected results.

Effectiveness. The MIF programme made significant contributions to enhancing the capacities of LGs, regional organizations, and other non-sovereign entities. It achieved this by supporting the development of strategic and capital investment plans, demonstrating debt-carrying capacity, establishing intergovernmental working groups for knowledge sharing, and facilitating legal and market reforms. Furthermore, MIF played a pivotal role in increasing local fiscal space and was instrumental in creating several global, regional, and national mechanisms to enhance LGs' access to sustainable capital financing. It fostered growth in a number of local credit transactions in Morocco and Tanzania, although repayments have not yet been made. The programme also supported the development of standard tools and credit ratings, the strengthening of municipal investment funds, and dialogue with the private sector, resulting in the commitment of an equity fund to facilitate LG access to long-term private financing. While MIF contributed to the development of municipal finance knowledge in its target countries through technical assistance and knowledge sharing, certain limitations were identified. No baselines were established, monitoring systems were not implemented, and reports were not prepared specifically for SDG 11 and SDG 13. Moreover, the dissemination of lessons learned could have been more robust, considering the wealth of studies and other knowledge products produced. Assessing MIF's progress in terms of HR, disability, and GE was challenging due to the weakness of GEEW indicators and the limited monitoring and reporting on activity progress.

Likely impact. MIF has positively influenced global development finance policies and institutions, emphasizing the importance of local development and municipal finance. It has supported the reshaping and effective implementation of national and municipal policies, enhancing revenue generation and fiscal space for LGs. However, the programme's concrete impact in increasing local development financing has been limited so far, with many outcomes still in progress or expected to materialize after the programme's completion. Despite challenges, including those posed by the COVID-19 pandemic, MIF has contributed to expanding the local fiscal space. Many municipalities and entities have seen increased financing, and this trend is likely to continue. Changes in policy and mechanisms developed by MIF are expected to facilitate LGs and non-sovereign entities' access to capital in the medium term. The innovative mechanisms introduced have inspired other municipalities to create similar projects, involving various capital providers, development partners, and banks. However, substantial barriers remain, hindering access to capital for non-sovereign entities in addressing urbanization challenges, especially in low- and middle-income areas. These obstacles include a challenging political and regulatory environment, limited technical capacity, insufficient long-term planning, the lack of demonstrated creditworthiness of LGs, inappropriate risk mitigation strategies, limited ownership by key stakeholders, and persistent financial gaps, making it complex to mobilize commercial finance for urban infrastructure in such environments.

Sustainability. UNCDF has taken steps to institutionalize the support provided by the MIF programme through LTFP. These changes are expected to have a lasting impact at the global level due to increased interest in local-scale issues, urbanization, and municipal finance. However, the sustainability of these changes at the national level remains uncertain, with local stakeholders gaining knowledge through practical experience. The fiscal space improvements in certain cities will likely continue, but their sustainability could be affected by political changes and economic shocks. Changes in municipal finance mechanisms are expected to have a reasonable level of sustainability, supported by strategic positioning and partnerships. However, UNCDF's reduced ability to provide funding and technical assistance poses a challenge, and the financial sustainability of some mechanisms needs confirmation, though risk mitigation measures have been implemented.

Conclusions

Strengths of the MIF programme include its significant contribution to bridging the gap between urban infrastructure needs and limited capital resources in a rapidly urbanizing world. It positively influenced global development finance policies and institutions, reshaped national and municipal policies, and engaged various stakeholders. However, its impact on increased financing for local development remains limited due to resource constraints. MIF strategically elevated UNCDF's position in municipal finance within the UN and international development systems.

Weaknesses in MIF include limited integration of key cross-cutting issues such as GE, HR, disability, and climate change. The programme's primary focus on revenue-generating and cost-saving projects hindered its support for critical aspects like climate resilience and social infrastructure. The governance arrangements were not entirely appropriate, leading to infrequent meetings and limited engagement of key stakeholders. The M&E system had significant deficiencies, affecting accountability and learning. Additionally, transparency issues and shortcomings in reporting were identified, with missed opportunities to document and disseminate lessons learned.

MIF revealed trade-offs between flexibility and coherence, efficiency and effectiveness. Flexibility, while aligned with addressing complex development challenges and innovation, led to changes in direction and workstream deviations, affecting programme coherence and resulting in reputational risk. Governance structures faced a trade-off between efficiency and inclusivity. MIF also showed a tension between niche innovation (non-grant financing mechanisms) and the importance of considering other development needs, in particular the interaction of grant and non-grant financing mechanisms to support inclusive, resilient, and environmentally sustainable urban development.

Recommendations

Recommendation	Level	N°	Priority	Responsible Unit
Move forward with the portfolio document, building on the successes and addressing the shortcoming identified by this TE. In that sense, continue to promote comprehensive approaches and complementary mechanisms, although developing cascading ToCs at the programme, sub-programme and country levels to ensure coherence.	Strategic	1	High	LTFP Management
Continue to promote institutional partnerships and raise additional funding from relevant stakeholders. To that end, develop a financing strategy.	Strategic	2	High	LTFP Management
Broaden areas of intervention and increase efforts to better integrate GE, HR and other cross-cutting topics, exploring models/mechanisms for funding critical non-revenue generating and non-cost saving investments, such as climate resilient, low carbon and social infrastructure.	Strategic	6	High	LTFP Management
Ensure that the human resources have the needed finance and gender expertise, to support meaningful integration of GEEW into all related programming, at all stages.	Strategic	7	High	LTFP Management
Strengthen the collaboration with relevant stakeholders at the global, regional and national levels. To that end, develop a partnership strategy.	Strategic	3	Medium	LTFP Management
Better align its interventions with UN system in-country, further engaging in developing country assistance frameworks and further building synergies with other UN in-country interventions.	Strategic	4	Medium	LTFP Country and regional Management
Further coordinate and communicate with senior UNCDF management and the Partnership Unit, and further collaborate within UNCDF with relevant parts, including but not limited to LDCIP and IDE.	Strategic	5	Medium	LTFP Management and IDE Management
More clearly establish and increase the representativeness of the governance arrangements of its programmes, further involve regions and more regularly and more clearly communicate decisions and their rationale, to mitigate reputational risks.	Strategic	8	Medium	LTFP Management
Ensure solid management structures are in place, and that tensions between flexibility and innovation and reputational risk are carefully managed.	Strategic	9	Medium	LTFP Management
Better link with UNCDF and UNDP Country Offices, and Resident Coordinators more broadly, and ensure sufficient in-country human resources. This may involve focusing on key countries based on a strategic selection approach.	Strategic	10	Medium	LTFP Management
Explore ways to directly support LGs better prepare for uncertain, likely external shocks, and to internalize knowledge acquired on municipal finance.	Strategic	11	Medium	LTFP Management
Strengthen oversight of monitoring and reporting of its programmes. This may involve strengthening the technical capacities of the Partnership Unit and the human capacities of the evaluation unit, revising institutional arrangements and reporting	Operational	1	High	UNCDF, LTFP Management

templates, and developing an M&E System that is appropriate for finance (i.e. municipal finance) and related instrument interventions. For innovative programmes, a clear focus should be on learning.				
Ensure that every programme, sub-programme and programme-related country intervention has a sound M&E plan and results framework, that this is implemented, and that reports and other programme-related documentation are organized based on an effective document management system, for learning and knowledge management.	Operational	2	High	LTFP Management

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TABLE OF ILLUSTRATIONS

ACRONYMS and ABBREVIATIONS

Acronym	Definition
ADB	Asian Development Bank
AFD	*Agence Française de Développement* French Development Agency
AfDB	African Development Bank
AMEE	Moroccan Agency for Energy Efficiency
AMVE	Moroccan Association for Eco-Cities
APF	Alternative Project Financing
ASEAN	Association of Southeast Asian Nations
ATIA	Africa Territorial Trade and Investment Agency
BGR	*Bundesanstalt für Geowissenschaften und Rohstoffe* Federal Institute for GeoSciences and Natural Resources
BIFFL	Bangladesh Infrastructure Finance Fund Limited
BMDF	Bangladesh Municipal Development Fund
BMGF	Bill and Melinda Gates Foundation
CA	Contribution Analysis
CAG	Chief Attorney General
CBI	Climate Bond Initiative
CFA	Franc of the Financial Community of Africa
CIA	Chief Internal Auditor
CIF	Cities Investment Facility
CIP	Capital Investment Plan
CMSA	Capital Markets and Securities Authority
CRDP	City Region Governance Project
CO	Country Office
DAC	Development Assistance Committee
DeLoG	Decentralization and Local Governance
DGCT	Directorate General of Territorial Communities

Acronym	Definition
DIM	Direct Implementation Modality
DRC	Democratic Republic of Congo
DSE	Dar es Salaam Stock Exchange
EFSD+	European Fund for Sustainable Development Plus
EIA	Environment Impact Assessment
EIB	European Investment Bank
EU	European Union
EUR	Euro
ERD	Economic Relations Division of the Ministry of Finance
FCC	Freetown City Council
FEC	Municipal Equipment Fund (by its initials in French)
FGD	Focus Group Discussion
FMDV	*Fonds Mondial pour le Développement des Villes*
GCEMD	Generalization of the Communal Energy Management Dashboard
GDP	Gross Domestic Product
GE	Gender Equality
GEEW	Gender Equality and the Empowerment of Women
GFCD	Global Fund for Cities Development
GHG	Greenhouse Gas
GIZ	*Deutsche Gesellschaft für Internationale Zusammenarbeit* German Agency for International Cooperation
Habitat III	United Nations Conference on Housing and Sustainable Urban Development
HQ	Headquarters
HR	Human Rights
ICLD	Swedish International Centre for Local Democracy
ICLEI	Local Governments for Sustainability
IDB	Islamic Development Bank
IDE	Inclusive Digital Economies
IELD	Inclusive and Equitable Local Development

Acronym	Definition
IFAD	International Fund for Agriculture Development
IIFC	Infrastructure Investment Facilitation Company
ILO	International Labor Organization
IMF	International Monetary Fund
IMIF	International Municipal Investment Fund
IRRM	Integrated Results and Resources Matrix
JICA	Japanese International Cooperation Agency
KfW	*Kreditanstalt für Wiederaufbau*
KII	Key Informant Interview
KMA	Kumasi Metropolitan Area
LDC	Least Developed Country
LDCIP	Least Developed Countries Investment Platform
LDFP	Local Development Finance Practice
LEAP	Local Economic Acceleration through Partnerships
LFI	Local Finance Initiative
LG	Local Government
LGA	Local Government Authority
LGED	Local Government Engineering Department, Bangladesh
LIUPC	Livelihood Improvement of the Urban Poor Communities
LoCAL / LoGIC	Local Climate Adaptive Living Facility / Local Government Initiative on Climate Change
LMFTF	Last Mile Finance Trust Fund
LTFP	Local Transformative Finance Practice
MAB	Municipalities Association of Bangladesh
MAD	Moroccan Dirham
MASP	Municipal and Agglomerations Support Programme-for-Results
MEL	Monitoring, Evaluation and Learning
MGSP	Municipal Governance Service Project
MIF	Municipal Investment Finance

Acronym	Definition
MLLE	Multiple Lines and Level of Evidence
MoFP	Ministry of Finance and Planning
MoU	Memorandum of Understanding
MPTFO	Multi-Partner Trust Fund Office
MSC	Most Significant Change
MSP	Municipal Service Project
MWE	Ministry of Water and Environment, Uganda
M&E	Monitoring & Evaluation
NAP	National Adaptation Plan
NDCs	Nations Determined Contributions
NILG	National Institute of Local Government
NORAD	Norwegian Agency for Development Cooperation
NUDS	National Urban Development Strategy, Nepal
ODI	Overseas Development Institute
OECD	Organization for Economic Cooperation and Development
OMVG	*Organisation pour la mise en valeur du Fleuve Gambie* The Gambia River Organization for Development
ONEE	National Office for Electricity and Water
PCD	Communal Development Plan
PFM	Public Financial Management
PIT	Project Implementation Team
PIU	Programme Implementation Unit
PO-RALG	President's Office, Regional Administration and Local Government
PPIAF	Public-Private Infrastructure Advisory Facility
PPP	Public-Private Partnership
PROMO-VILLES	Programme de Modernisation des Villes du Sénégal
PRRF	Programme Results and Resources Framework
PSE	Plan Sénégal Émergent
QA	Quality Assurance

Acronym	Definition
RC	Resident Coordinator
RF	Results Framework
RfP	Request for Proposal
SDC	Swiss Agency for Development and Cooperation
SDG	Sustainable Development Goal
SES	Socioeconomic Status
SF	Strategic Framework
SGAC	Smart Green ASEAN Cities
Sida	Swedish International Development Agency
SMART	Specific, Measurable, Attainable, Relevant and Time-bound
SME	Small and Medium-sized Enterprise
SNG	Sub National Government
SPV	Special Project Vehicle
SPV	Special Purpose Vehicle
SUDEP	Sustainable Urbanization Demonstration Project
TA	Technical Assistance
TAF	Technical Assistance Facility
TAP	Transformative Action Programme
TDF	Town Development Fund, Nepal
TE	Terminal Evaluation
TIB	Tanzania Investment Bank
ToC	Theory of Change
ToR	Terms of Reference
UCLG	United Cities and Local Governments
UDD	Urban Development Division of the Ministry of Housing
UGIP	Urban Governance Improvement Project
UMDF	Urban and Municipal Development Fund
UN	United Nations

Acronym	Definition
UNCBD	United Nations Convention on Biological Diversity
UNCCD	United Nations Convention to Combat Desertification
UNCDF	United Nations Capital Development Fund
UNDAF	United Nations Development Assistance Framework
UN DESA	United Nations Department of Economic and Social Affairs
UNDP	United Nations Development Programme
UNEG	United Nations Evaluation Group
UNEP	United Nations Environment Programme
UNIDO	United Nations Industrial Development Organization
UNOPS	United Nations Office for Project Services
UNSDCF	United Nations Sustainable Development Cooperation Framework
UNV	United Nations Volunteers
UN Women	United Nations Women
USAID	United States Agency for International Development
USD	United States Dollar
UN-Habitat	United Nations Human Settlements Programme
UWASA	Urban Water Supply and Sanitation Authority
WASH	Water, Sanitation and Hygiene
WBG	World Bank Group
WING	Women's Economic Empowerment for Inclusive Growth
WLC	Women-led Cities
WOFI	World Observatory on Subnational Government Finance and Investment
WP	Work Plan

1. EVALUATION CONTEXT

1.1. Background

As recognized in the Addis Ababa Action Agenda, the Sustainable Development Goals (SDGs) and the 2016 New Urban Agenda, urbanization constitutes today and in the coming decades will increasingly constitute a major challenge. While about half of the world's population now lives in urban areas, this percentage is expected to increase to 68% by 2050.[1] While urbanization is taking place globally, its pace is particularly accelerating in least developed countries (LDCs), in capitals and, especially, its secondary cities, where 56% of the urban population is already concentrated.[2]

These rapid demographic transformations strain subnational and local governments' (LGs') capacities to provide primary services to local populations, including housing, energy, water, sanitation, transportation, communications, education, health and employment. Emerging needs related to climate adaptation and mitigation constitute additional challenges for LDCs authorities.

To meet urbanization-driven needs, LGs in LDCs require adapted capacities, tools and resources, and important capital funds to finance and manage adequate infrastructure. However, the great majority of subnational authorities in LDCs depends on government transfers for budget financing and face barriers to access external funding, including the lack of an enabling policy and regulatory environment for investing, the mismatch between investment needs and available finance, creditworthiness limitations, non-bankability of public plans and projects, human resource limitations and restricted technical and technological capacities. These challenges intermingle and hinder their ability to implement local development projects and initiatives, and the effective utilization of capital financing.

One common challenge is the lack of human resources and technical capacities, including limited business acumen, in the public sector. Local government staff frequently lack knowledge about potential sources of finance and face challenges in navigating the application processes and meeting financing criteria. Additionally, LGs are often poorly equipped in terms of technological devices. In Tanzania there is a dearth of capacity to develop bankable projects in the public sector is low, as is the quality of related documentation. Similarly, in Nepal, where LGs typically rely on national transfers and grants, most people working in the municipal finance ecosystem are unfamiliar with capital financing, and especially models involving a debt component. Few municipalities are aware of capital investment opportunities and are more interested in obtaining concessional loans, although they find the interest rates high. Meanwhile, in Bangladesh and Tanzania, municipalities lack the strategic planning and technical capacities needed to identify, design, and manage bankable urban development projects. They often propose small interventions based on political influence and immediate needs.

Institutional and political setups also pose challenges for LGs access to capital financing. For instance, in Bangladesh, there are institutional overlaps, political conflicts at the municipal level, and a centralized tax system that hinder effective capital financing. Likewise, in Morocco municipalities face political resistance and lack of institutional capacities for proper tax collection. Additionally, the political and legal frameworks in some countries do not enable or encourage LGs to benefit from international investments and financing opportunities, sometimes leaving loan lending capacities to a single institution (i.e., in Morocco).

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[1] Available at https://www.un.org/development/desa/en/news/population/2018-revision-of-world-urbanization-prospects.html
[2] The new Urban Imperative for Secondary Cities -UNCDF.
Available at https://www.uncdf.org/article/1673/the-new-urban-imperative-for-secondary-cities-by-david-jackson-director-local-developm-migration.

Finally, financing and resource constraints are significant challenges for LGs. LGs in Senegal face limited financial resources, and relying on levying taxes for land transactions restrains urban infrastructure finance. In Bangladesh and Tanzania, municipalities heavily depend on grants and subsidies from central government transfers, with revenue generation through local taxes insufficient to cover expenses. Cities lack stable revenue sources and financial management, hampering their credibility and ability to attract investments and making creditworthiness a key barrier in accessing capital financing. LGs, especially in second-tier cities, often struggle to pursue their mandates, invest in revenue-generating projects, and attract private capital or obtain loans with long tenures. Accessing foreign funds can also be difficult due to fluctuations in foreign exchange rates. These issues are prevalent in low- and middle-income countries, where credit markets are not well-established. The difficulty in matching investor expectations with cities' needs is particularly evident in smaller cities and projects.

Overcoming these barriers requires targeted efforts to enhance both human and physical resources, business skills and technical capacities of LGs, promote knowledge and awareness of financing options, strengthen governance capacity considering institutional limitations and political resistance, and improve creditworthiness to increase financial resources.

Multiple development partners are trying to address this development problem. Within the United Nations Capital Development Fund (UNCDF), municipal finance is one of the themes of the agency's approach and strategy. Within the organization, several initiatives work on this. The Local Transformative Finance Practice (LTFP) manages the agency's work as the UN Sub-National Finance Hub in partnership with the United Nations Human Settlements Programme (UN Habitat), the United Nations Development Programme (UNDP) and other relevant agencies"[3]. LTFP's work focuses, among others, on "accommodating rapid urbanization […] by addressing the sustainable development financing gaps faced by cities and LGs"[4]. Within LTFP, the LoCAL Facility provides technical assistance and tools for rural areas of LDCs to access global climate funds[5]. The IncluCity[6] initiative tackles the obstacles hindering inclusive development in cities by testing and promoting local solutions led by LGs while ensuring the participation of vulnerable groups. LTFP works with UNCDF's Least Developed Countries Investment Platform (LDCIP) to mobilize and deploy capital for LDCs through loans and guarantees, while the Inclusive Digital Economies (IDE) Practice focuses on connecting public and private actors within financial ecosystems to catalyze financial inclusion in local economies.

Outside UNCDF, several institutions work on municipal finance. Global and regional multilateral development banks (e.g., the WBG, the Asian Development Bank or ADB, the African Development Bank or AfDB), UN agencies (e.g., UN-Habitat, UNDP, UN DESA) and bilateral development agencies (e.g., GIZ, ADB) work in this space. These institutions have implemented multiple initiatives in LDCs to strengthen municipal finance, governance, and development. In collaboration with national governments, these development partners have contributed to different aspects of urban development, ranging from improving service delivery and infrastructure to enhancing local government financing and promoting sustainable practices. These development partners, and especially development banks, tend to be risk-averse, work through the central governments, not consider financial instruments directly used by non-sovereign entities, and focus on middle income countries and larger cities, which leaves a space for initiatives focusing on domestic and non-sovereign finance in intermediary cities in LDCs.

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[3] See: https://www.uncdf.org/sf2022
[4] See: https://www.uncdf.org/ltf
[5] See: https://www.uncdf.org/local/homepage
[6] See: https://www.uncdf.org/article/6567/inclucity-addressing-growing-income-inequalities-in-cities-through-inclusive-local-financing

1.2. Municipal Investment Finance (MIF) Programme

Support for municipal finance in LDCs is a central focus of United Nations Capital Development Fund's (UNCDF) Strategic Frameworks (SFs) 2018 – 2021 and 2022 – 2025[7]. Since 2018, in accordance with these Strategic Frameworks, UNDCF has used various financing tools and models, such as inclusive digital economies, local transformative finance and investment finance, to "unlock public and private finance for the poor" and "enhance inclusive financial markets and local development finance systems that benefit poor and vulnerable populations" in LDCs.

To expand the capacity of LGs to finance strategic local development projects, UNCDF's Local Transformative Finance Practice[8] (LTFP) implements financing models and mechanisms designed for both the public and the private sectors in LDCs. LTFP promotes transformative impact financing and aims at addressing both the lack of investment in local economic development and public infrastructure and services, and local economies' lack of attractiveness to development finance. LTFP support takes the form of technical assistance, advocacy and revenue-generating investments, testing different innovative options and working both on the demand and supply sides.

The Municipal Investment Finance (MIF) Programme was a UNCDF vehicle within LTFP designed to increase the capacity of LGs in addressing emerging key urbanization challenges through access to sustainable sources of capital financing. The MIF Programme specific objectives were the following:

1. Improving access to capital for investment in critical urban infrastructure and services in cities targeted by the programme.
2. Creating or strengthening financial markets and market intermediaries so that they can facilitate capital access for cities.
3. Establishing policies, standards, and practices that improve the efficiency and effectiveness of the capital financing process in beneficiary countries.

To achieve these objectives, the programme was organized in three outcomes. **Outcome 1** aimed to create an enabling regulatory environment to welcome tailored financing mechanisms, and to improve LGs' creditworthiness and capacities to access to private finance, strengthening the demand side. **Outcome 2** aimed to increase the access to multiple finance sources and to support the development of municipal capital investment plans, strengthening the supply side. **Outcome 3** aimed to create tools and mechanisms to address access to and strengthening of municipal finance, while ensuring alignment with SDG 11 – Safe, Resilient and Sustainable Cities.

To achieve these outcomes, MIF focused on 3 (three) outputs. Their targets and contributing activities are presented in Table 1 below.

All MIF projects aimed at contributing to at least two or all three outputs.

- O1. LGs and other sub-sovereign entities have transformative capital investment plans, demonstrated debt-carrying capacity, and enabling conditions for infrastructure financing.
- O2. Local fiscal space increased with debt financing transactions closed and repayments initiated.
- O3. Sustainable development of municipal financing mechanisms to contribute to the partner countries' realization of SDG 11 targets

Table 1. MIF Outputs Targets and Activities

Output 1 Targets	Output 2 Targets	Output 3 Targets

[7] https://www.uncdf.org/article/7488/uncdf-strategic-framework-2022-2025-undp-executive-board-version
[8] Previously named "Local Development Finance Practice (LDFP)"

Adequate policy and legal framework for LG credit in place LG financial planning and reporting improved LG selected and assisted Coordination with governments and partners established	Financing options assessed Financing mechanisms designed Private sector engagement increased Standards and procedures for municipal finance developed Financial transactions completed	SDG11 monitoring and reporting systems implemented Evidence-informed knowledge products and exchanges developed Technical Assistance Facility (TAF) established and funded
Output 1 Activities	**Output 2 Activities**	**Output 3 Activities**
1.1 Complete assessments of frameworks in 4 target countries 1.2 Identify impediments and programme reforms with government and partners in 4 target countries 1.3 Deliver technical support activities on reforms in 4 target countries 1.4 Develop and agree on plan to address market impediments in 4 target countries 1.5 Supports and technical assistance to LGs in LDCs are provide in drafting of strategic vision on municipal finance and/or action plan 1.6 Assess LG financial reporting in 4 target countries 1.7 Provide TA to improve planning and reporting standards and practices in 4 target countries 1.8 Select target LGs in all 4 target countries 1.9 Establish baselines on a timely basis in each target country 1.10 Assess fiscal capacity and capital planning capacity in 12 target LGs 1.11 Negotiate with governments and LGs in 4 target countries to agree on procedures for preparation of gender- sensitive capital investment plans 1.12 Provide TA to 12 target LGs	2.1 Carry out assessments of public and private LG municipal financing options, market actors, demand for domestic investment opportunities, and market impediments in 4 target countries 2.2 Develop action plan and responsibility matrix to establish MUNIF and/or other financing mechanism in 4 target countries 2.3 Adopt the Technical Assistance Facility and/or other financing mechanisms such as Blue Peace in 4 target countries 2.4 Engage private sector actors in development of municipal market in 4 target countries 2.5 Facilitate the holding of public/private workshops and/or training sessions on municipal market development in 4 target countries 2.6 With government and private market actors, develop standards and procedures for private transactions in 4 target countries 2.7 Agree on and/or establish credit evaluation process in 4 target countries 2.8 Support completion of credit evaluations in 12 target LGs 2.9 Improve financing transactions in each of the selected target countries 2.10 Financing transactions in good standing in selected target countries 2.11 Ecobond adopted in target LGs	3.1 Establish SDG 11 baselines on a timely basis 3.2 Elaborate and implement SDG 11 monitoring system 3.3 Report on lessons learned disseminated through events, web and publications 3.4 To develop a financing strategy 3.5 Collaborate with traditional and non- traditional donors to mobilize financial resources 3.6 Formulate the Technical Assistance Facility operation manual 3.7 Establish the Technical Assistance Facility 3.8 Review and develop knowledge tools and experiences in municipal finance 3.9 Organize study tours/ knowledge exchanges with 4 target countries

1.13 Ensure that participatory multi-year strategic and capital investment plans are completed and approved and quality financial statements prepared by 12 target LGs 1.14 Form intergovernmental working groups on LG finance in 4 target countries 1.15 Identify partners working in LG sector and actively participate in coordination mechanisms in 4 target countries (national associations of LG, national municipal investment funds)		

Source: MIF Programme Results and Resource Framework, Terms of Reference

MIF implementation began in 2015, with a total allocated budget of USD $16.5 million[9] for the August 2015 – December 2022 implementation period. Originally designed for a five-year implementation, the MIF programme was extended for two additional years, for a total duration of seven (7) years (2015-2022).

As of July 2023, MIF provided a range of support to LGs including technical assistance and capacity building as well as various instruments and mechanisms for risk mitigation. The solutions provided are detailed Section 3.4 on Effectiveness.

To overcome the limitations in local human resources' technical capacities, MIF provided capacity building and technical assistance, especially at the beginning of country interventions. The programme conducted numerous assessments and studies (i.e., creditworthiness, infrastructure finance) and provided capacity building activities through a programme dedicated to both local and central governments (i.e., Infrastructure Asset Management). Among other outputs, this included the development of guidance documents facilitating the identification and establishment of bankable projects, as well as the support for the establishment of task forces to assist municipalities in defining, supporting, and understanding financing interventions, and facilities (e.g. IMIF TAF) to support the development of bankable projects.

MIF supported beneficiary entities through technical assistance to tackle institutional boundaries limiting access to capital financing. For instance, MIF helped restructure the Town Development Fund (TDF) in Nepal.

On the financial side, the programme supported the strengthening of local government resources through better management capacity and improved technological equipment (e.g. computers) and created international funds, such as IMIF. In addition, MIF promoted shared risk approaches through Special Purpose Vehicles (SPVs).

The MIF programme, in collaboration with its sister project the Local Finance Initiative (LFI), also designed mechanisms, including revolving funds (i.e., Morocco) based on grants converted into zero-interest loans (i.e., Chefchaouen), creating a self-financing cycle, and bonds (i.e., the Tanga Urban Water Supply and Sanitation Authority, or UWASA Water bond in Tanzania) allowing entities to access capital markets through blended finance involving both public and private sectors. In addition, MIF provided funds in some cases, such as in Tanga and Chefchaouen.

MIF was implemented under a Direct Implementation Modality (DIM). UNCDF served as the Implementing Partner for MIF, under the management of the LTFP area[10]. The programme was implemented through UNCDF's regional offices. The programme was co-funded by the Swedish

[9] The programme originally sought a budget of USD $39.06 million.
[10] As per the Project Document

International Development Cooperation Agency (Sida), the Swiss Agency for Development and Cooperation (SDC), the World Bank Group (WBG) (through the Public-Private Infrastructure Advisory Facility or PPIAF), GIZ (*German Gesellschaft für Internationale Zusammenarbeit*), and the German Federal Institute for GeoSciences and Natural Resources (BGR)[11]. It was implemented in collaboration with by the United Nations Department of Economic and Social Affairs (UN DESA), the Global Fund for Cities Development (FMDV), the United Cities and Local Governments (UCLG), the Overseas Development Institute (ODI), the *Organisation pour la mise en valeur du Fleuve Gambie* (OMVG) and Freetown City Council (FCC), and supported by UN-Habitat (United Nations Human Settlements Programme), ICLEI (Local Governments for Sustainability) and Cities Alliance. A Steering Committee was set up. It was made up of representatives of MIF participating countries, including Bangladesh, Nepal, Senegal, Tanzania, Uganda, and Kenya, and delegations from donors, particularly Sida and SDC. Steering Committee meetings were chaired by the UNCDF Director of LTFP. In addition, governance bodies, in particular Advisory committees, were established for sub-programmes derived from MIF, such as IMIF TAF and the EU guarantee facility. No governance bodies were created for country level interventions.

The MIF programme involved, indeed, a variety of stakeholders, including through partnerships. Table 2 below presents the nature and extent of intervention stakeholders/ partnerships, as well as their involvement in the different projects and outputs of the MIF programme.

Table 2. Intervention stakeholders' involvement

Executing Agency			
United Nations Capital Development Fund (UNCDF) Local Transformative Finance Practice MIF Programme UNCDF Regional offices in Dakar and Bangkok UNCDF Country Offices - Uganda, Tanzania, Bangladesh, and Nepal			
Funding Partners			
Swiss Agency for Development and Cooperation (SDC)			
Swedish International Development Cooperation Agency (Sida)			
German Federal Institute for GeoSciences and Natural Resources (BGR)			
German Gesellschaft fuer Internationale Zuzammenarbeit (GIZ)			
The World Bank			
United Nations Office for Project Services (UNOPS) via Cities Alliance			
	Initiatives under the MIF project	**Countries**	**Outputs**
Implementing Partners			
Organisation pour la mise en Valeur du Fleuve Gambie (OMVG)	**Blue Peace Financing initiative**	Gambia	Output 1

[11] Of the US$39,064,687 required by the MIF Programme, $US16,504,294 were allocated as follows by: UNCDF (US$1,139,891), Sida (US$5,906,150), SDC (US$8,857,465), UNOPS (US$230,000), the World Bank (US$200,000), GIZ (US$122,997), and Germany (US$47,791).

Freetown City Council (FCC)	**Blue Peace Financing initiative**	Sierra Leone	Output 1
United Cities and Local Governments (UCLG) and *Fond Mondial pour le Développement des Villes* (FMDV)	**The International Municipal Investment Fund (IMIF)** **The Malaga Global Coalition for Municipal Finance**	Global	Outputs 1, 3
United Cities and Local Governments (UCLG)	**Rebuilding Local Fiscal Space** **The International Municipal Investment Fund (IMIF)** The Malaga Global Coalition for Municipal Finance	Global	Outputs 2. 3
United Nations Department of Economic and Social Affairs (UN-DESA)	**Infrastructure Asset Management**	Global	Output 1
European Union	**Support to the Town Development Fund (TDF)**	Nepal	Output 2
The Overseas Development Institute (ODI)	**Rebuilding Local Fiscal Space**	Global	Output 2
Meridiam	**IMIF** Fund Manager	Global	Output 3
Other Partners			
UN Habitat	**SDG Cities** **the Cities Investment Facility**	Global	Output 3
Local Governments for Sustainability (ICLEI)	**Cities Bridge**	Global	-
Beneficiary Cities			
Chandpur	**Rebuilding Local Fiscal Space** **Public Private Partnerships (PPP) Programme** Chandpur Multi-purpose Market Chandpur Water Treatment Plant Chandpur Commercial Trading River Port	Bangladesh	Outputs 1, 2
Bhola	**Public Private Partnerships (PPP) Programme** Bhola Trade Center Bhola Bus Terminal[12]	Bangladesh	Output 2
Kushtia	**Public Private Partnerships (PPP) Programme**	Bangladesh	Output 2

[12] Project put on pause until further notice by the beneficiary.

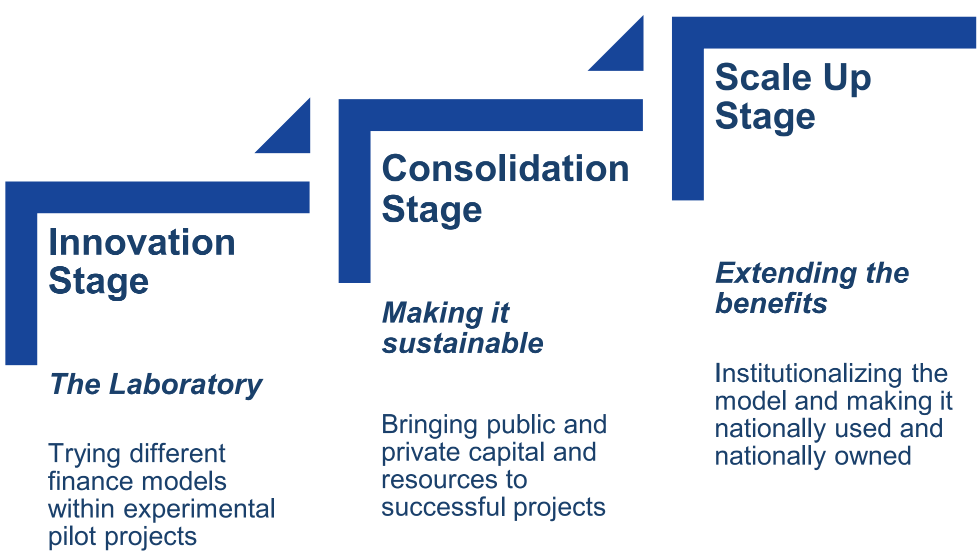
	Kushtia (M.A. Rahim) Super Market[13]		
Agona Swedru	**Local Economic Acceleration through Partnerships (LEAP)**	Ghana	Output 3
Cape Coast	**Local Economic Acceleration through Partnerships (LEAP)**	Ghana	Output 3
Kumasi	**Rebuilding Local Fiscal Space** **Technical Assistance Facility for the fund (IMIF TAF)** Multi-Store Parking Facility Kumasi Market Redevelopment	Ghana	Outputs 2, 3
Boffa	Boffa Market	Guinea	Output 2
Mammou	Mammou Market	Guinea	Output 2
Chiapas	**Rebuilding Local Fiscal Space**	Mexico	Output 2
Telita	**Rebuilding Local Fiscal Space**	Moldova	Output 2
Chefchaouen	**Rebuilding Local Fiscal Space** **Technical Assistance Facility for the fund (IMIF TAF)** Public Lighting project *LDC Investment Platform*	Morocco	Outputs 2, 3
Tanga	**Tanzania Municipal Bond programme** Tanga Municipal Bond	Tanzania	Outputs 1, 3
Mwanza	**Tanzania Municipal Bond programme** Mwanza Municipal Bond	Tanzania	Outputs 1, 3
Kibaha	Kibaha Bus Terminal Kibaha Market Terminal	Tanzania	Output 2
Gulu	**Local Economic Acceleration through Partnerships (LEAP)** **Rebuilding Local Fiscal Space**	Uganda	Output 3
Mbale	**Local Economic Acceleration through Partnerships (LEAP)**	Uganda	Output 3
Beneficiary Institutions			
Ministry of Local Governments	**Public Private Partnerships (PPP) Programme**	Bangladesh	Output 2
Town Development Fund (TDF)	**Support to the Town Development Fund (TDF)**	Nepal	Outputs 1, 2

[13] Project put on hold by the beneficiary.

Ministry of Economy and Planning	**Public Private Partnerships (PPP) Programme**	Senegal	Outputs 1, 2, 3
Strategic Investment Fund (FONSIS)	**Fonds pour l'autonomisation économique des femmes (WE!FUND)**	Senegal	Output 3
Tanga Urban Water Authority	**Tanzania Municipal Bond programme** Together with UNCDF Local Finance Initiative programme	Tanzania	Outputs 1, 2
Indirect stakeholders			
World Bank		Global	
European Union		Global	
African Development Bank		Global	

MIF was a vehicle linked to UNCDF's preceding and ongoing efforts to increase the capacity of LGs and other sub-sovereign entities. It was launched to define and fund a set of activities within UNCDF's broader work in municipal and local government finance, mobilizing resources for this specific set of activities as well as contributing to the wider set of activities. Like all UNCDF projects, MIF followed a maturity model, or "innovation to scale approach" composed of three major phases presented in the Figure 1 below. UNCDF's core funding is a major contributor to the innovation stage, by providing the organization's backbone of expertise and infrastructure, and risk capital to try out new finance models and derive learning. UNDCF's non-core funding supplements the core and allows UNCDF the flexibility to allocate resources where they are most needed, to further test, then replicate, consolidate, and scale up.[14]

Figure 1. UNCDF Innovation to Scale Approach



Source: Baastel, based on UNCDF and Innovation video, UN Capital Development Fund[15]

[14] See: https://www.uncdf.org/open/programme-areas
[15] See: https://www.youtube.com/watch?v=w4yg8s2lX3c

Despite the fact that MIF was completed by December 2022, the most recent financial information available is from December 2021. According to Programme Results and Resources Framework (PRRF), MIF had disbursed USD$11.7 million (70,9% of total available budget) before entering its last year of implementation. The disbursement per output was as follows:

O1. Out of the US$14,874,915 committed, US$5,247,600 were disbursed (35,28%)
O2. Out of the US$10,784,734 committed, US$1,361,119 were disbursed (12,62%)
O3. Out of the US$8,325,725 committed, US$1,897,751 were disbursed (22, 79%)

2. EVALUATION PURPOSE, PRINCIPLES, SCOPE AND METHOLOGY

2.1. Evaluation Purpose

An independent evaluation of MIF was required to fulfill commitments under Evaluation Plan 2018-2021, as the programme drew to a close. The evaluation's primary audience includes UNCDF, key stakeholders (including programme funders) and partners.

The overall objectives[16] of this evaluation were:

- to allow UNCDF and partners to meet their accountability and learning objectives for MIF;
- to support ongoing efforts to capture good practice and lessons to date;
- to guide and inform the remaining period of implementation as well as inform subsequent UNCDF programming in municipal finance and local transformative finance;
- to inform updating of UNCDF global strategies within the 2022-2025 Strategic Framework; and
- to assess the impact of COVID-19 on the overall implementation framework and provide recommendations for the remaining years of implementation.

The specific objectives[16] of this evaluation were:

- to assist UNCDF and partners in understanding the relevance, coherence, efficiency, effectiveness, and the likely pathways towards impact, and sustainability of MIF while understanding the context and challenges in which MIF operates;
- to provide evaluative evidence on the contribution of MIF's work to address key urbanization challenges through access to sustainable sources of capital financing and lessons learned so far;
- to understand better how MIF works in collaboration with other UN agencies and other UNCDF programmes as well as with national and international partners in achieving its objectives;
- to support the conceptualization and operationalization of new approaches to municipal finance as part of the new UNCDF/LTFP strategy going forward as the UN subnational financing hub; and
- to support UNCDF in becoming the UN subnational financing hub and implementing partnership LTFP has developed over the life of the MIF.

[16] As set out in the ToR.

2.2. Evaluation Principles

This evaluation was conducted in accordance with UNCDF's Evaluation Plan 2018–2021[17] and in line with the United Nations Development Programme (UNDP)'s Evaluation Policy[18], following the Norms and Standards of the United Nations Evaluation Group (UNEG)[19], Code of Conduct for Evaluation, Ethical Guidelines and Guidance for Integrating Human Rights and Gender Equality in Evaluation, as presented in Table 3 below. Amongst the norms that the Policy seeks to uphold, the most important are that the evaluation exercise be independent and provide technically and methodologically credible findings that are useful and relevant to support evidence-based programme management.

Table 3. UNCDF Evaluation Policy and Practice Norms

Norms	Description
Independence	The evaluation function should be structurally independent from the operational management and decision-making functions in the organization so that it is free from undue influence and has full authority to submit reports directly to appropriate levels of decision making
Intentionality	The rationale for an evaluation and the decisions to be based on it should be clear from the outset. The scope, design and plan of the evaluation should generate relevant, timely information that meets the needs of the intended users.
Impartiality	Removing bias and maximizing objectivity are critical for the credibility of the evaluation and its contribution to knowledge
Quality	Evaluation design, data collection and analysis should meet professional standards. The professionalism of evaluators and their intellectual integrity in applying standard evaluation methods is critical. Evaluation findings and recommendations should be presented in a manner that will be readily understood by target audiences.
Utility	The evaluation seeks to provide information to be used for evidence- based decision making. To enhance the usefulness of the findings and recommendations, key stakeholders should be engaged in various ways in the conduct of the evaluations. The scope, design and plan of the evaluation should generate timely, relevant products that meet the needs of the users. Recommendations made should be practical and realistic.

Good practices published in UNCDF's Gender Economic Empowerment Framework, in Consultative Group to Assist the Poor (CGAP) guidance on Measuring Market Development[20] and change-focused intervention in inclusive finance, as well as the Donor Committee for Enterprise Development (DCED) Standard[21] also served as measurement frameworks in the development of the evaluation design.

[17] Evaluation Plan (SF 2018-21) - UN Capital Development Fund (UNCDF).
Available at https://www.uncdf.org/article/3206/evaluation-plan-2018-21
[18] United Nations Development Programme – Evaluation.
Available at http://web.undp.org/evaluation/policy.shtml
[19] Detail of Norms and Standards for Evaluation (2016).
Available at http://www.unevaluation.org/document/detail/1914
[20] http://www.cgap.org/sites/default/files/Technical-Guide-Measuring-Market-Development-Oct-2017_0.pdf
[21] Introduction to the DCED Standard – DCED (enterprise-development.org)

2.3. Evaluation Scope

This final evaluation covered the period of implementation from August 2015 to December 2022, assessing MIF programme results (direct and indirect, whether intended or not) and the extent to which MIF was on track to meeting its end goals on the basis of current design, human resource structure, choice of partners, and broad implementation strategy.

The evaluation was framed by evaluation questions (these are presented in the Evaluation Matrix in Annex 1) organized according to the six evaluation criteria proposed by the Organization for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC), namely Relevance, Coherence, Effectiveness, Efficiency, (Likely) Impact and Sustainability of results defined as follows:

- **Relevance**: The extent to which MIF objectives and design were appropriate and responded to beneficiaries' requirements.
- **Coherence**: The compatibility and interlinkages of MIF with other interventions, including policies, in a country, sector or institution, including within the LTFP.
- **Efficiency**: The extent to which MIF delivered results in an economic and timely way.
- **Effectiveness**: The extent to which MIF achieved its objectives and results.
- **Likely Impact**: The extent to which MIF is expected to foster inclusive and sustainable growth and employment of youth and women.
- **Sustainability**: The extent to which the net benefits of MIF are likely to continue beyond the life of the intervention, including needs assessments, analyses of resilience, risks and potential trade-offs.

In line with the United Nations Evaluation Group's *Guidance on Integrating Human Rights and Gender Equality in Evaluation*[22]*,* the evaluation matrix considered Gender Equality and the Empowerment of Women (GEEW) both in the questions and in the data tools deployed.

2.4. Evaluation Methodology

The evaluation team was composed of a team leader, a quality assurer (QA), experts on finance, water infrastructure and gender, and three (3) national consultants.

The MIF final evaluation was delivered through a rigorous process of defining the scope and the information needs, undertaking research through efficient data collection and processing, in-depth analysis, and user-oriented reporting. Building strong, evidence-based arguments on the foundation of a solid and inclusive methodology ensured the validity of this exercise.

Taking the evaluation objectives into consideration, the evaluation team used a **Theory of Change (ToC) approach**, analyzing the links between each of the ToC components to understand whether the programme design, implementation, strategy and context were successful in contributing to the changes pursued through the MIF intervention. It used information not only on the implementation progress of each programme phase, but also on the implementation context, the role of the implementation partners, and the policy changes brought about by the programme to understand how MIF has been operationalized into a set of concrete results.

To analyse change and capture direct programme results as well as (likely) contributions of MIF, the evaluation team used elements of the Contribution Analysis (CA) approach. In assessing causal contribution, the evaluation team defined the attribution problem, mapped available evidence against MIF ToC and identified challenges to causal inference. This approach is integrated in the effectiveness and impact questions.

[22] Available at: http://www.uneval.org/document/detail/980

2.4.1. Key Evaluation Methods and Tools

To collect data, the evaluation team used a variety of tools, including document and literature review, an online survey, Key Informants Interviews (KIIs) and Focus Group Discussions (FGDs). Direct observation also constituted an important tool for data collection during the field missions. Gender and other cross-cutting issues were mainstreamed in data collection methods, both in terms of the tools themselves, including several specific questions on these topics, and the selection of interviewees, where relevant. Where possible, disaggregated data in documents was also considered. Data collection tools used are detailed in Table 4 below.

Table 4. Evaluation Tools

Data collection tool	Implementation
Document and literature review	To capture all relevant qualitative and quantitative secondary data from the existing and available documentation (see Bibliography) the evaluation team conducted an extensive desk review during the data collection phase. A lighter desk review was already conducted to develop the Evaluation Matrix (Annex 1).
Survey	Quantitative and qualitative primary data from stakeholders of all MIF initiatives (when contact was made available to the evaluation team) was collected through an online survey. The survey script presented in Annex 6 was approved by UNCDF Evaluation Unit and MIF Programme Team before dissemination to the respondents. Sex-disaggregated was collected.
KIIs	72 interviews were conducted with individuals listed in Annex 4, informing perspectives on the MIF programme design and its implementation. These semi-structured KIIs, presented in Annex 5, were conducted either remotely or in-person during field visits. KIIs allowed the collection of qualitative primary data among respondents in a tailored format for such stakeholders as UNCDF staff, MIF Programme Team, government partners, private sector and development partners. Sex-disaggregated data was collected.
FGDs	3 FGDs occurred during field visits. These discussions gathered some representatives of MIF projects stakeholders, i.e. implementing partners and community-level partners. Drawing on the Most Significant Change (MSC) approach, participants were invited to reflect in an open-ended way on changes they have experienced to which MIF has contributed.
Direct observations	Direct observations during field missions provided the evaluation team with a valuable additional data source to identify/validate project outcomes, contribution, and risks for sustainability.

2.4.2. Sampling: country reports and case studies

Three countries and three case studies were selected as part of the evaluation. Sampling criteria for case studies included ensuring the proper coverage of the different types of partners supported, the different aid modalities deployed by the MIF Programme, and the different maturity phases. Sampling criteria for countries comprised geography[23], MIF instruments and outcome contribution[24] and maturity model phase[25].

Bangladesh, Morocco and Tanzania were the selected countries, while the selected case studies were the International Municipal Investment Fund Technical Assistance Facility (IMIF TAF), Rebuilding Local Fiscal Space, and the Tanzania Sub-national Municipal Bond Programme initiatives.

In addition, to the three mentioned country visits, the evaluation team conducted remote interviews at the national level with two countries, namely Senegal and Nepal – Ghana was also contacted but an interview could not be arranged.

The sample of individuals consulted was guided by the stakeholder mapping conducted during the inception phase. The sampling strategy attempted to generate a balanced sample by gender and vulnerable group, with no impact on representativeness, and included all categories of stakeholders involved in MIF Programme and projects. Sampling ensured that diversity of voices was covered, addressing the diversity of stakeholders affected by the programme, particularly the most vulnerable, where appropriate. It covered the global, regional, national and subnational levels, different geographies, MIF instruments, maturity stages, as well as relationships with the programme (steering, management, implementer, beneficiary, partner).

While the number of country visits and remote interviews was limited, the survey aimed at allowing data to be gathered from a larger set of relevant stakeholders.

2.4.3. Aggregating data into Evaluation reports and findings

The evaluation team used a mix of quantitative and qualitative methods and tools for secondary and primary data collection, to address evaluation questions (see Evaluation Matrix in Annex 1) and developed an evidence-based assessment. All the information gathered during the data collection phase was carefully compiled and processed into a data collection matrix and a quantitative data spreadsheet following the structure of the evaluation matrix. Multiple Lines and Level of Evidence (MLLE)[26] that incorporate and reflect various sources of information and perspectives, as shown in the evaluation matrix, provided the foundation for rigorous triangulation, supporting the validity and reliability of evaluation findings, conclusions and recommendations. The evaluation team aggregated and analysed the different lines of evidence collected through different methods at global and country level, ensuring that evaluation findings are linked very clearly to sources of evidence, explaining convergence or non-convergence of evidence from triangulation, and considering alternative/competing explanations for the results found. Data analysis explicitly and transparently triangulated the voices of different social role groups and disaggregated quantitative data supporting this, where relevant and possible.

In keeping with the evaluation's inclusive, rights-based, and gender analytical approach and to the gender equality (GE) commitments outlined in the programme ToC developed by the evaluation team, gender-specific findings are included in the present report in response to the questions in the matrix. Findings also mainstreamed gender considerations where relevant across all evaluation criteria, supported by evidence. Attention to gender in the findings led to the development of lessons and recommendations that support UNCDF contributions to GEEW in this area of its work.

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[23] As presented in the ToRs, at least two of the three countries should be in both Asia and Africa. The evaluation team suggested a North African country, a Sub-Saharan African country and an Asian country.
[24] The countries selected in the sample should capture various MIF outcomes, financing instruments and activities to ensure data availability for CA assessments at the output and outcome levels.
[25] The countries selected in the sample should present MIF projects at different stages of the maturity model, i.e. incubating (piloting/innovation project), consolidating (consolidation project(s) in other countries), and scaling-up (project(s) scaled up others in markets and country policy systems more broadly) phases.
[26] Causal contribution approach, Multiple Lines and Levels of Evidence | Better Evaluation

2.5. Limitations to the evaluation

The evaluation was challenging. It was limited by

- the complexity of programme, given its diffuse nature and how it had been interwoven with other LTFP work.
- The unavailability of key documents, particularly programme reports and meeting minutes; the provision of a very large list of documents; and the organization of the documentation provided, which did not help to understand what the programme had achieved and how it was implemented.
- The unavailability of some key informants, including stakeholders located in Ghana.
- The non-representativeness of the online survey conducted. Over the 250 invitations, 54 respondents (21,6%) opened the survey, and this despite the sending of five reminders from UNCDF and the evaluation team. Among the 54 entries, 23 are completed by 25% or more, representing a final response rate of less than 10% (9,2%), leading to the non-representativity of the sample.

To address these challenges, the evaluation team put in place mitigation measures, including extensive desk review and interviews during data collection, and highlighting the attribution problem during the report writing.

3. EVALUATION FINDINGS

3.1. Relevance

3.1.1. To what extent is MIF aligned with international development priorities?

Alignment with SDGs. MIF directly contributed to SDGs 11, on sustainable cities and communities, and 17, on partnerships for the Goals. In addition, MIF indirectly and to a lesser extent contributed to SDGs 1 on no poverty, 6 on clean water and sanitation, 7 on affordable and clean energy, 8 on decent work and economic growth, 10 on reduced inequalities and 13 on climate action.

MIF fully aligned with SDG 11 “Make cities inclusive, safe, resilient and sustainable”, through SDG target 11.C “Support least developed countries, including through financial and technical assistance, in building sustainable and resilient buildings […]”. The MIF’s programme document even integrated SDG 11 targets into the programme’s Output 3: “Sustainable development of municipal financing mechanisms to contribute to the partner country realization of SDG 11 targets.”

Additionally, MIF interventions directly **contributed to SDG 17** “Strengthen the means of implementation and revitalize the global partnership for sustainable development”, including targets 17.3 “Mobilize financial resources for development countries from multiple sources”, 17.4 “Assist developing countries in attaining long-term debt sustainability through coordinated policies”, and 17.5 “Invest in LDCs, adopting and implementing investment promotion regimes”. To a lesser extent, MIF also aligned with targets 17.6 “knowledge sharing and cooperation for access to […] innovation” and 17.H “encourage and promote effective public [and] public-private […] partnerships, building on the experience and resourcing strategies of partnerships”.

In addition, indirectly and to a lesser extent, **MIF contributed to other SDGs**. It contributed to social-related SDGs, such as SDGs 1 “End poverty in all its forms everywhere”, 10 “Reduced inequalities” and SDG8 “Decent work and economic growth”. In addition, it contributed to environmental and infrastructure-related SDGs, such as SDG 6 “Ensure availability and sustainable management of water and sanitation for all”, through its support to Tanga’s UWASA and the Blue Peace initiative[27]; SDG 7 “Ensure access to affordable, reliable, sustainable and modern energy for all”, through its support to Chefchaouen Municipality; and SDG 13 climate action, through its overall portfolio (by applying the climate filter) and its work on energy and water efficiency. While attention to gender varies across different MIF interventions, overall the programme’s contribution to SDG 5 “Achieve gender equality and empower all women and girls” is weak.

Alignment with international municipal finance priorities. MIF is fully **aligned with the 2015 Addis Ababa Action Agenda** of the Third International Conference on Financing for Development, particularly in its commitments to “scale-up international cooperation to strengthen capacities of municipalities and other local authorities”, and “strengthen debt management, and […] establish or strengthen municipal bond markets, [and] help subnational authorities to finance necessary investments”. [28] Additionally, **MIF contributes to the 2016 New Urban Agenda** (Habitat III) that “support[s] effective, innovative and sustainable financing frameworks and instruments enabling strengthened municipal finance and local fiscal systems in order to create, sustain and share the value generated by sustainable urban development in an inclusive manner”, in supporting “the creation of robust legal and regulatory frameworks for sustainable national and municipal borrowing, on the basis of sustainable debt management, supported by adequate revenues and capacities, by means of local creditworthiness as well as expanded sustainable municipal debt markets when appropriate” and “the establishment of appropriate financial intermediaries for urban financing, such as regional, national, subnational and local development funds or development banks, including pooled financing mechanisms, which can catalyse public and private, national and international financing.” [29]

3.1.2. How compatible was MIF to UNCDF’s Strategic Frameworks (2018-2021 and 2022-2025), including its gender pathway?

The MIF programme was **fully aligned with UNCDF’s SFs 2018-2021 and 2022-2025**. The programme’s specific objectives[30] were consistent with two of the three UNCDF Development Outcomes[31] presented in UNCDF SFs’ Integrated Results and Resources Matrix (IRRM).

Moreover, with the aim of “mobilizing and deploying capital for development in LDCs” (SF 2022-2025), MIF provided these countries with “a mix of technical assistance and capital instruments to help partners design and test innovations […] to replicate and scale up viable models” (SF 2018-2021), contributing to UNCDF 2018-2021 guiding principle of Making finance work for inclusion.

MIF design also responded to UNCDF priority areas and innovative finance proposed solutions of “local development finance” (SF 2018-2021) or “local transformative finance” (SF 2022-2025), focusing on fiscal decentralization, municipal finance and structured project finance to achieve the SDGs. Particularly, its innovation and risk-averse dimensions fully aligned with UNCDF’s innovation to scale model and focus on LGs’ last mile needs.

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[27] Tanga’s work contributes to targets 6.1 on safe drinking water, 6.2 on sanitation, and 6.4 on efficient water use, while Blue Peace contributes to 6.A on international cooperation, 6.5 integrated water management and 6.6 healthier ecosystems.

[28] See: https://sustainabledevelopment.un.org/content/documents/2051AAAA_Outcome.pdf, Domestic public resources action area, paragraph 34.

[29] See: https://habitat3.org/wp-content/uploads/NUA-English.pdf, Commitment 15.C.iv and Implementation paragraph 139.

[30] (i) improving access to capital for investment in critical urban infrastructure and services in cities targeted by the program, (ii) creating or strengthening financial markets and market intermediaries so that they can facilitate capital access for cities, and (iii) establishing policies, standards, and practices that improve the efficiency and effectiveness of the capital financing process in beneficiary countries

[31] “Increased financing for basic services and sustainable inclusive growth” and “Policy environment that is conducive to sustainable financing for sustainable development”

Additionally, having constituted UNCDF's “vehicle to expand deployment of capital instruments” (SF 2018-2021), **MIF contributed to UNCDF’s commitment to becoming a “flagship catalytic financing entity for the LDCs** to include strengthening financing mechanisms and systems for structural transformation” and in particular the “UN Subnational Financing Hub” (SF 2022-2025). The strategic importance of this cannot be stressed enough. MIF was indeed strategic to increase the visibility and improve the position of UNCDF. Through MIF, and other programmes, including its sister intervention LFI and the parallel Local Climate Adaptive Living Facility (LoCAL), the agency gained recognition as an essential specialized player in the UN system (i.e., the UN Subnational Financing Hub) and signed an unprecedented partnership with UN-Habitat. Country level partnerships with UNDP, and interest from UN Resident Coordinators (RCs) in UNCDF’s work has also increased at least partly as result of MIF. Outside the UN system, MIF has allowed UNCDF and LTFP to gain attention in the development partner ecosystem as an advocate of municipal finance, leading the Malaga Coalition with UCLG and FMDV, participating in most important development partner coordination networks and coordination spaces, such as the Development Partner Network on Decentralization and Local Governance (DeLOG) and the board of the Local Public Sector Alliance. Moreover, through MIF, UNCDF achieved a landmark recognition. The approval of The Guarantee Facility for Sustainable Cities by the Operational Board of the European Fund for Sustainable Development Plus (EFSD+) of the EU positions UNCDF as the first UN entity to partner with the EU on its guarantee programme and represents a powerful endorsement of UNCDF’s financial capabilities as well as its distinct role as the UN’s hub for subnational finance.

The absence of specific GEEW outcomes in the MIF results framework, and the limited integration of GEEW issues both in overall programme design and the design of specific MIF sub-programmes, projects and initiatives, means that the **programme was not explicitly aligned in concrete ways with the Gender Pathway of UNCDF’s 2018-21 SF**.

3.1.3. How relevant has the MIF approach been to the ongoing priorities of partner governments in the area of municipal finance and how appropriately designed is it, considering the programme’s intended support to address key urbanization challenges through access to sustainable sources of capital financing?

Degree of alignment with national and subnational government priorities. The MIF approach was **highly aligned with the priorities of the countries and cities where it worked**, which are rapidly urbanizing and where local development requires the development of an adequate local finance ecosystem. Given urbanization trends and financing needs and challenges, in partner countries and cities, development means better urban development and better municipal access to capital financing.

In Tanzania, the programme was in tune with ongoing country priorities, specifically the Regional and Local Government Strengthening Programme[32] for LGs initiated at the national level in 2018. The aim of this programme was to enhance revenue generation of LGs, reduce dependence on the central government, and promote the ability of local entities to generate own-source revenues. MIF supported this objective by encouraging Local Government Authorities (LGAs), particularly larger city LGAs like Dar es Salaam, Mwanza, and Tanga, to fund investment projects through innovative instruments beyond government subventions and taxes. The MIF Programme also complemented Tanzania's 5-year Development Plan III (bond issuance) and the overall National Plan.

[32] See: Regional and Local Government Strengthening Programme, Transforming Decentralization for improved public services and socio-economic development

In Bangladesh, MIF addressed the national and LGs' priorities, presented in the Sixth Five Year Plan 2011-2015, Accelerating Growth and Reducing Poverty[33]. The focus on improving municipal finance was crucial for subnational governments (SNGs) in the country, which confronted significant barriers in accessing capital financing for infrastructure expansion, upgrade, and maintenance, as well as service delivery. MIF aligned with Bangladesh's ongoing efforts to strengthen municipal financial systems to support sustainable urban development.

MIF interventions were also aligned with ongoing national and subnational priorities in Morocco, specifically in the area of energy efficiency[34]. The country has a national energy strategy focused on renewable energy and energy efficiency, aiming to achieve significant energy savings by 2030. The MIF intervention at the municipal level supported cities like Chefchaouen in their commitment to sustainable energy management and contributed to Morocco's overall goals of policy independence, energy sustainability, and environmental responsibility.

Similarly, in Nepal, the MIF intervention was consistent with the ongoing national and local priorities. Particularly, the programme responded to some of the strategies of the 2017 National Urban Development Strategy (NUDS)[35], including the objectives of developing both national and sub-national urban systems in line with resources' potentialities, and of identifying "strategies to augment urban financing and implementation".

In Senegal, MIF was also in line with the orientation of national policies and development priorities. It matched the priorities of *Acte III de la Décentralisation* and the 2014-2018 and 2019-2023 *Plan Sénégal Émergent – Plan d'Actions Prioritaires* (PSE)[36] for improved governance at the local scale, and complements the *Programme de Modernisation des Villes du Sénégal* (PROMO-VILLES) aiming at developing urban infrastructures in cities.

3.1.4. How relevant has the support provided by MIF been to the needs of LGs, regional organizations, other non-sovereign entities and other partners?

Degree of relevance of different supports provided by MIF in view of the needs expressed by various stakeholders. MIF was highly relevant in the context of developing countries experiencing rapid urbanization without adequate investment in infrastructure. Traditional reliance on central government borrowing is not viable due to limited financial resources and high borrowing costs. Moreover, the private sector is reluctant to invest in these regions due to high capital costs, especially for international investors, and because of policies that make it risky to invest in these countries, including unclear protections and safeguarding on investor funds when something defrauds or defaults.

MIF's relevance stems from the **changing dynamics of financing urban infrastructure**. Recognizing the need for an alternative solution, MIF focused on developing mechanisms to finance sustainable urbanization. It aimed to bridge the gap between urban infrastructure needs and the limited resources available to LGs. This is particularly relevant in the context of achieving the SDGs, where cities and other LGs are increasingly recognized as key drivers of development. As an interviewee mentioned, "LGs are responsible for 66% of SDGs". MIF explored innovative financing approaches such as municipal and sub-national bonds and other financial instruments to enable LGs to access capital without overburdening national governments. **By promoting blended finance, MIF moved away from traditional grant financing and explored second**

[33] See: Sixth Five Year Plan 2011-2015, Accelerating Growth and Reducing Poverty. Strategic Directions and Policy Framework, Ministry of Planning, Government of the People's Republic of Bangladesh. p.9-10
[34] See: Stratégie Nationale de l'Efficacité Energétique, 2030
[35] See: https://nepalindata.com/media/resources/items/20/bNUDS_PART_A1.pdf and https://nepalindata.com/resource/NATIONAL-URBAN-DEVELOPMENT-STRATEGY-2017---PART-B
[36] See: Plan Sénégal Emergent 2019-2023

and third-generation financial instruments. This shift was driven by the increasing capacity and needs of LGs, as well as the limited impact of grant financing alone.

However, the relevance of MIF faced several **limitations**, which hinder its support for urban development. MIF's emphasis on revenue-generating projects may have overlooked important aspects such as climate resilience infrastructure and non-revenue-generating social infrastructure.[37] This may have undermined the comprehensive and sustainable development of urban areas. Moreover, despite providing relevant technical assistance support, MIF struggled to secure the necessary third-party financing for urban development initiatives, hampering the effective implementation of some proposed projects. LTFP expects that the ongoing work with funds like the IMIF will alleviate this.

Types of MIF tools (i.e. standards and procedures) application. MIF relevance was assured across different countries where it worked because **the programme tailored its interventions to the specific needs and challenges of each context**. In Tanzania, the MIF programme was highly relevant in supporting the creation and implementation of a pilot sub-national bond that addressed the country's challenges around capital financing. The programme also provided financial assistance and training to political representatives, such as councilors and regional officials, to enhance their understanding of urban development and investment. In Nepal, MIF's technical assistance support has played a crucial role. By providing guidance and expertise, MIF helped the country address its unique urban development needs in terms of municipal finance. The assistance aided in developing effective strategies for the Town Development Fund (TDF) and exploring public-private partnership (PPP) models for SNGs. In Bangladesh, MIF's intervention was instrumental in overcoming barriers to municipal finance and promoting sustainable urban infrastructure development. Through innovative approaches such as asset management training, municipal creditworthiness assessments, and feasibility assessments for municipality-led investments, MIF paved the way for effective revenue-generating projects, including waste management initiatives and developing essential infrastructure, although these have not yet materialized.

Examples of policy dialogue results in favor of LGs/ SNGs. At the global level, the programme worked extensively on the **policy front**, through the **Malaga Coalition** and other multi-stakeholder groups, as discussed in Section 3.5.1 on Likely impact, and through knowledge management, including several publications, as detailed in Section 3.4.3 on Effectiveness. **This global advocacy was key for the development of global innovative municipal finance mechanisms**. As discussed there, the Malaga Coalition, which has strengthened since its first conference in 2018, to a great extent thanks to MIF support, promoted a change in the global narrative to unlock finance for municipalities and accelerate the implementation of the 2030 Agenda at the local level, in line with its purpose of advocating for and building up a financial ecosystem that works for LGs and municipalities.

At the national level, **MIF contributed to policy dialogue in favor of LGs through preparing studies, policy briefs and draft laws, organizing workshops, and engaging stakeholders**. For instance, in Tanzania, together with its sister programme LFI, MIF helped establish and design municipal and subnational bond frameworks and financial models. In Bangladesh, the programme conducted a legal and policy barriers analysis, produced three policy briefs, developed a draft law for municipal bond and Municipal PPP's Investment Guidelines to be incorporated into the PPP Act. It also assessed creditworthiness of municipalities and funded the first bankability studies of potential municipality-led investment projects, providing valuable information for three municipalities to make informed decisions and helping potential lenders and the national government avoid negative impacts on the country's fiscal space.

[37] Although the UNCDF Local Development Finance team covers this topic through the parallel programme the LoCAL, which runs complementary to MIF and has an explicit focus on non-revenue generating projects.

3.1.5. To what extent did the MIF design incorporate GE, HR, vulnerable groups, disability and climate change adaptation issues offering good quality information on the underlying causes of inequality and discrimination to inform the programme design?

Degree of inclusion of human rights (HR) considerations, including disability. By contributing to SNG capacities to improve access to clean water, sanitation, and other essential services, MIF interventions supported the fulfillment of basic HR in a general way. More specifically, **MIF identified lack of inclusion and discrimination as potential risks to its investment** activities in the context of private-funded public amenities, and defined mitigation measures to overcome these risks, including alignment with UN country programming, compliance with international standards (such as no support for profit-making provision of public services) and some use of inclusion-friendly tools and expertise in its activities.

That said, the **MIF programme did not have a particular focus on vulnerable communities, including disabled people**. In Bangladesh, evidence collected shows that MIF interventions in the country did not focus on the most deprived urban areas. Similarly, in Tanzania, no tangible action was found to consider HR and disability dimensions of the intervention beyond the general HR alignment supporting inclusive and accessible Water, Sanitation and Hygiene (WASH) services. The same applies in the case of Morocco where the installation of public lighting is expected to generate positive externalities for Chefchaouen inhabitants' well-being and inclusion, but the evaluation found no concrete evidence that HR, disability and inclusion were intentionally addressed in MIF design and activities – for instance, through a focus on poor neighborhoods or slums. Indeed, by definition it is often easier to pilot and test new instruments with institutions that are relatively capacitated and with towns and cities that can generate predictable revenue streams. In this sense, whilst the project has promoted innovative municipal finance in developing countries, it has not directly targeted the 'poorest of the poor', where grant-based finance may be more appropriate.

Degree of inclusion of GEEW considerations. The evaluation found **limited evidence of systematic or comprehensive attention to GEEW in the design** of MIF or specific MIF sub-programmes and activities. The project document assigns MIF a GEN 2 gender marker – "Gender equality is a significant objective (i.e., General projects with specific gender goals and evidence of gender analysis in programming)." However, gender is not included in the aim, objectives, outcomes, or indicators in the Programme Results and Resources Framework (PRRF), and gender analysis is minimal and lacks depth in the project document. This makes the **GEN 2 designation questionable**.

A half-page section on gender in the project document explains that increased access to financing for capital investment would allow LGs to respond to urbanization needs in sectors where gender is a priority, incorporating these needs "into prioritized capital investment planning systems."[38] The document says MIF funds utilization guidelines would emphasize GE, that consultations on selection and prioritization of city investment projects "will be carried out with increased numbers of women," and that project monitoring and evaluation would include indicators that measure the percentage of women benefiting from MIF-facilitated local development investment finance.[39] However, amidst dozens of entries in the table of MIF outputs, targets, and activities, only three mention gender. These all highlight the production of "gender-sensitive capital investment plans" under Output 1, and no definition of this is provided.

Some UNCDF stakeholders noted that GEEW dimensions of MIF-sponsored investments are ensured by UNCDF's dual key investment management system. A corporate gender focal point often (according to an interviewee) sits on the investment committee, and gender is integrated into the investment criteria. According to interviews, the extent to which gender is integrated in transactions reviewed by the investment committee varies. Transactions prepared centrally

[38] Municipal Investment Financing Programme Project Document, p. 33.
[39] Project Document, p. 33.

(through the New York office) benefit from the involvement of a global gender specialist, but proposals prepared in country offices (COs) that do not have a gender specialist sometimes lack gender perspective or address this issue weakly; for example, there may be some disaggregation of beneficiaries, but analysis is missing, and the approach is often, in the words of one stakeholder, "checkbox."

When asked about gender integration in MIF, a few stakeholders pointed to other (non MIF) LTFP programmes focused on GEEW or social inclusion. In line with the 2018 Gender Strategy, these programmes (especially Inclusive and Equitable Local Development, or IELD) were intended to test GEEW approaches to local finance and development and disseminate these through other local development programming in UNCDF. Tools such as the Women's Economic Empowerment Index, created by IELD, may have been used in MIF, but evidence is lacking on this point. There is limited evidence of cross-fertilization with IELD producing concrete results in MIF Interviews and documents suggest that the focus on access to capital and structuring of finance drew attention away from social impact issues such as gender, HR, and equity.

At country or project level, evidence of specific attention to GEEW in MIF design was lacking in most cases. MIF interventions in Bangladesh, for example, were not informed by systematic assessment of underlying causes of inequality or discrimination on the basis of gender (or other categories), although in a few cases there was evidence of some attention to gender needs[40] In the Chefchaouen Municipality Public Lighting Network project in Morocco, it was expected that improved street lighting would contribute to women's safety and wellbeing, giving them more freedom of movement at dusk, dawn, and at night, and thus enhancing their "empowerment and emancipation" and facilitating their "economic life."[41] The project Impact Sheet also refers to broaden benefits for women[42]. However, no information was available about how this would happen, and, on gender, the project M&E sheet only includes a safety-related indicator, targeting a reduction in the number of female victims of nighttime assaults. No evidence was found that the design of the project prioritized places that are particularly insecure for women.

In Tanzania, interviewees stated that the Tanga UWASA Bond would benefit women through better access to WASH services, but reference to specific contextual challenges for women and girls in Tanga or Tanzania was lacking. UNCDF staff indicated that they had to consider gender from a risk mitigation perspective, suggesting that attention to gender was primarily preventative, rather than an issue that was strategically integrated into programming. The evaluation found no assessments on the underlying causes of gender or social inequality conducted to inform project design. There was similarly limited attention to gender in documentation from other projects under the MIF umbrella, such as the Rebuilding Local Fiscal Space initiative.[43]

One exception to the lack of gender integration in project design was the WE! Fund in Senegal. This was a gender-focused IELD project, but it was supported by MIF with technical assistance.

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[40] UNCDF, "Concept Note: M.A. RAHIM Municipal Supermarket Project," 2021, p. 3.
[41] UNCDF, Project Information, Renovation of the public lighting network in Chefchaouen, p. 1.
[42] It states that "Benefits for women, such as equal pay for work of equal value, gender-sensitive policies and no tolerance of harassment and abuse, will be guaranteed and enforced" during project implementation".
[43] For example, in documents related to the Rebuilding Local Fiscal Space initiative, discussion of the impacts of the COVID-19 pandemic on local economic development is generic and lacks any breakdown by gender or other category, and does not include gender analytical analysis. (See, Jesper Steffensen (Dege Consult) and Gundula Löffler and Lars Engen, ODI, "Rebuilding Local Fiscal Space: Exploring the Impact of the COVID-19 Pandemic on the Fiscal and Economic health of Selected Subnational Governments – Results from Preliminary Data Collection," UNCDF/ODI/DEGE Consult, December 2020; UNCDF, "Rebuilding Local Fiscal Space – The Imperative of 2021: Concept Note." In ODI-UNCDF, "Rebuilding Local Fiscal Space Initiative Consolidated Work Plan," there is just one mention, under Pillar 3, of support measures requested for Chandpur for "provision of loans to support small women entrepreneurs who have been heavily affected during the pandemic." (p. 10) However, there is nothing in the work plan on whether or how differential analysis or attention to gender (or other social categories) would be taken into account. Also under the local fiscal space project, the feasibility study for the parking facility in Kumasi, Ghana breaks down the number of market traders (who would be relocated to build the parking facility) by gender, but does not cross-tabulate survey responses by gender, or analyze any gender differences in traders' willingness to relocate. Women market vendors' specific gender needs are not explored, and discussion of direct and indirect job creation does not break down expected jobs by gender. (See: Training Innovations and Technology Transfer Institute Ltd., "Final Draft Report for Consultancy Service to Develop Feasibility Studies for a Multi Storey Parking Facility in the Central Business District of Kumasi Metropolitan Area," Submitted to United Nations Capital Development Fund and Kumasi Metropolitan Assembly [KMA], December 2021.)

Gender analysis is integrated in the project description presented to the investment committee, and the M&E framework contains several very solid GEEW-specific indicators, as well as a gender-disaggregated indicator on job creation.[44] However, WE! as such was not a MIF intervention.[45]

Degree of inclusion of disaster risk reduction, prevention and recovery and climate change adaptation and mitigation considerations. Climate change mitigation and adaptation were given attention, recognizing the urgent need to address environmental challenges at the local level. **MIF designed and used tools to integrate climate change into portfolio and project development**. At the portfolio level, the programme integrated the climate change criterion in project selection. In particular, in 2022, a new climate filter specific to MIF was developed with another initiative within the LTFP (i.e., the Local Climate Adaptive Living Facility or LoCAL) to enhance investment pipeline prioritization and "ensure that only climate-aligned assets enter the pipeline"[46.] More specifically, the climate filter included two criteria: the alignment with global standards, applying the eligibility criteria of the Climate Bond Initiative (CBI) Taxonomy; and the alignment with Nationally Determined Contributions (NDCs) and National Adaptation Plans (NAPs). In addition, the filter considered low climate-related financial risks, although this was not considered a compulsory part of the decision-making process. The climate filter was integrated into the impact criterion of the practice's portfolio development process, which comprised an impact and a financial criterion known as the "dual key investment management system". At the project design level, MIF utilized standardized assessment tools from UNDP and the OECD, ensuring a comprehensive evaluation of the social and environmental impacts of projects[47]. In addition, the programme respected climate-related national legislation and policies and environmental assessments. This approach was applied to all types of investments, including private, public, and SPV-owned projects.

This resulted in the MIF programme supporting projects contributing to climate change mitigation and adaptation. The Chefchaouen project in Morocco contributes to energy savings and thus to greenhouse gas (GHG) emissions reduction. The Tanga UWASA Bond in Tanzania was the first green bond issued in the country, aimed at extending clean and safe water services while reducing GHG emissions. The Blue Peace work contributes to better management of international transboundary water resources, which can increase climate resilience.

However, as noted, while some interventions indirectly contribute to climate resilience, climate resilience-focused investments were not prioritized, **leaving a gap in UNCDF's offer**, as LoCAL focuses on rural settings and MIF prioritized urban settings. In addition, although climate risk assessments are the third element of the climate filter, no evidence of this type of assessment (hazard, exposure, sensitivity and adaptive capacity) was available for infrastructure investments (i.e., Chefchaouen, Tanga), and detailed information on GHG emissions was not always provided for the funded projects.

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[44] UNCDF, "Monitoring and Evaluation Framework for the WE! Fund." These indicators are: "Percentage of female CEOs and Board members in the WE! Fund and its investees," "Number of investees with explicit commitment to gender equality and women economic empowerment," "Number of investees primarily addressing key safeguards for women (access to clean water, sanitation, health, education, markets, transports, electricity, machinery, etc.)," and "Number of jobs (direct and indicate) created disaggregated by male and female."

[45] It does not seem the indicators had anything to do with MIF. Those were part of WE! Fund as an IELD project. The WE! Fund material that went to the investment committee is clearly labelled IELD.

[46] UNCDF Climate Filter Report (2023), p. 3.

[47] Moreover, LTFP as a whole plans to expand the climate filter referred to above to include the United Nations Convention to Combat Desertification (UNCCD) and the United Nations Convention on Biological Diversity (UNCBD), and conduct additional national-level Environmental Impact Assessment (EIA) screenings when national laws request it.

3.2. Coherence

3.2.1. How coherent is MIF design in view of its expected outcomes and impact?

The programme document identified outcomes and outputs, but did **not include a Theory of Change (ToC)** with clear pathways of change. **ToCs were not developed either for country level interventions**. The agency and the practice do have ToCs, but these do not closely align with the programme, beyond the general alignment on building sustainable local financing mechanisms (not individual investments). A reconstructed ToC was developed during the inception phase of this evaluation (see Annex 2).

Although a ToC was not developed, it can be argued that the **programme was well designed**, in the sense that the three outcomes complemented each other well and were well articulated. To improve the quality of life in developing cities, especially in LDCs, and particularly in Africa and Asia, MIF intended to deliver three outcomes: O1) provide LGs and other sub-sovereign entities with transformative capital investment plans, demonstrated debt-carrying capacity, and enabling conditions for infrastructure financing; O2) increase the local fiscal space with debt financing transactions closed and repayments initiated; and O3) contribute to the partner countries' realization of SDG 11 targets with the sustainable development of municipal financing mechanisms.

Outcome 1 focused on the demand side, outcome 2, on the supply side, and outcome 3 on tools, mechanisms and knowledge products supporting outcomes 1 and 2. From a programmatic perspective, MIF interventions were coherent with the expected outcomes and impact of the programme. In Bangladesh, the MIF activities aligned with the three above-mentioned expected outcomes by improving the creditworthiness and capacities of LGs to access private finance, supporting the development of municipal capital investment plans (CIPs), increasing access to multiple finance sources and creating municipal finance mechanisms. Similarly, in Morocco, despite that the fact that the country is not an LDC and thus did not entirely fit within the expected impact of the programme, the MIF activities were generally consistent with the expected outcomes through the increase in capacities, availability and – to a lesser extent – volume of finance for LGs. In Tanzania, MIF activities also aligned with the expected outcomes of supporting transformative CIPs and enabling conditions for financing, enabling the local fiscal space with debt financing transactions, and sustainable mechanisms that also contribute to realizing SDG 11 targets. Global level work also contributed to the expected outcomes and impact, creating some complementary mechanisms to address the multiple barriers to municipal finance (see Box 1).

While activities and outputs generally contributed to the expected outcomes and impact, there were **changes in direction along the way that resulted in uncompleted streams of work**, at the global, national and municipal levels. This was due to several factors. To begin with, the innovative nature of the programme meant that the path to achieving certain goals was not always clear, as there was learning to be done. Moreover, the challenging context contributed to this, with overall limited national and sub-national buy-in, which furthermore shifted along the way. This was compounded by the limited funds available to the programme vis a vis required investment needs.

Due to these factors, within the wide umbrella of the programme, the **prioritization of countries, activities and outputs was mostly opportunistic**, resulting in a flexible programme delivery. Countries, activities and outputs were indeed selected based both on the availability of funds at the time of programming, and how favourable in-country contexts were, in terms of existing agreements partnerships and country-driven demand, **resulting in a bottom-up approach**. As such, the programme adapted to financing opportunities and national and local demand, legislations and policies, resulting in a **wide variety of forms of support to beneficiary local and national governments**.

Box 1. Case study 1, IMIF and IMIF TAF

As explained in Section 3.1.1 on Relevance, cities in developing countries have limited access to capital financing to address urbanization challenges for multiple reasons. Two of the most important factors are the limited availability of international investment funds that work for cities and the limited capacity of LGs to prepare bankable projects.

In collaboration with UCLG, the largest organization of local and regional governments in the world, which represents, defends, and amplifies the voices of SNGs, MIF contributed to the establishment of the IMIF, the only city-friendly equity fund in the world. Currently capitalized at EUR 120 million, it is managed by Meridiam. MIF was critical in its structuring and capitalization, managing the Request for Proposals and the selection of the fund manager. IMIF supports the development of infrastructure projects to address the urbanization challenges that cities in developing countries face. Through funding from UCLG and FMDV, MIF has also contributed to the establishment of the IMIF TAF, which provides technical assistance and capacity support to the pipeline for the IMIF.

IMIF and IMIF TAF have been recently set up, so their results are yet limited. As of July 2023, one city had benefited from IMIF. In particular, the City of Kumasi in Ghana benefitted from a US$250 million investment from the fund to support a multipurpose car park, the redevelopment of the Asafo and Krofroum markets, and the city's Bus Rapid Transit system. As of June 2023, IMIF has approved two additional projects in the Gambia and three additional projects are in discussion stage in Belize, Ghana and Tanzania. In the Gambia and Uganda the ministries of LGs have requested a national call for proposals following the IMIF model, so it becomes a national process.

Reporting on IMIF and TAF progress is in any case limited and insufficiently disseminated, preventing both the evaluation team and IMIF partners from gaining a clear picture of where they stand, or from learning from IMIF experience. The evaluation team did not find minutes of any governance meetings documenting decision-making. That said, the potential impact of IMIF and IMIF TAF is substantial, likely greatly contributing to address the financial and technical barriers for LGs to access capital financing for infrastructure development.

IMIF and IMIF TAF show the importance of comprehensive approaches and complementary mechanisms, synergistically addressing various of the multiple barriers to municipal finance (funds and technical capacity). They also point out the importance of partnerships, with relevant beneficiary associations (e.g., UCLG), multilateral and bilateral funds (e.g., FMDV) and the private sector (e.g., Meridiam). In addition, the implementation of these related initiatives demonstrates the importance of monitoring and reporting, and of communication for accountability, governance and learning purposes.

In addition to the above-mentioned factors leading to a bottom-up approach, it is important to note that there were also programmatic, **top-down changes to the approach**. Although continuity was provided by the practice director (who was an author of the Prodoc), the programme was managed by four different managers, who each brought distinct approaches. This created discontinuity, for instance regarding focus on bonds or municipal financing, which affected in-country work, for example in Bangladesh (see Section 3.3.1 on Efficiency).

The resulting **programme flexibility was coherent with UNCDF's innovation-to-scale approach**, developing municipal finance research-action cases and thus contributing to future programming. However, this **negatively affected cross-country and in-country coherence**, and in some cases had unintended negative effects on the credibility and reputation of UNCDF at country level, at least in Bangladesh. In this country, the programme withdrew its commitment to move potential projects forward and scale them up without sharing a clear rationale for the decision, and this put the CO at odds with key stakeholders. This demonstrated some **tensions between flexibility, innovation and coherence**, which results in risks to be managed.

3.2.2. How distinct/complementary has the MIF approach been to other municipal finance initiatives implemented in LDCs and other developing countries by government and/or key development partners, with similar objectives, including other initiatives within UNCDF and the LTFP?

As described in the background section, several initiatives, inside and outside UNCDF, work globally on the municipal finance space. This is reflected in-country. In Bangladesh, the WBG and the ADB have actively supported municipal finance projects. Over 20 years, the WBG has implemented the Municipal Service Project (MSP) and the Municipal Governance Service Project (MGSP). These initiatives, executed through the Bangladesh Municipal Development Fund (BMDF) and the Local Government Engineering Department (LGED), aimed to improve municipal governance and services. The ADB, meanwhile, has funded various urban projects, including the Urban Governance Improvement Project (UGIP) and the City Region Governance Project (CRDP), focusing on enhancing urban governance and development. In addition to the WBG and the ADB, other actors such as the Islamic Development Bank (IDB), the Japanese International Cooperation Agency (JICA), the French Development Agency (AFD), GIZ, and KfW (*Kreditanstalt für Wiederaufbau*) have also actively contributed to the municipal finance support space in Bangladesh, mainly collaborating with LGED.

In Tanzania, the European Union (EU) and the European Investment Bank (EIB) have undertaken efforts to support municipal development through their Action Document for Green and Smart Cities SASA. They have identified gaps in municipal project preparations and are providing grants for feasibility studies and projects in critical areas such as water and sanitation, transportation infrastructure like bus stops, and fish markets. In parallel, the AFD is conducting investment studies in the Tanga region, focusing on various aspects of municipal development. These interventions aim to promote sustainable urban growth and address specific challenges faced by Tanzanian municipalities. Several funders provided support for Tanga UWASA's capital projects. In 2021, the Tanzania Investment Bank (TIB) loaned funds to Tanga for water utility upgrades. Additionally, the WBG has a grant project in collaboration with Tanga UWASA to enhance the sewerage network, which will be implemented through a loan to the Ministry of Finance and Planning (MoFP). Furthermore, the EU initially intended to support Tanga UWASA, but due to significant overlap with existing initiatives, this support did not materialize.

In Morocco, a few actors have also contributed to municipal development projects. GIZ funded the feasibility study for Chefchaouen's public lighting modernization and supported the design and operationalization of a Climate and Environment Center. The EU funded the Sustainable Urban Development Programme (SUDEP), which aimed to promote sustainable development across Morocco. Additionally, the AfDB has been working through its Urban and Municipal Development Fund (UMDF), although with a focus beyond municipal finance.

In Nepal, ADB, WBG, KfW, and GIZ, have invested in grants and revolving funds to support municipal development. Their efforts have laid the foundation for the establishment of the TDF.

In Senegal, the WBG has implemented the Municipal and Agglomerations Support Programme-for-Results (MASP). This programme focuses on improving local government financing, increasing capital grants transferred from the state to LGs, introducing objective and equitable criteria for grant allocation, and building the capacity of LGs to generate their own revenues.

While, as shown, other UNCDF initiatives inside and outside LTFP and other development partners work in the municipal finance space, MIF is quite unique. Within UNCDF, **MIF focuses on various non-grant municipal finance instruments**, while complementing other agency initiatives for local financing like the grant-based LoCAL and digital economy initiatives. Unlike most development partners, which are highly risk-averse, MIF truly seeks to innovate in terms of beneficiaries and instruments and regions, **focusing on LDCs and intermediary cities**. While most development partners, and especially development banks, work through the central governments and do not consider financial instruments directly used by non-sovereign entities, MIF centers on non-sovereign entities and financial instruments that work directly with and for them, from the global (funds, technical assistance facilities and guarantees) to the regional and municipal levels (zero interest loans and bonds, such as regional blue peace bond and subnational green bond). **This focus on domestic and non-sovereign finance, primarily working with LGs, is uncommon**. In addition, MIF tends to focus on LDCs and intermediary cities whereas other development partners focus on more developed countries and larger cities. This distinctiveness **opens space for complementarity**, allowing for potential replication and scaling up by larger global development banks of the instruments tested by MIF.

Types of coordination mechanisms. Within UNCDF, the programme was funded through the Last Mile Finance Trust Fund (LMFTF), an innovative mechanism for programming that offers a means for donors to initiate new core projects. LMFTF has provided funding for diverse programmes under LTFP, including both MIF, LFI and LoCAL, as well as for the IDE Practice. The partnership unit of UNCDF contributes to coordination within the organization between the different initiatives funded by LMFTF, including both MIF and other initiatives. Interviews claim that, to foster collaboration, coordination efforts have also been made through the integration of MIF within UNCDF initiatives ToCs, in terms of contributing to addressing barriers to municipal finance, especially within LTFP.

Within the LTFP, **MIF's design could be considered a coordination mechanism**. The MIF programme was initially designed as a comprehensive initiative, umbrella or platform that would comprise different approaches, instruments, themes and countries, working closely with other LTFP initiatives[48]. For this reason, within the LTFP, management meetings were regularly organized, and resources were pooled together with the programmes of the whole practice, in particular with LFI and IELD (on the gender work). This facilitated synergy between MIF and other LTFP work, and avoided duplication of efforts (see below and Section 3.2.1 on Efficiency), although it also meant that the complementary work on grant-based finance and women's economic empowerment may have not always been visible for this evaluation team.

Outside UNCDF, at the global level, **MIF coordinated with other development partners** through established coordination fora, including the Development Partner Network on Decentralization and Local Governance (DeLoG)[49] and the Local Public Sector Alliance[50]. The Malaga Coalition, including UCLG, FMDV, *Ayuntamiento de Malaga* and UNCDF, and the Global Observatory on Local Finance, hosted by UCLG, in partnership with the OECD, were also useful spaces for coordination as strong convening hubs for local finance actors. In those spaces, it was the LTFP practice as the UN Subnational Financing Hub, and not MIF as a specific project, who was represented, but given the platform nature of MIF this was not a major shortcoming. There is **no evidence of MIF or LTFP participating in similar regional coordination spaces**, but available information suggests bilateral interactions with key regional players, especially regional development banks (i.e., AfDB and ADB), but also others, such as the Association of Southeast Asian Nations (ASEAN). At the country level, evidence collected suggests that coordination was mostly bilateral and *ad hoc*, with no established regular multi-stakeholder coordination spaces.

Examples of synergies created. These coordination mechanisms have led to collaboration and synergies, with room for improvement at certain levels and with some stakeholders. Under LTFP – and because their beneficiaries are in some cases the same – MIF worked with the above-

[48] For instance, the program document states that "while MIF has clear global objectives, each country framework will be designed to reflect the unique needs and context of the country. MIF will therefore serve as an **umbrella** for tailored interventions in assisted countries. Given the unique internal conditions and influencing external environments found in countries, it is not expected that the programme outputs to be replicated nor (re)main constant in the context of each country programme". Similarly, the program document argues that "MIF will be an important platform for UNCDF, and the UN in general, to make the case that the time has come to understand and address the myriad of restrictions that keep an adequate flow of sustainable capital financing, including financing by the private sector from both domestic and international sources, from being invested in productive assets that increase local urban infrastructure and other urgent needs of local governments in the developing world". Program document, pp. 21 and 16 respectively.

[49] The 'Development Partners Network on Decentralization and Local Governance' (DeLoG) is a network of 48 bi- and multilateral development partners and specialized institutions working in the field of Decentralization and Local Governance (DLG). By promoting more harmonized and aligned interventions the network aims to improve development effectiveness in the field of DLG. Established in 2006 DeLoG operates as a hub and network for knowledge exchange among different organizations as well as a platform for joint learning. Funded by the BMZ and GAC, the network's activities are facilitated by the DeLoG Secretariat hosted by GIZ in Bonn.

[50] The Local Public Sector Alliance (LPSA) seeks to promote inclusive, equitable societies and sustainable global development by enhancing the understanding of decentralization and localization as complex, cross-cutting and multi-stakeholder reforms.

mentioned UNCDF programmes, and seized the opportunity to **merge resources, thus creating synergies**. LoCAL provided MIF with the climate investment filter, an internal tool that served the programme's work on securitization, and IDE provided support on digital tax collection and administration on MIF's local fiscal space aspects, in particular through the Infrastructure Asset Management and Rebuilding Local Fiscal Space initiatives. Similarly, MIF benefitted from the gender expertise of the IncluCity team and its affiliated initiative Women-led Cities (WLC)[51], as well as LDCIP staff, regarding both the city guarantee schemes and the bonds. In turn, MIF tested approaches and instruments and raised resources (i.e., the EU guarantee facility, and the funds mobilized through the partnership with UN-Habitat).

At the more **strategic level**, however, there is room for improvement to have a more systematic/ holistic/ **comprehensive collaboration** between MIF and other UNDCF initiatives. With the IDE practice, beyond the Rebuilding Local Fiscal Space initiative, as digitalization can further contribute to municipal finance (see Box 2). Overall, as noted elsewhere in this report, collaboration with other UNCDF programmes to **better integrate GEEW** into MIF activities could also have been stronger.

At the **global level**, coordination efforts have resulted in **some significant synergies**. The most important one is the long-term partnership with UN-Habitat. In addition, coordination with UN DESA and the United Nations Office for Project Services (UNOPS) resulted in a global joint programme (Infrastructure Asset Management). MIF also partnered with the five regional commissions of the UN and UN-Habitat in the Building Urban Economic Resilience during and after COVID-19 initiative. These are explained in more detail in Section 3.2.3 below.

The results of **coordination with the WBG at the global level are mixed**. The MIF and the WBG coordination centered on LoCAL, financial instrument research and the EU City guaranteed facility. However, collaboration in the latter had been limited, despite WBG interest, partly due to the different approaches mentioned above. In any case, collaboration has increased recently, after MIF, indicating a potential shift towards more and stronger synergies and a joint WBG and UNCDF paper on Municipal Finance is currently being prepared.

Collaboration appeared to be more prominent with regional development banks, as with the AfDB, which resulted in the bank's request for UNCDF's involvement in testing initiatives.

Collaboration with other development partners at the national level varied depending on the context. In general, collaboration with the WBG at the country level was difficult, as the operational modality of WBG is centered around working with the central government, and UNCDF focuses on a bottom-up approach. Although there was extensive communication between the MIF programme and the WBG COs, as well as collaboration at the individual expert level, establishing coordinated programming on the ground was difficult due to the WBG's extensive conditionalities and delays in institutional-level cooperation, partly due to competition to mobilize funds with mainstream financial institutions. That said, there was some collaboration on knowledge products, such as municipal bonds in Bangladesh. Beyond WBG, through partnership agreements, MIF collaborated with the International Monetary Fund (IMF) in the Democratic Republic of Congo (DRC), Uganda, and Somalia. In addition, it collaborated with United States Agency for International Development (USAID) in promoting an integrated digital tax administration system in Uganda. In Bangladesh, the UNCDF CO shared policy briefs with JICA, as well as the regulatory desk review with USAID and Sida, who provided information and insights to enhance the effectiveness of initiatives. In Tanzania, after UNCDF sought the support of the EU, the latter guaranteed the Tanga UWASA Green Bond through its SPV.

Nevertheless, there seems to have been room for further collaboration with some players active in this space, such as AFD.

[51] WLC is a joint global initiative from UN-Habitat, UNCDF and ellaimpacta Alliance under UN-Habitat's initiative SDG Cities, affiliated to IncluCity project. See: https://www.uncdf.org/article/8178/un-habitat-uncdf-and-ellaimpacta-alliance-announce-women-led-cities-a-global-initiative-to-accelerate-gender-equality-and-increase-opportunities-for-women-across-cities

Examples of duplications observed. Given the distinctive nature of the programme and the coordination mechanisms put in place, **no duplications were observed**.

3.2.3. How compatible was MIF to target countries' UNDAF/UNSDCF ongoing objectives as well as to similar initiatives by the UN in the programme countries?

With only a few exceptions, **MIF** and its area of intervention were **not systematically**, directly, or explicitly reflected/ **integrated** in country-level United Nations Development Assistance Frameworks (**UNDAFs**)/ United Nations Sustainable Development Cooperation Frameworks (**UNSDCFs**) in the countries where the programme operated[52].

In most reviewed countries, UNDAFs/UNSDCFs did not include references to MIF itself, urbanization, municipalities or local finance. This is the case in Bangladesh's UNDAF 2017-2021, Nepal's UNDAF 2018-2022, Tanzania's UNSDCF 2022-2027 and Morocco's UNSDCF 2023-2027. The only exception is Bangladesh's UNSDCF 2022-2026, which explicitly prioritizes the provision of "support to the Government and private sector for long-term, low carbon, and resilient urbanization planning that is sensitive to displaced populations and other vulnerable people, especially for pollution reduction, waste management, and land use planning"[53]. It also mentions that "the UN will work with the Government to encourage and support use of new and innovative financing mechanisms including blended financing (involving bilateral grants, loans and other funding sources) […]"[54] showing a clear alignment of MIF intervention with the UN's latest objectives in the country. When UNCDF is explicitly mentioned in UNDAFs/UNSDCFs in other countries, this is most frequently related to climate change resilience, in particular through the LoCAL programme, which has been running for more time than MIF and has a less diffused nature[55].

That said, in most countries **MIF contributed indirectly or implicitly to the reviewed UNDAFs/UNSDCF's**. In all countries, MIF was consistent with the overall development objectives of these frameworks. For instance, MIF implicitly contributed to two of Tanzania's four UNSDCF 2022-2027 priority areas – prosperity and enabling environment – by working to improve fiscal space for municipal infrastructure financing and building the capacities of the central government on municipal and sub-regional bonds. Furthermore, in some countries, MIF aligned with some of the sectoral objectives outlined in those frameworks. For example, in Morocco, where the country's UNSDCF 2023-2027 does not explicitly refer to UNCDF, MIF's promotion of energy efficiency aligned with its strategic priority of promoting the ecological transition and the emergence of a circular and low-carbon economy through the development of large-scale renewable energy pilot projects and the collaboration with the private sector. **The exception is gender, where there are important gaps and weaknesses in addressing and mainstreaming GE and HR in MIF initiatives**. While all the UNDAFs/UNSDGs integrate gender and address UN and national commitments on gender[56], these are not well integrated in MIF.

The alignment of MIF interventions with in-country UN initiatives was overall good in Sub-Saharan Africa, especially in Tanzania, but limited in other regions. In Tanzania, collaboration with UNDP and the UNCDF LFI project included the establishment of legal and governance structures in the form of SPVs to manage the operations of solar powered Off Grid

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[52] Morocco, Senegal, Gambia, Guinea, Guinea-Bissau, Sierra Leone, Mali, Ghana, Cameroon, Uganda, Tanzania, Nepal and Bangladesh.
[53] See: United Nations Sustainable Development Cooperation Framework (UNSDCF) Bangladesh 2022-2026, p.45
[54] See: United Nations Sustainable Development Cooperation Framework (UNSDCF) Bangladesh 2022-2026, p.39
[55] For instance, in Nepal's UNDAF 2018-2022, UNCDF is presented as a contributor to Outcome Area 3 "resilience, disaster disk reduction and climate change adaptation", monitored through "institutional mechanism and action plan response and recovery for rural and urban municipalities guided by new policy and legislation in place" and "Local climate adaptation plans and local disaster climate risk management plans adopted by new urban and rural municipalities" indicators. Similarly, Senegal's UNDAF 2019-2023 strategies include the technical assistance to the local governments to "strengthen the resilience and technical capacity of vulnerable communities to adapt to and mitigate climate change, and on early warning systems for better anticipation, preparedness and response to humanitarian emergencies".
[56] For example, the Tanzania 2022-27 and Morocco 2023 UNSDCF clearly mainstream gender.

Box houses in three LGAs to bring clean energy and clean water to their rural communities[57], and the provision of technical support and grants to small and medium-sized enterprises (SMEs) and LGAs implementing revenue-generating projects linked to the tourism sector both in Zanzibar and mainland Tanzania, the latter also with the United Nations Industrial Development Organization (UNIDO) and the International Labor Organization (ILO)[58]. In addition, MIF collaborated with UNDP in Guinea, in the provision of grants to unlock loans from domestic banks to finance PPPs/SMEs projects previously identified and structured by UNCDF[59]; Senegal, where the programme aligned with UNDP efforts through a co-financed fund; Uganda, where there was a joint programme in the north of the country; and Kenya, where there was a joint programme on devolution. Furthermore, MIF aligned with UN-Habitat's intervention in Ghana, with funding from the Government of Norway, around achieving SDGs in cities[60]. It is worth noting, however, that it was **not always clear whether these collaborations were part of MIF or the practice's broader work** (indeed some collaborations seem to have taken place under the Local Finance Initiative (LFI) programme, so attribution/ contribution claim has to be made with caution)[61]. Consistency or alignment with other UN interventions was not observed in other regions (including in Morocco, Bangladesh nor Nepal).

MIF collaborated with other UN agencies at the global level, but these collaborations did not clearly involve specific alignment with other UN in-country interventions. In particular, MIF partnered with UN DESA and UNOPS for the Infrastructure Asset Management at the Local Level Programme. This programme was implemented in Asian and Sub-Saharan countries[62], but did not involve substantive collaboration with other in-country UN initiatives. It is worth noting that alignment with other UN in-country initiatives seems to be increasing after MIF. As noted, UNCDF signed a Memorandum of Understanding (MoU) with UN-Habitat, which is starting to be operationalized in other in-country work, for example in Latin America, and joint work with UNDP is also increasing, as in Jordan. Synergies arising from the collaborations of the MIF programme with UN DESA, UNOPS and UNDP are presented in Section 3.2.1 above.

3.3. Efficiency

3.3.1. What is the quality of outputs (deliverables) provided to date?

The **quality of materials and products delivered through MIF appeared to be good overall, with some room for improvement**. In Bangladesh, the overall quality of the outputs (workshop on data management, creditworthiness assessment report, policy briefs, feasibility studies,

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[57] The initiative is called Water and Energy Solutions to remote rural communities in Tanzania. The projects are now complete, up and running with a capacity of supplying over 120,000 liters of clean and safe water to over 5,000 households in rural communities. In addition, the projects offer access to electricity for charging over 6,000 family kits (mobile, phones, or solar laps) per day, a service that is highly needed in rural areas with no grid connection. formed SPVs act as investment vehicles for LGs to attract additional capital for other revenue generating investments in their localities

[58] This includes the Integrated Tourism Recovery and Resilience in Zanzibar project and the Supporting MSMEs in the Horticulture Sector in Mainland Tanzania project. The former supported 5 SMEs and 3 local government authorities projects worth US$840,000 of investment in response to the impacts of COVID-19 in the island economic, which is very tourism-sensitive. The response saved the jobs of 781 workers (397 women and 384 men) in the 3 LGAs. The latter implemented COVID-19 recovery interventions in horticultural value chains in Arusha and Kilimanjaro regions and enabled small-holder farmers to resume working and ensured the sustainability of their businesses.

[59] In the framework of the "Support the socio-economic integration of youth" (INTEGRA) project, which aims to promote the inclusive economic development of Guinea through the prevention and limitation of irregular migration, as well as to enable the reintegration of returning migrants with a sustainable socio-professional integration of young Guineans

[60] This includes systemic data collection and analysis processes, city development strategies, strengthening local institutional capacities, supporting the preparation and financing of high impact local initiatives, and awareness raising and education. In this country, UN-Habitat has leveraged its role as the custodian of the New Urban Agenda and its networks and partnerships to successfully raise funding from Norway for joint implementation. UNCDF and UN-Habitat came up with a joint workplan and will share staff such as investment officers.

[61] In Tanzania, for example, MIF only worked on the Tanga UWASA Bond, according to UNCDF's country team. It is unclear whether collaboration with the initiatives mentioned above occurred through MIF or UNCDF more broadly.

[62] The Gambia, Kenya, Tanzania, Uganda, Bangladesh, Laos and Nepal.

concept notes on waste-to-value conversion and waste-to-energy) was good. However, the CIPs did not present the underlying causes of the issues presented and were inconsistent, making a portfolio assessment difficult to conduct[63]. Moreover, as noted in other sections, attention to GE and HR was minimal or absent in most outputs reviewed, including in those – such as feasibility studies, background analysis documents, and learning materials – where there were clearly opportunities to address social equity and inclusion issues.

3.3.2. How well is the programme being governed, through the involvement and contributions of key partners?

Degree of stakeholder representativeness in governed bodies. As presented in the programme description, MIF was implemented under a DIM, with UNCDF serving as the Implementing Partner, under the management of LTFP. A Steering Committee was established, composed of representatives of six target countries, two donors, and two observing development partners, which seems a reasonable composition. The Steering Committee meetings were chaired by the UNCDF Director of LTFP. In addition, governance bodies, in particular Advisory committees, were established for sub-programmes derived from MIF, such as IMIF TAF and the EU guarantee facility. **No governance bodies were created for country level interventions, which was not adequate**. No information is available on the ratio of female to male in MIF Board members.

Frequency of meetings. Frequency of Steering Committee meetings was **not adequate**. Available documentation suggests that only one MIF Steering Committee meeting was organized – in January 2021, with the attendance of all its members. It is unclear if other Steering Committee meetings were organized, as other minutes were not shared with the evaluation team. That said, evidence collected among stakeholders suggests that ad hoc meetings were regularly organized with partners and in-country beneficiaries and that conferences such as the Malaga Coalition meetings set the overall MIF agenda.

Given the overarching nature of MIF, **practice meetings functioned greatly as MIF management meetings**. At the Practice level, weekly meetings were organized for decision-making and bi weekly meetings were organized for technical presentations, including a member of the UNCDF Partnerships Unit. Additionally, the Istanbul planning meetings, held to plan the pipeline for the practice, including the MIF programme, took place yearly. The conclusion of the Istanbul meetings was the approval by the UNCDF Executive Secretary of the Investment Plan, which included the investment projects supported by MIF and LFI. Interviews suggest that not all decisions were made collaboratively, or at least there were **some tensions regarding some decisions**, including the geographic representation of programme funding allocation, which left some regions behind, and did not complete work in other countries, although the practice management sought to allocate resources to the most promising areas for success and for further resource mobilization.

Regarding country coordination, the MIF programme initially organized monthly meetings for monitoring purposes. At some point, however, these meetings became quarterly. It is worth noting that **staffing at national level was often limited**. The Tanzania office was responsible not only for leading the country initiatives but also supporting initiatives in other African projects related to MIF, and there was only one person in Tanzania specifically allocated to MIF. Staffing in Morocco and Bangladesh was limited as well. It is also important to mention that **key stakeholders were not engaged in some countries**. For example, in Tanga, Tanzania, the development of the subnational bond involved the utility company (UWASA), but not the municipality – indeed the

[63] As explained in the country report, the problem analysis in CIPs is brief and not really strategic, just a list of issues, and the impact level is identified, but the relationships, barriers and root causes of the problems are not analysed. Moreover, there was room for a more consistent and structured process regarding CIPs, which do not consider the same sectors nor apply the same numbering approach.

evaluation team could not meet the Municipality of Tanga during the visit to the city because the MIF team had no contacts there.

At **the project/mechanism level, there is evidence that some meetings occurred, although their nature and frequency are unclear**. The Advisory Council of the EU guarantee facility convened for the first time in Nairobi on June 8th, 2023. The documentation provided to the evaluation team does not include minutes of meetings of other governance bodies, such as the IMIF TAF Advisory Council, which according to documentation should have one to three ordinary meetings per year.

Degree of stakeholders' satisfaction with the governance arrangements of the programme. Overall, stakeholders were **not entirely satisfied** with the programme's governance arrangements. While most of them recognized the governance and management efforts of the MIF umbrella, some were critical of the lack of transparency regarding budget allocation and expenditure, as well as poor reporting on the programme results' progress. An interviewee indicated that "There is no visibility of what has been achieved. As partners, we would like to have more information on where the projects are."

Evidence of lessons learned and recommendations used in management decisions. No previous evaluation or midterm review of the MIF programme was conducted. **Lessons learned were not systematically documented and disseminated**. However, interviews suggested that **lessons learned were discussed and exchanged within the LTFP and used for management decision-making** between the sub-programmes or projects under the global initiative. No hard evidence is however available. Interviews suggest nevertheless that this has been particularly the case for the intervention in Jordan, where a joint initiative is currently being co-designed with UNDP, directly derived from lessons learned on intermediary funds and municipal bonds, respectively, from MIF experience in Nepal and Tanzania. Indeed, municipalities will request a bond for investing in solar panel electricity, water management and a desalination plant through the Jordan Basin Authority. Through an SPV, this bond will allow revenue generation and repayment.

Examples of mechanisms used to share M&E materials with stakeholders. Under MIF, the evaluation found that **M&E materials were not shared with stakeholders**, leading to the dissatisfaction on the part of some. Details are presented in Section 3.3.3 above.

3.3.3. How well has MIF delivered its expected results to date, including in terms of budget allocation and cost-effectiveness of activities? How well are the key implementation partnerships functioning?

Planned versus actual disbursements, including incurred expenditure. The planned and actual disbursements, including incurred expenditures, presented in the MIF documentation **were inconsistent**, as shown in Figure 2 below: actual disbursements were greater than planned in output 1, and lower than planned in outputs 2 and 3. This inconsistency does not seem to be related with the realistic degree, or adequacy of the three assumptions included in the Prodoc. While the main one is not clearly formulated, the other two are appropriate, although there are limits to the impact of one of them[64]. This inconsistency seems to be more related to the flexible implementation of the programme, given its umbrella nature.

[64] The results framework includes "risks/assumptions", not being clear which one is a risk, and which one is an assumption. The main assumption is "the implementation of the project across at least four countries and twelve local governments over a period of five years". Other important assumptions are that " 1) the planning, in certain early phases, accommodates more than twelve cities in total to allow for attrition for inappropriate cities; and, 2) the budget itself can be lowered in instances where activities from different outputs occur simultaneously and are conducted by the same team". Regarding the main assumption, it is not always clear what was the expected or assumed level of implementation in each of the countries and local governments. Assumption 1 was adequate. Assumption 2 makes sense, but there are limits to the impact these efficiencies can make.

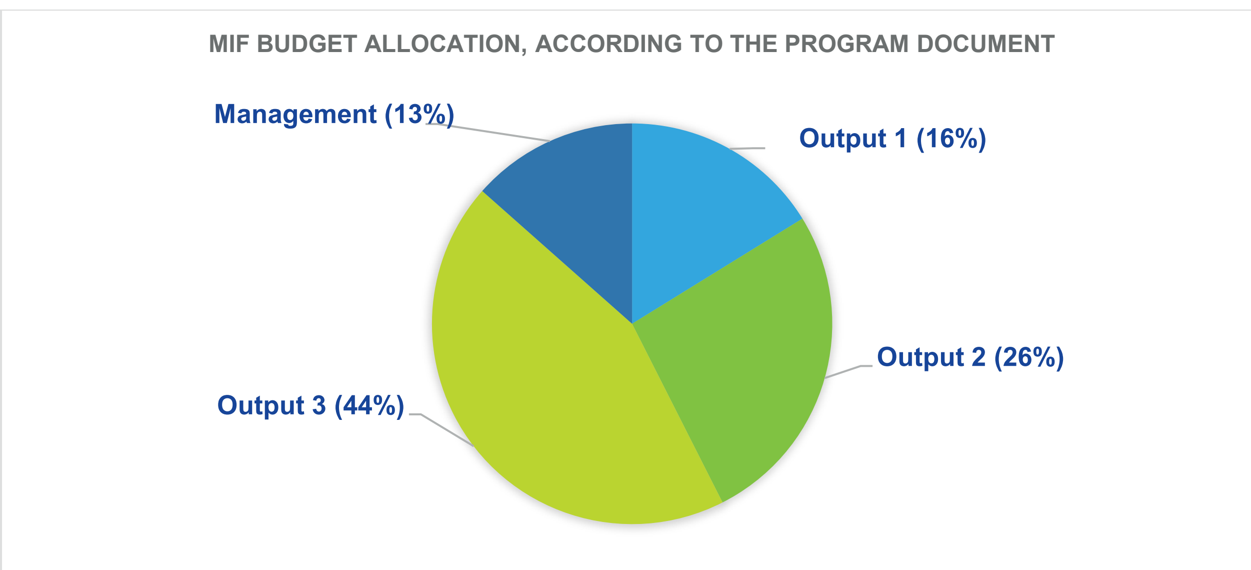
As per the MIF programme document, the estimated budget associated with Output 1 (LGs and other sub-sovereign entities have transformative capital investment plans, demonstrated debt-carrying capacity, and enabling conditions for financing) was US$4,000,000. However, in the PRRF, it was estimated at US$14,874,915. Considering the budget mentioned in the programme description and the implementation status as of September 2021, stating an expenditure of US$5,247,600, the disbursement rate for Output 1 was 131.19%.

Similarly, as per the MIF programme document, the estimated budget associated with Output 2 (local fiscal space increased with debt financing transactions closed and repayments initiated) was US$6,500,000. However, in the PRRF it was estimated at US$10,784,734. Considering the budget mentioned in the programme description and the implementation status as of September 2021, stating an expenditure of US$1,361,119, the disbursement rate for Output 2 was 20.94%.

Likewise, as per the MIF programme document, the estimated budget associated with Output 3 (sustainable development finance mechanisms to support the realization of SDG11) was US$10,860,750. However, in the PRRF it was estimated at US$8,325,725. Considering the budget mentioned in the programme description and the implementation status as of September 2021, stating an expenditure of US$1,897,751, the disbursement rate for Output 3 was 17.47%.

No harmonized information is available on the annual and geographic distribution of expenditure.

Proportion of costs and budget allocation for the functioning of the management structure to the total programme budget. According to the data provided by the programme team in May 2023, regarding operations management costs, while the estimated budget presented in the MIF programme document was US$3,325,000, the PRRF valued it at only US$162,000. These costs are not reported in the implementation status as of September 2021. The available information thus does not allow to robustly assess the cost-effectiveness of the programme in terms of actual programme management expenditure over actual programme expenditure.



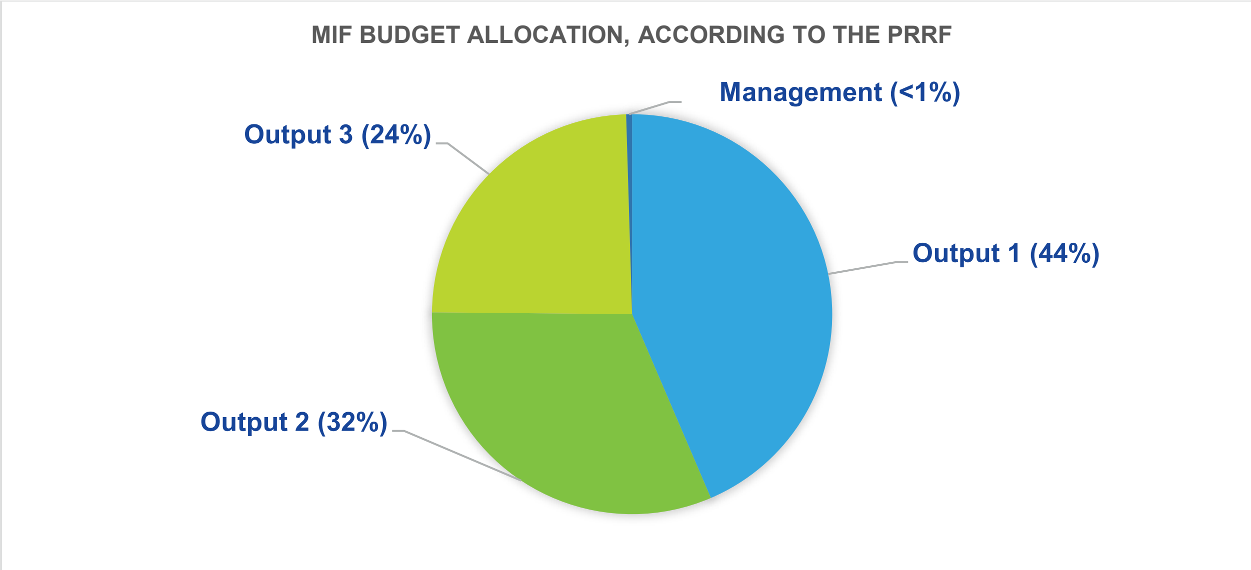


Figure 2. MIF budget allocation inconsistencies

Source: Baastel, based on the figures provided in the MIF programme document and PRRF

Expenses sheets provided to the evaluation team show staff costs per region. Global staff costs for MIF represented half of the total staff costs (51.6%), while costs for the staff based in Africa (Senegal and Tanzania) and in Asia (Bangladesh and Nepal) respectively represented 14% and 34.3% of the total staff costs, or the other half of total staff costs - the latter amounting to US$2,915,096. **Staff costs accounted for half (49.9%) of MIF's total expenditure**. That said, it is to be noted that for each country presented, **staff costs are higher than grants** and other expenditure, except for Senegal, as shown in Table 5 below:

Table 5. Comparison between staff costs and grants and other expenditures in four countries of intervention

Country	Staff Cost	Grants and other expenditures	Multiplier
Tanzania	218,817	121,386	1,8
Bangladesh	669,367	592,193	1,1
Nepal	331,313	219,269	1,5
Senegal	190,684	503,357	0,3

It is worth noting that to increase efficiency (and coherence and effectiveness) MIF developed standard tools for the practice (i.e., dual key investment process, impact methodology, climate filter, employment and job creation methodology, blue peace index, a credit evaluation process). These relevant standards were developed to respond to MIF and help increase the pipeline of municipal finance across geographies and thematic. **The management structure where costs were shared by different programmes may have had positive effects on cost-effectiveness**, in terms of economies of scale. Likewise, it is worth noting that given the umbrella nature of the programme and its technical assistance focus, grants to the investment projects were sometimes made from LTF projects that were more weighted to grants.

Evidence of activities not implemented/ revised due to a lack of financial resources. As explained in Section 3.2 on Coherence, MIF was a flexible programme that adopted an opportunistic approach. In this sense, **not all initially-planned activities were implemented**, as the programme changed throughout implementation, depending on the availability of funds, how conducive the country contexts were to programme goals, and the focus of programme managers (MIF had three managers, with different duty stations and thematic and geographic priorities).

This programming also significantly relied on the results of initial phases, in tune with **UNCDF's innovation-to-scale approach**. In this context, some initially planned activities and outputs were not implemented. Sometimes this was due to external factors (i.e., changes in country context), such as in Tanzania, regarding the Mwanza bond that did not progress because the project was bundled into a sovereign loan. In some other cases, budget limitations explain the non-implementation of activities. As MIF did not have the financial capacity to support transactions in a large number of countries, **MIF prioritized budget allocation** for activities and outputs that appeared to have a higher potential for municipal finance development. This meant that some planned activities were not implemented or were discontinued - for example, in Bangladesh (pilot of appropriate platforms for financial transactions in the first phase, project implementation and repayment support in the second phase), due to lack of funding or lack of potential for success. Conversely, the programme implemented sub-programmes and activities that were not originally planned, for instance regarding COVID-19 (see Section 3.3.5 below).

Box 2. Case study 2, Rebuilding Local Fiscal Space

LGs in developing countries tend to have a reduced fiscal space due to multiple structural barriers (see Section 3.1.1 on Relevance). This puts them in a difficult position to prepare for, respond to and recover from external shocks, such as natural disasters (e.g., hurricanes, earthquakes), technological disasters (e.g., massive explosions), or health crises, such as the 2002-2004 SARS Asia epidemic, the 2013-2016 West Africa Ebola epidemic, or the 2020-2023 COVID pandemic. These external shocks further reduce LGs fiscal space during their occurrence, reducing their revenues and increase their expenses, and can have long lasting negative effects in their fiscal space, as LGs may need many years to recover from them.

To tackle this, in collaboration with ODI, in the second half of 2020, MIF created a sub-program, the Rebuilding Local Fiscal Space Initiative, to help LGs address the effects of the pandemic on their finances. The initiative provided technical assistance in the form of studies and the corresponding recommendations and funding for digital equipment, so that municipal staff could continue working and city dwellers paying taxes even when they could not physically get to physical tax collection offices.

The initiative not only helped LGs better cope with and recover from the impacts of the pandemic on the local fiscal space, but will likely have also long-term positive impacts, as the technological equipment provided by the program improves the capacity of local government to manage and collect taxes in long run. In Bangladesh, municipal staff of one of these municipalities (i.e., Chandpur) confirmed that the initiative allowed the municipality to improve tax collection, with effects up to today, beyond the pandemic period. This helped LGs' finances better prepare for future, yet uncertain, but likely, external shocks.

The Rebuilding Local Fiscal Space initiative showed the impact that external shocks can have on LGs' structurally limited fiscal space. It also demonstrates the importance of programs helping LGs' finances better prepare for, respond to and recover from these shocks, as the capacity of most LGs to do this by their own is limited. Furthermore, the initiative highlights the importance of programs flexible enough to accommodate unplanned subprograms that can address emerging needs. Finally, it shows the importance of technology for municipal finance, including tax management and collection. In that sense, there seems to be room for further work on municipal finance preparedness for external shocks, beyond the argument that general strengthening will do this automatically, and enhancing the technological capacities of LGs, further building on the work of the IDE practice.

Evidence and reasons of delays or time gains in activities' implementation. Most delays in the implementation of MIF activities were caused by external factors. **The most important was the COVID-19 pandemic and all its knock-on consequences**. These included the impossibility of holding in-person meetings and negotiations, the disruption of various supply chains, and other effects slowing down cooperation in general. In addition, contextual factors affected the timely implementation of some MIF activities. For instance, in Morocco, the launch of the project was delayed by the closure of the Treasury fiscal year. In addition, the national government's changing leaders and priorities delayed Tanzania's project implementation.

Degree and type of coordination required with partnerships. Through **key partnerships, the MIF programme was able to reduce costs for results delivery**. As presented in Sections 3.2.1 and 3.2.3 on Coherence, the MIF intervention partnered with UN DESA and UNOPS for the Infrastructure Asset Management at the Local Level Programme[65]. The coordination allowed the strengthening of MIF activities with additional expertise, training material and technical assistance benefitting to its target countries. In addition, the partnership developed with ODI delivered sound assessments on local fiscal space for the MIF programme and target LGs in seven countries.

Examples of efficiency gains related to implementation partnerships. The efficiency gains originating from MIF implementation partnerships are presented in Section 3.2.1 on Coherence.

3.3.4. How appropriate is the programme's monitoring system to track direct programme results and its broader contribution to the overall objectives?

Risk management assessment. The initial MIF programme document (2015) included a risk analysis, framed by risk scale and level, and associated with mitigation measures. A more comprehensive Risk Log was then developed in the updated MIF programme document (2020) showcasing the type, level, probability, impact, associated mitigation measures and staff responsibility for each risk identified, and including an additional risk related to the COVID-19 pandemic. Based on the available documentation, additional risks were identified at the project level in January 2022, and the full range of risks' status was revised in July 2022, entailing no changes. **These assessments were appropriate**.

Design of the M&E system[66]. The MIF programme document included sections on M&E and reporting (sections 7.2 and 7.3, respectively). The document indicated that the programme would be monitored through an overall PRRF, which was included in the programme document, and country-level results frameworks, to be developed by the Programme Implementation Unit (PIU), with outputs and activities, together with corresponding indicators, baselines and targets, which would link to the global PRRF.[67] According to the programme document, the PIU would be in charge of "monitoring activities in each country using indicators agreed in the country's results framework, using the respective country baseline and performance tracking tools."[68] On this basis, the PIU would "issue semi-annual country-level monitoring reports as well as annual progress reports. The reports will include information on progress on accomplishing MIF outcomes such as sustainability improvements in governance, and programme and project outputs, such as plans prepared, investments completed, and training delivered".[69]

Although the M&E plan contained important basic elements, there was **room for improvement**. The programme document indicated that programme and country level results frameworks would be developed, but did not indicate if sub-programme level (e.g., IMIF, Blue Peace) results frameworks would be developed, which should have been done. Moreover, the text on reporting was not clear – for example, it was not clear whether semi-annual and annual reports were to be issued at the country level, at the programme level or both levels, and whether they would be issued at the sub-programme level. The expected content of reports was also unclear: a template was not provided as an annex, and reporting on targets was not explicitly mentioned. An interviewee mentioned that "No knowledge base was developed". Furthermore, the roles of stakeholders beyond PIU, such as the LTFP, UNCDF EU and CO staff, and overall methods and

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[65] See: https://financing.desa.un.org/capacity-development/topics/infrastructure-asset-management
[66] Existence and degree of soundness of baseline assessment in the planning documents, of M&E strategy, performance measurement framework/logframe, with specific, measurable, attainable, relevant and time-bound (SMART) indicators, in the planning documents.
[67] Program document, p. 40.
[68] Ibidem.
[69] Ibidem.

sources of verification were not explained. Finally, the budget allocated for this plan was not specified.

Moreover, the **PRRF was not sound**. Many indicators were not specific, measurable, attainable, relevant and time-bound (SMART), as detailed in Annex 7. Their baselines were not always defined, and their targets were often not sufficiently specified, making monitoring difficult. At the global level, while defined indicators were relevant to the outputs of the programme, there was no clear indication of their object (i.e., target country or LG) nor their timeline. Nor were indicators and targets systematically linked to a specific activity's output, making the PRRF difficult to interpret. Moreover, the PRRF only included very few, and very limited programme-level indicators to track GE and HR features.

Consequently, the **overall M&E system of the programme was inadequate for effectively monitoring direct project outcomes and their broader impact on the MIF programme and its intended objectives**. These weaknesses could be partly explained by the lack of expert M&E staff specifically dedicated to the programme, at the practice, sub-programme and country levels:

Implementation of the M&E system[70]. Programme monitoring and reporting had room for improvement. The M&E plan presented in the programme document was not fully implemented. At the global level, no specific programme reports seemed to have been prepared semi-annually nor annually. By and large MIF reporting was done through LMFTF reporting, through reporting to specific donors on specific sub-initiatives and through LTPF reporting including as input to UNCDF annual reports. However, LMFTF comprises a large number of programmes, across multiple practices, and has its own structure. Moreover, apparently LMFTF donors requested the report to be brief. As a result, the volume of information on MIF provided in LMFTF reports tended to be limited. Furthermore, as LMFTF reports also included LFI activities complementary to MIF and were cross cutting by theme and LMFTF window, it becomes difficult to separate out the activities funded by the MIF Prodoc. Only the 2017 report provided substantive and rather comprehensive information on MIF. The 2018 report provided less but still explicit information on MIF. The 2019, 2020 and 2021 reports did not refer at all to MIF, but only to some of the mechanisms developed under it, in particular IMIF and Blue Peace, which did not allow a full understanding of the effectiveness progress of the MIF programme. During these years, UNCDF senior management preferred to report on overall themes and did not prioritize ‘project’ reporting. According to interviews, PIU/LTFP staff contributed to LMFTF annual reports by providing inputs to UNCDF’s Partnership Unit, who is in charge of putting this report together. As the reports had to be brief, the Partnership Unit may have decided not to include in the LMFTF report information provided by PIU/LTFP. For instance, available documentation shows that not all the information provided by PIU/LTFP for the LMFTF 2020 annual report was included in the final version of the report, and that the structure was changed.[71] That said, the evaluation found **no evidence that the LTFP practice developed comprehensive reporting for MIF, indicating the progress on achieving the targets included in the results framework of the programme**.

At the national level, the M&E plan was not implemented either, as results frameworks with indicators, baselines and targets were **not developed at country level**. Available documentation suggest that outputs were only defined in one country (i.e., Bangladesh), but not with defined SMART indicators, baselines, targets and methods and sources of verification. Moreover, contrary to commitments in the programme document, the evaluation found no monitoring reports -even annually- prepared for targeted countries, including Nepal, Bangladesh, Tanzania and Senegal. The only country where some reporting seemed to have been done was Bangladesh; even in this case, it was very limited. MIF interventions in this country were structured in two phases. A project document indicating expected outputs, outcomes, and impacts was not available for the first phase. The second phase concept note identified broad objectives, but did not include SMART outputs, outcome or impact indicators. Related to this, the CO only monitored and reported on activities and results, and their relationship to outputs, outcomes and impacts

[70] Proportion and types of reporting materials submitted, including M&E and findings materials, evidence-based relevant and conclusions, and lessons learned and recommendations.
[71] The document shared by the practice provides about 1 page information on MIF, related to result 7, while the final version of the LMFTF only contains three paragraphs, related to results 1 and 4.

was not clear. It is also worth noting some differences between the global and national summaries of activities conducted in the country.[72]

At the mechanism level, monitoring and reporting also seemed limited, if not non-existent. For instance, the evaluation team received no annual reports for IMIF TAF. Indeed, in interviews, **partners expressed concerns about the limited information on implementation progress**.

The limited monitoring and reporting of the programme negatively affects both accountability and learning and is inconsistent with the institutional commitments mentioned in the programme document.[73]

3.3.5. How well were resources (financial, time, people) allocated to integrate HR, disability & GE in the implementation of MIF, and to what extent have HR & GE objectives been mainstreamed in the overall intervention budget? To what extent are such resources being used efficiently?

Proportion of budget allocated to the integration of HR, disability, GE and other crosscutting issues. Expenses sheets provided to the evaluation team do not present the proportion of the budget allocated to the integration of HR, disability, GE and other crosscutting issues within the MIF programme. Interviews and documentation suggest that resources specifically allocated to support the integration of these cross-cutting issues were limited, but that some support was available on gender and climate change adaptation. At the practice and regional levels, the programme benefited from the support of gender and thematic experts. In particular, at the global level, MIF benefited from the support of the gender mainstreaming focal point in the IncluCity initiative, and climate change specialists from the LoCAL programme. The regional office for West Africa benefited from the gender and climate change specialists of the Investment Committee. However, **at the country level programme staff did not include thematic experts**. For instance, no resources were allocated to integrate these themes in MIF interventions in Bangladesh, where the CO was understaffed, or in Tanzania or Morocco. Tanga UWASA indicated that more than half of its team responsible for the bond were women (four of seven), but this was not a planned element of the project– moreover, this related to gender balance in staffing, but does not imply availability of expertise on gender. No specific resources seem to have been allocated to integrate HR and GE in the Moroccan intervention either, and there was no evidence that a gender specialist worked with the programme team. Available documentation suggests that **no resources were specifically allocated to the integration of HR and disability** at the global, regional or national levels.

Level of input from staff specialists on GE, disability and HR in both design and implementation. The terms of reference for the MIF Global Project Manager included as an annex to the approved MIF Project Document contains no references to gender-related responsibilities or qualification requirements – or to HR or disability – signaling that these cross-cutting issues were not a high priority for the programme.[74] To the extent that MIF projects addressed gender, HR and disability, this was the responsibility of country staff, who had access to some specialized tools developed through the practice's gender-focused programming. Staff

[72] For instance, the annual report mentions that "Due diligence of priority projects was conducted at Brahmanbaria and Chandpur municipalities and at the Bhola Trade Center and Town Hall projects. Documents have been developed for PPP project tendering at seven model municipal markets." However, the Brahmanbaria project and the seven markets are not mentioned in the summary provided by the CO.

[73] "UNCDF is party to United Nations Development Program's (UNDP) Evaluation Policy which sets out the guiding principles, norms and key concepts for evaluation in UNDP, UNCDF and UN Volunteers (UNV).The policy in turn draws upon the Norms and Standards of the United Nations Evaluation Group— a professional network of forty-six UN evaluation offices— whose objective is to strengthen the objectivity, effectiveness and visibility of the evaluation function across the UN system and to advocate the importance of evaluation for learning, decision making and accountability". Program document, p. 40.

[74] The only reference to gender in the position TOR is under "competencies," calling for "cultural and gender sensitivity and adaptability." However, there was no requirement for experience in gender mainstreaming or integration of gender into finance or other relevant work. (Project Document, Annex 13.)

also had access to advice from the Practice's gender focal point, whose expertise was mobilized for important milestones of the MIF programme, including transactions, but there was significant room for improvement.

The gender focal point (who is the New York-based programme manager for IncluCity and was previously the IELD programme manager) provided informal support for gender mainstreaming and developing GEEW aspects of the work on request, reviewing documents, sharing materials, and at times providing some advice and coaching. However, the **lack of gender specialist MIF staff was identified by some stakeholders as an important gap affecting results in this area**. One interviewee mentioned that materials, such as tools to support gender-responsive local economic development assessments, were created centrally in UNCDF and could be shared and adapted to local needs, or parts of them integrated into other processes such as training workshops. However, awareness of these tools may not have been widespread in the MIF team, and the evaluation did not find specific evidence of their use.

The country case studies confirmed that support for GE, HR and disability was limited. The CO in Bangladesh did not receive specific support on this. Although the implementation of at least two gender-related projects (IncluCity and Women's Empowerment for Inclusive Growth or WING) at least partly overlapped with MIF work, no concrete linkages with MIF were established. The limited resources in this area are evident in the minimal approach to GE and HR. Partial exemptions were the Bangladesh Infrastructure Finance Fund Limited (BIFFL) feasibility studies, where this was touched on, and the social and environmental risk screening for the Solar technology project, which included reference to gender. Nevertheless, despite gaps in gender, HR and disability expertise, some interviewees stated that UNCDF staff are generally aware of the need to integrate GEEW issues into their work.

3.3.6. How did programme management adapt to the impact of COVID-19 in the design and management of the programme, and with what actual and likely results?

Examples of adjustments made to the programme in response to COVID-19. The programme made important adjustments in response to COVID-19. As presented in Section 3.3.3 above, the programme postponed or rescheduled some of its activities to deal with the delays induced by the pandemic. In addition, in line with the **UNCDF emergency plan to respond to the pandemic, the programme shifted to online meetings and collaborations**.

Furthermore, beyond operational adjustments, **LTFP deployed MIF to contribute to increasing LGs' technical and physical capacity to respond to COVID-19**. On the technical side, MIF programme contributed to LTFP and organized global live learning sessions to foster exchanges among LGs on COVID-19 responses and to the guidance note on budget adaptation, which was recognized by UN Secretary General, and the LTFP blog (the COVID emergency blog), which was widely disseminated. Moreover, in collaboration with ODI, MIF created and funded a sub-programme (i.e., the Rebuilding Local Fiscal Space Initiative) to help LGs address the effects of the pandemic on their finances. Studies developed by ODI provided fiscal space analysis and recommendations on improving the local fiscal space in light of COVID-19-related challenges for six LGs[75]. On the physical/material side, LTFP created a COVID rapid response grant, coupled with a rapid grant management system, to support the provision of masks and sanitary facilities which was deployed by MIF staff. In addition, as part of pilot implementation, the Rebuilding Local Fiscal Space initiative provided digital equipment funding, so municipalities could continue to collect taxes even when city dwellers could not physically get to physical tax collection offices. It also allowed municipal staff to continue their work remotely.

Examples of positive effects from these adjustments on the programme's expected results. Some of the knowledge products developed by the MIF in response to the pandemic, in particular the ODI studies, **constituted valuable knowledge in the field of municipal finance**

[75] Chandpur (Bangladesh), Chefchaouen (Morocco), Chiapas (Mexico), Gulu (Uganda), Kumasi (Ghana) and Telita (Moldova).

that can be used well after the pandemic, not just to address its negative effects but more broadly and in the long term to improve municipal fiscal management. The knowledge products more tightly related to crisis response and recovery (such as the guidance notes on budget adaptation, blog and seminar documentation) could be useful for other crises. Similarly, some of the sanitary infrastructure funded by MIF could be useful for other pandemics. The most significant positive effect, in terms of longer-term impact, was the improvement of the technological equipment of the beneficiaries of the Rebuilding Local Fiscal Space Initiative. In Bangladesh, the municipal staff of one of these municipalities (i.e., Chandpur) confirmed that the initiative allowed the municipality to improve tax collection, with effects that continue to date, beyond the pandemic period.

Examples of negative effects from these adjustments on the programme's expected results. No negative effects from these adjustments on the programme's expected results are to be reported.

3.4. Effectiveness

This section presents the results of MIF, following the three Outputs and related indicators in the PRRF. Given the weaknesses of this results framework, detailed in Section 3.3.4 on Efficiency, it was not possible to quantitatively assess the extent to which targets have been achieved. Based on the available data, the section provides a qualitative assessment of progress on the PRRF indicators.

3.4.1. To what extent are MIF activities under Output 1 contributing to the improved capacities of local governments, regional organizations and other non-sovereign entities for capital investment plans, demonstrated debt-carrying capacity, and enabling conditions for financing in target countries?

Degree of LGs financial planning and reporting improvement. Based on local government capacity assessments and through capacity building, MIF set out to effectively strengthen their capital planning and reporting capacities in relation to international standards. While many LGs benefitted from trainings and workshops in beneficiary countries, there was **no documented evidence of improving their financial planning and reporting capacities**. Nonetheless, it can be assumed that MIF technical assistance to develop strategic and CIPs in a collaborative manner with LGs resulted in increased planning and reporting capacities. Details on the mentioned plans are provided below.

Degree of LG coordination with government and partners. To maximize knowledge and expertise sharing in municipal finance, MIF design integrated the **establishment of intergovernmental working groups**, including government and partners (i.e., national associations, and national municipal investment funds) as a coordination mechanism for local government finance. To that end, MIF supported the creation of National Task Forces in Tanzania and Senegal (with a focus on PPP in the latter). The programme also strengthened national municipal investment funds, such as the Nepal TDF and, to a certain extent, the Bangladesh Municipal Development Fund (BMDF). Thanks to the support from MIF, discussions are ongoing in Uganda to establish a dedicated mechanism, the Uganda Municipal Investment Fund. However, the role and responsibilities of LGs, beyond their role as beneficiaries, in the mentioned task forces and national municipal investment funds are unclear. It is also important to note that transactions and work in cities helped LGs and non-sovereign entities better **connect with national governments** and other stakeholders. For instance, as a result of MIF (with the collaboration of LFI), the Municipality of Chefchaouen established better connections with national institutions; UWASA connected with the Dar es Salaam Stock Exchange; and the Municipality of Chandpur better connected with the private sector.

Examples of legal and policy framework adequacy for LGs credit in place/ Decrease in number of critical legal and policy impediments to use of long term credit. MIF aimed at identifying and addressing key legal and policy constraints that impede the development of appropriate financing vehicles for LGs, including but not limited to credit (also PPPs, equity investments in local infrastructure, and public financial management). In that sense, MIF sought to enhance reforms in beneficiary countries that could **ease market impediments**. As explained below, MIF made **important contributions** in that front.

In Tanzania, MIF and LFI successfully supported the development of the Capital Markets and Securities Authority (CMSA)'s framework and provided guidance for issuing municipal bonds, completed in 2019.[76] This is an important and unprecedented contribution, as the mentioned framework is the first of its kind in the country.

In Uganda, Senegal and Namibia, the MIF programme assessed the performance of national groundwater financing ecosystems. In Uganda, this led to the development of the Financing Framework for Groundwater by the Ministry of Water and Environment (MWE). Published in 2021, the framework presented case studies, key enablers and potential mechanisms for groundwater financing in the country, highlighting financing solutions for LGs. In Bangladesh, policy and legal work was also conducted, including legal analysis, policy briefs, a draft law for municipal bonds and municipal PPP's investment guidelines, although no legal and policy reforms were achieved.

In Nepal, while LGs cannot borrow internationally, the restructuring of the TDF enhanced by the MIF programme allowed the institution to do so and then transfer the credit to LGs. In this sense, MIF helped transform a local development fund into an intermediate development institution at the national scale.

The global level work has also **contributed to address legal and policy barriers** to the use of long-term credit by non-sovereign entities, including LGs. The guarantee facilities will help address key barriers for credit by these institutions, while IMIF can potentially compensate for legal provisions limiting the use of long-term credit for LGs, like in Uganda where the latter's credit capacity is restricted to 10% of their budget.

Increase in number of LGs with demonstrated debt-carrying capacity. MIF **contributed to demonstrating the debt-carrying capacity** of 18 LGs. In Bangladesh, MIF demonstrated the debt-carrying capacity of 17 LGs: the programme assessed the creditworthiness of ten LGs, finding that nine were creditworthy. Infrastructure finance studies showcased that eight LGs can support debt. In addition, the municipality of Chefchaouen in Morocco can now demonstrate its debt-carrying capacity, thanks to the MIF and LFI support. Although not LGs, relevant non-sovereign entities, such as subnational utility companies, can now demonstrate their debt-carrying capacity due to MIF. As of July 2023, this was already the case for UWASA in Tanzania and would likely be the case for OMVG).

Increase in number of LGs with multi-year capital investment plans that address critical urbanization needs (social, environmental, and economic) and investment sustainability. The MIF programme assisted **nine LGs to complete participatory multi-year sustainable transformative CIPs** through technical assistance. Among the twelve targeted LGs, nine municipalities in Bangladesh developed CIPs: Saidur, Baria, Bagerhat, Bhola, Coxbazar, Faridpur, Feni, Kushtia and Pabna. CIPs were not developed in other countries. However, the evaluation did not find evidence that the programme met the target set out in the PRRF of ensuring completion and approval of 12 multi-year strategic and CIPs that were "participatory" and "gender-sensitive."[77]

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[76] See : Guidelines for the issuance of corporate bonds, municipal bonds and commercial papers, CMSA Tanzania, September 2019.
[77] Project Document, p. 48-49. Reporting against these targets was not available, the terms "participatory" and "gender-sensitive" were not defined or associated with any standards or benchmarks, and no available documents or other information sources provided evidence of outputs that could be considered to meet this target in a meaningful way.

Increase in number of LG credit transactions completed and repaid. MIF and LFI contributed to the increase in local credit transactions, supporting the completion of the Chefchaouen zero-interest loan in Morocco. However, no repayments had yet been made. Similarly, in Tanzania, MIF and LFI enhanced the development of the Tanga UWASA bond, but the credit transaction was not completed, and no repayments had been made. Indeed, the bond was expected to be launched in the Dar es Salaam stock exchange market in September 2023. Negotiations for other transactions are ongoing, particularly with three Morocco regions and OMVG.

3.4.2. To what extent are MIF activities under Output 2 contributing to increase the local fiscal space and closed debt financing transactions and repayments initiated in target countries?

Types of mechanisms designed. The contribution of MIF to establishing mechanisms enabling improved access of LGs and non-sovereign entities to sustainable sources of capital financing that can increase local fiscal space **seems to have been remarkable**, particularly considering how challenging the environment was, and the high level of innovation that establishing this type of mechanism required. It is worth noting that given the diffuse nature of MIF, the programme having worked in a blended fashion with other LTFP initiatives, the question of attribution and contribution has to be considered with caution.

The programme supported the development of six promising **global mechanisms** enabling access to sustainable sources of capital financing that can increase the local fiscal space.

To begin with, MIF led the creation of the IMIF through a RfP and the selection of the fund manager for this unique city-friendly equity-based fund. IMIF is currently capitalized at EUR 120 million and managed by Meridiam. UNCDF and Meridiam have signed an MoU to jointly support the development of infrastructure projects at the local level and to create the investment fund. Through funding from LMFTF, MIF has also contributed to establishing the IMIF TAF, which provides technical assistance and capacity support to the pipeline for the IMIF. MIF was in charge of identifying types of technical assistance LGs need and driving them to the IMIF pipeline (i.e. Kumasi, Ghana) or other financial instruments such as concessional loan (i.e. Chefchaouen, Morocco).

In addition, MIF contributed to the establishment of two guarantee facilities for cities. While both have been approved, they still need to be signed and entered into operation. The Sida guarantee facility will enter into operation first. The technical agreement has been reached, and the official signature is expected during 2023. This facility will allow UNCDF to issue catalytic guarantees backed by a strong AAA-rated Sida guarantee, covering the “missing middle” SME segment and infrastructure projects and municipalities, leveraging UNCDF’s local presence and technical knowledge. This is a corporate initiative supported by UNCDF as a whole, but which includes a sizeable sub-national pipeline.

In December 2022, the Operational Board of the EFSD+ of the EU, part of the EU’s investment framework for external action, approved EUR 154 million for The Guarantee Facility for Sustainable Cities for its work in Africa and Southeast Asia. Negotiations will start in September 2023 with the intention of the guarantee entering into force by March 2024. The Advisory Council of the EFSD+ Guarantee Facility for Sustainable Cities convened for the first time in Nairobi on June 8th, 2023.

Furthermore, MIF contributed to LTFP’s work with UN Habitat known as the SDG Cities Programme. Jointly implemented by UNCDF and UN-Habitat[78], this constitutes a fused offering from the UN that seeks to support small and intermediary cities in developing economies to build effective own-source revenues and to strengthen public financial management systems,

[78] CIF seeks to organize UN-Habitat’s investment agenda, where MIF acts as the financing arm of UN Habitat, in line with UNCDF’s mandate as the UN Subnational Financing Hub.

preparing projects that advance the SDGs and attracting investment through local and international sources of finance.

MIF is also contributing to LTFP management engagement with ICLEI to develop the Cities Bridge Catalytic Fund is a concessional debt, seed capital and technical assistance fund, that would work alongside the IMIF and the guarantee facilities mentioned above. With the goal of capital preservation, associated with technical assistance to other funds and guarantee facilities, providing concessional loans and reimbursable grants where appropriate and operating in local currency, it would make "investment projects transformative and financeable and building national financing mechanisms for city infrastructure".

Moreover, MIF has supported the development of **regional mechanisms** enabling access to sustainable sources of capital financing that can increase the local fiscal space. In particular, it has supported the development of the Blue Peace Financing Mechanism in Africa and the Smart Green ASEAN Cities (SGAC) programme in Asia. Focused on the Gambia River Basin, covering The Gambia, Guinea, Guinea-Bissau and Senegal, the Blue Peace initiative was launched on January 2023, and is jointly implemented by UNCDF, Switzerland and OMVG. Based on a multi-stakeholder cooperation framework (i.e., a transboundary, multisectoral master plan and joint investment plan), a non-sovereign entity (i.e., OMVG) will issue a (Blue Peace) bond and get access to blended capital to implement the projects under the investment plan, including a portfolio of infrastructure projects. Issued by a SPV and backed by back-flows of underlying projects, the underlying financing structure aims to deploy an approach similar to green bond financing to achieve better financing terms and market access, while considering risks and mitigation instruments and a credit enhancement mechanism. This included developing a standardized tool (i.e., the Blue Peace Index) to measure progress. MIF was in charge of supporting with financial elements, capacity building and capital mobilization for OMVG.

In addition, available documentation (i.e., draft portfolio document) suggests that MIF strengthened the proposals for an Africa Territorial Trade and Investment Agency (ATIA), which aims to be a mutual and cooperative financial institution to facilitate the access of African cities and local authorities to domestic and international capital markets for city-friendly investments on affordable terms. Details on this were, however, not available to the evaluators.

At the national level, through the provision of technical assistance, financing and credit guarantees, MIF supported the development of **domestic capital markets** for long-term financing of infrastructure. Specifically, this involved the development of public lighting energy-savings related interest free revolving funds in Morocco, and a 15-year water revenue municipal bond in Tanzania.

Examples of standards and procedures for municipal finance development. MIF developed credit ratings for nine LGs in Bangladesh (below the expected target of 12 LGs). In this country, this involved the establishment of a credit evaluation process with a well-recognized institution (below the expected target of 4 countries).

Increase in capital available to LGs on market-like conditions, including through municipal investment funds. MIF increased the capital available to LGs and other non-sovereign entities. This was clearly achieved in Chefchaouen (USD$1.4 million) and Tanga (USD$26.7 million). In addition, in Bangladesh, the programme designed financial arrangements that could increase the capital available to LGs, but these PPPs around waste-to-value conversion and waste-to-energy conversion have not moved forward. Furthermore, MIF supported strengthening municipal investment funds, including the Nepal TDF, the Bangladesh BMDF and, to a lesser extent, the Uganda Development Fund. However, there is no evidence of the increase in capital available to LGs on market-like conditions through these funds to date. As explained above, MIF also supported the creation of six global mechanisms and two regional mechanism that will increase the capital available to LGs.

Increase in number of key private sector partners and investors knowledgeable about municipal creditworthiness and involved in LG transactions. The MIF included plans to support the conduct of public/private workshops and/or training sessions on municipal finance market development in target countries. The programme conducted workshops and organized meetings with stakeholders, although information about how many were held is unavailable.

These events contributed to **raising the private sector's interest in partnering with LGs**. In Bangladesh, at least one firm is strongly interested in the PPP model designed by the programme for Chandpur, and extending it to other cities. In Ghana and Uganda, MIF implemented the Local Economic Acceleration through Partnerships (LEAP) technical assistance initiative in four secondary cities to support the development of PPPs. Funded by Cities Alliance, its key output was the *National Enablers for Infrastructure: Investment and Economic Development In Secondary Cities In Ghana and Uganda* report, which focuses on infrastructure financing options and recommendations in the two countries. Evidence of increased private sector involvement in these countries as a result of LEAP is not available. At the global level, the programme has raised the private sector's interest, for example, Meridiam.

Increase in commitments by key actors to improve LG access to long-term private financing. In Bangladesh, private sector interest in partnering with LGs had not yet materialized, as UNCDF has not committed the resources needed to complete the overall financing structure. In Tanzania, the MIF Programme advocated for alternative municipal financing with the federal government and educated officials on the opportunities of Alternative Project Financing (APF), under the MoFP in 2022, which encourages LGAs to fund projects in ways beyond central government and taxes. At the global level, **Meridiam**, an equity fund, has **committed to supporting access** of LG to long-term private financing, becoming the manager of IMIF.

3.4.3. To what extent are MIF activities under Output 3 contributing to the sustainable development of regional, non-sovereign and municipal finance mechanisms and the realization of SDG 11, SDG 13 and other related SDGs in target countries and regions?

MIF contributed to municipal finance knowledge in target countries through technical assistance and knowledge sharing. Beneficiary countries and LGs benefited from various tools and products, namely workshops and trainings (on asset management, financial planning and reporting) as well as studies and assessments (on infrastructure project bankability, creditworthiness, feasibility studies), **building up their institutional knowledge on municipal finance**. As a result of seed capital and advocacy from UNCDF, the Tanzanian government created the APF Programme under the MoFP in 2022, which encourages LGAs to fund projects in ways beyond central government and taxes. Baseline assessments on local fiscal space were also developed by ODI for eight cities in Bangladesh, Ghana, Mexico, Moldavia, Morocco, Uganda and Zimbabwe. In addition, and through the partnerships presented in Section 3.2.1 on Coherence, technical assistance was provided by different mechanisms, including the ICLEI TAP[79], and the IMIF TAF, although this was more targeted to project development.

Examples of baselines establishment, monitoring system implementation and reports formulation regarding SDG 11. MIF did not establish baselines, implement monitoring systems nor prepared reports focused on SDG 11. It did develop reports on related matters, such as the report developed with ODI on local fiscal space, which added value, but only **indirectly referred to SDG 11**.

Degree of collaborations for resource mobilization (TAF). As mentioned above, MIF created several mechanisms aimed at supporting resource mobilization. These included IMIF TAF, in collaboration with UCLG; and support to TAP, in collaboration with ICLEI. In addition, MIF collaborated on mobilizing funds with other stakeholders, including UN agencies and the private sector. Partnerships are detailed in Section 3.2.1 on Coherence.

[79] TAP is a project pipeline and project preparation facility developed by ICLEI and partners, including UNCDF, to catalyze and improve capital flows to cities, towns and regions and strengthen the capacity of local and regional governments to access climate finance and attract investment.

Number and examples of lessons learned disseminated. There was **room for improvement** on documentation and dissemination of lessons learned. Lessons were mostly documented in programme documents, reports and knowledge products, but were not always presented as lessons learned, and were not always disseminated, as some of these documents were for LTFP's internal use.

Number of new donors supporting the programme. According to the MIF portfolio document, the programme was initially funded by four institutions: UNCDF (US$880,000), Sida (US$ 1,620,000) and the WBG (US$200,000) for a total estimated budget of US$24,685,750, and in-kind funding from FMDV (US $45,000). Eventually, the funds provided by UNCDF and Sida were raised respectively to US$1,139,891 and US$5,906,150 - a total increase of 4,546,041, or 280% of the original MIF budget. Four new donors also supported the MIF programme, namely SDC (US$8,857,465), UNOPS (US $230,000), the German government (US$122,997) and BGR (US$47,791), for a total increase of 13,804,294, or 600% of the original budget.

The LTFP prepared a draft document for a follow up programme that merges **MIF and LFI**, which were effectively **implemented as one given the overlapping nature of their work**. MIF concentrated on higher level advocacy and advisory whilst the detailed financial analysis and project structuring was carried out by LFI. According to this document, UNCDF has raised $67,686,475 (a 2,400% increase from original MIF funding and 400% increase from final MIF funding) from 11 donors, 1 of which was not involved in the original funding of MIF, but joined later (SDC) and 8 of which (UNDP, UN Women, UN-Habitat, the Multi-Partner Trust Fund Office or MPTFO, the Government of Uganda, EU, EFSD+, the Norwegian Agency for Development Cooperation or NORAD) were not involved in the original funding of MIF nor during its implementation. Two of the original funders (i.e., WBG and FMDV), and three of the institutions that provided funding to MIF during its implementation (i.e., UNOPS, German government and BGR) have not committed funding to the follow up programme. Conversely, in two cases (i.e., SDC and UNCDF) the contribution to the follow up programme is greater than their contribution to MIF[80], while in another case (i.e. Sida) the contribution to the follow up programme is lower than the contribution to MIF.[81] In any case, the contribution to the follow up programme by these three institutions **is 23% greater than their contribution to MIF**.

Number of knowledge products, information for dissemination on municipal finance capital investment. Several **knowledge products were co-produced** with partners by LTFP with support from MIF staff. These include the publications "National Enablers for Infrastructure: Investment and Economic Development in Secondary Cities in Ghana and Uganda" (Cities Alliance), "Municipal Finance for Migrants and Refugees: The State of Play" (Mayors Migration Council, UCLG, UN-Habitat), "Improving the Ecosystem for Urban Finance in Africa Through Case Studies of Cameroon, Tanzania and Togo" (EU), and "Managing Infrastructure Assets for Sustainable Development, A Handbook for Local and National Governments (UN DESA).

As mentioned above, through its technical assistance and capacity building components, MIF also provided target local and national governments with numerous assessments and studies (for example, related to creditworthiness, feasibility, infrastructure finance, policy briefs), thus developing knowledge and disseminating information on municipal finance capital investment.

Number of study tours/ knowledge exchanges. To foster south-south knowledge sharing between cities and countries championing municipal finance, MIF initially planned knowledge exchanges, including study tours for delegations of South Asian and Sub-Saharan African pilot countries. However, there is **no documented evidence of such study tours**. The only evidence of knowledge exchanges are related to COVID-19, as detailed on Section 3.3.6 above.

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[80] 52% and 75% increase, respectively.
[81] 31% decrease.

3.4.4. To what extent is MIF on track towards progress on HR & GE? To what degree are any results achieved equitably distributed among the targeted stakeholder groups?

Assessing MIF progress on HR and GE is difficult for two main reasons. First, as noted in Section 3.1.5 on Relevance, GE and HR features in the design were unclear, and programme-level indicators to track them were limited. Several internal MIF stakeholders stated that MIF activities, such as assisting LGs and other subnational entities to prepare bankable projects and increase local fiscal space, were **inherently favorable** to improvements in GEEW, equity, and HR. However, there is virtually **no hard evidence** linked to the programme theory of change, and specifically to the Strategic Framework Gender Pathway, about how such improvements were achieved in practical terms.

A second problem is that, when this evaluation was carried out, **few MIF initiatives** had moved from technical assistance and preparation of transactions to **actually mobilizing capital** for local economic development projects or implementing planned projects. Even where transactions had moved ahead, the programme **did not roll up gender disaggregated data** to measure potential GE or HR results. With respect to technical assistance, capacity building, policy work, and the development of local CIPs, systematic monitoring was not available to track the inclusion of GE or HR topics, to break down participation by gender in training and capacity building activities, or to break down participation by gender and other socially-relevant categories in activities with rights-holders (beneficiaries), such as workshops held in some cases to inform local CIPs. **Consequently, programme evidence about progress linked to MIF on GEEW, HR, or equity linked to MIF is largely anecdotal or inferential**.

This was **also true at the country and project level**. For example, as noted in section 3.1.2, GEEW and HR were not explicitly integrated into the design of MIF activities in Bangladesh, Tanzania, or Morocco. The interventions may nevertheless have some unplanned positive HR impacts: if UNCDF mobilizes financial resources for the Chandpur waste-to-value project, it would improve the lives of communities living immediately surrounding the dumpsite, and to a lesser extent, of persons using the adjacent bus terminal. It could also have indirect positive effects on people living downstream through better environmental management, leading to reduced pollution of surrounding water bodies. Some of those experiencing positive effects would, of course, be women and girls, but no specific GEEW contribution was planned or could be predicted. Some women councillors participated in training, simply because they were councillors, but there was no evidence of MIF efforts to ensure women's participation or adopt gender-sensitive training approaches or content. In principle, MIF in Bangladesh was bound by national laws requiring that 33% of participants in project activities be women, but anecdotal evidence suggests this did not happen. The only available reporting on the Bangladesh interventions, covering the first phase, includes no mention of GEEW or HR. The situation is similar in Tanzania, where gender-specific outcomes and outputs, or results disaggregated by gender or HR, are lacking. The results framework for the Chefchaouen public lighting project in Morocco set targets to measure expected reductions in assaults against women and girls, and nighttime results in general (a 30% reduction in each case), but when this evaluation was completed, no equipment had yet been installed, nor any reports produced.

According to mainly anecdotal evidence, some progress on GEEW has been achieved in the Blue Peace project. Aside from overall positive results linked to better and more cooperative management of shared watersheds, and the opportunity to carry out investment projects to benefit local communities, one interviewee mentioned that the project had informally supported women who have official positions in the OMVG, which co-manages the Gambia river basin. Efforts had been made to track the number of women participating in training and to build on learning about why more women are not present, in cases where women were not adequately represented. However, as in other MIF programming, systematic documentation of such data is missing, which means that these qualitative results – potentially significant in project contributions to shifting gender norms and advancing more equitable processes – are **not captured and cannot be confirmed**.

Overall, **robust evidence was lacking to analyze results** in terms of indicators such as variation in results by gender or other categories, representation in MIF activities of women and other groups – such as migrants or persons with disabilities – who faced specific vulnerabilities, or rights-holders (beneficiaries) benefiting from MIF activities by gender. Potential high-level effects on HR and GE are reflected in the next section.

3.5. Likely Impact

3.5.1. To what extent is the improved policy environment supported by MIF likely to enable access to capital for non-sovereign entities and hence enable sustainable financing for development?

The MIF programme impacted the global development finance policy and institutional ecosystem. There is **growing global recognition of the importance of local development for development** (e.g., Localizing SDGs initiative) and of municipal finance for local development. The UNCDF, UCLG and FMDV Malaga Global Coalition for a financial ecosystem that works for cities and local governments, which has strengthened and is increasing in size since its first conference in 2018, was underpinned by MIF, LFI and the other LTFP initiatives. This **Coalition promoted a change in the global narrative to unlock finance for municipalities** and accelerate the implementation of the 2030 Agenda at the local level, in line with its purpose of advocating for and building up a financial ecosystem that works for LGs and municipalities. Member states, LGs, non-sovereign entities and UN agencies are increasingly talking about municipal finance, and there is increasing demand for UNCDF's support, as recognition grows of the agency as a champion in this space, and, more specifically, as the UN's Subnational Finance Hub. UNCDF now hosts the development partner network on decentralization and local governance and sits on the board of the Local Public Sector Alliance. The MoU with UN-Habitat and the joint UNCDF/UNDP work in Jordan are a testament of this increasing interest in and space for municipal finance. **MIF supported UNCDF to create a niche on subnational investment finance**.

At the national level, MIF contributed to **changing policies or putting unenforced policies into action**, particularly in Tanzania (together with LFI), where, although the law allows municipalities to borrow, no municipality had ever had a bond. In this country, the programme also supported creating new policies, specifically the CMSA's framework for municipal bonds. In Uganda, MIF funded a ground water financing tool and assisted in developing the water agenda. In Senegal, MIF contributed to reform the Ministry of Public-Private Partnerships mandate to include the LG.

At the local level, the training and equipment provided through the Infrastructure Asset Management and Rebuilding Local Fiscal Space Initiatives have also helped some municipalities **improve the implementation of their policies, and increase their own source revenue generation and their fiscal space**.

In some other countries, MIF policy work did not result in policy change, either because it was not required, such as in Togo, or because it was not successful in bringing about change, such as in Bangladesh. In Togo, the programme conducted a study on innovation in urban infrastructure ecosystem finance with the EU. The study found that there were interesting legal frameworks in terms of PPP and work in some municipalities. In Bangladesh, the programme did policy work related to bonds, but no policy changes were achieved before MIF switched focus to infrastructure financing. No changes were made either in the policy landscape of the Bangladeshi municipalities where the programme worked.

3.5.2. To what extent are the mechanisms created by MIF likely to enable improved access to sustainable sources of capital financing to address key urbanization challenges?

Changes in the existence of mechanisms enabling improved access to sustainable sources of capital financing as a result of UNCDF support. The contribution of MIF to establishing mechanisms enabling improved access of LGs and non-sovereign entities to sustainable sources of capital financing **had been remarkable**, particularly considering how challenging the environment is, and the **high level of innovation** that establishing this type of mechanism required. As detailed in Section 3.4 on Effectiveness, the MIF programme supported the development of six global, two regional and three national-level mechanisms enabling access to sustainable sources of capital financing. Attribution directly to the MIF project has to be done with caution given how intertwined it was with other LTFP initiatives in local finance such as: the LFI initiative, which provided the investment officers for the project structuring; the dual key system for pipeline management; country programmes; thematic initiatives such as Women Led Cities; and the advocacy and policy research of the LTFP management team and supporting staff. However, the activities funded by the MIF project often **acted as a glue** that enabled the LTFP **to consolidate and unify its support to municipal finance**.

It is worth noting that, as an **innovation process, the path was not linear**: some products succeeded and some did not, and some products worked in different places than originally planned. Indeed, while the municipal bond work started in Bangladesh and followed in Mwanza, Tanzania, it succeeded in a city where work started later: Tanga, Tanzania. In this sense, in some countries and cities efforts to create mechanisms were made, but no mechanisms were created. In Bangladesh, the programme conducted preparatory activities to create mechanisms (i.e., bonds and PPPs) that have the potential to improve municipalities' and non-sovereign entities' access to sustainable sources of capital financing, for them to address the urbanization challenges they face. However, these mechanisms had not been completed, and financial transactions had not been made. Municipal bonds are unlikely to be issued in Bangladesh in the short term.

Box 3. Case study 3, Tanzania Sub National Bond Programme

One of the multiple barriers for non-sovereign entities in developing countries to access capital finance is the limited availability of financial instruments that work for them. Among them, stands out the lack of municipal/non-sovereign bonds.

MIF explored non-sovereign bonds. This work started in Bangladesh and was followed up in Tanzania, initially in Mwanza, in both cases with municipalities. It did not lead to any bonds. However, the non-sovereign bond came to fruition in another Tanzanian municipality, Tanga, not with the municipality, but with a utility company, the Tanga UWASA. This bond is expected to have positive social and environmental impacts, as it will likely contribute to better access to clean and safe water supply and sanitation and help improve water supply efficiency, reducing GHG emissions (LTFP considers it a green bond). This 15-year water revenue bond is expected to be launched in Dar es Salaam Stock Exchange in September 2023. This has raised the interest of the national government in facilitating its success and replicating it, including the creation a task force and the approval of enabling documentation. This non-sovereign bond has also raised interest beyond Tanzania. Indeed, it has informed the development of a bond supporting the management of international transboundary waters in the Gambia river basin (LTFP calls it a blue (peace) bond). Both pilots are informing a third pilot in Jordan, related to the national transboundary waters of the Jordan river basin, where both revenue generation and non-revenue generating investments are included. The scalability and replication potential are significant. These non-sovereign (or municipal) bonds are a great innovation in the municipal finance landscape and significantly contribute to address barriers of non-sovereign entities, including municipalities and metropolis, to access capital financing to address urbanization.

The bond related work shows the importance of the instrument itself for funding a wide range of investments. It also points out the critical role of innovation and its non-linearity: that there is a learning curve, that preparation takes time, that some instruments may not succeed in the locations and forms originally considered, and may end up succeeding in other locations and forms. It also demonstrates the importance of pilots as proof of concept: once a mechanism has been tested its replication is likely, and the number of cases can rapidly increase, at least to some extent. Finally, it shows the importance of learning from pilots and slightly tweaking them to enhance relevance and programme learning.

Examples and frequency of occurrence of increased financing for local development as a result of UNCDF support. As of June 2023, the concrete impact in terms of **increased financing for local development was limited**, but more examples of increased financing were likely, probably in the short term. Indeed, given the innovative nature of the program, the process was long. During the program duration, most results materialized in the final stages (in 2022). Still, while some results materialized by the end of program, most of them are being materialized and will likely further materialize after its completion (in 2023 and beyond).

As detailed in Section 3.4 on Effectiveness, as of June 2023, the number of recorded examples of increasing financing for local development due to UNCDF support were few: Chefchaouen, Tanga, Chandpur, and to a certain extent Uganda and Senegal. As of June 2023, however, most of these transactions were not yet closed, and their impacts must be confirmed. The Tanga UWASA Bond launch was expected in the Dar es Salam Stock Exchange by September 2023. In Chefchaouen, as of April 2023, some of the infrastructure had been purchased, but nothing had been installed, no savings had been generated and no repayments had been made.

That said, it is important to note that the program **contributed to increase the local fiscal space in a context that is challenging** for most municipalities and non-sovereign entities. These challenges are structural, but they also faced contextual challenges during the implementation of the program, most notably the COVID-19 pandemic, which reduced the revenues and increased the expenses for these institutions. The Rebuilding Local Fiscal Space initiative, together with the other initiatives supported by the program, before, during, and after COVID, contributed to their capacity to cope with and recover from the impacts of the pandemic on the local fiscal space.

The number of LGs with increased financing will likely increase in the future. As of June 2023, IMIF TAF had forwarded two additional projects in the Gambia to Meridiam and three additional projects were at the discussion stage in Belize, Ghana, and Tanzania. Prospects are good for transactions through the other global programs (i.e., CIF, WLC, the Sida and EU guarantees, the Cities Bridge Catalytic Fund and TAP) in the medium-term, though not in the short term.

At the regional level, as of June 2023, the Blue Peace Gambia River Basin bond seemed likely to be issued in the medium term. Discussions were ongoing for the creation of a Blue Peace initiative in Southern Africa. Available information did not suggest municipal finance transactions in the framework of the SGAC, or the ATIA, in the short term.

At the national level, there were good prospects for upscaling in Morocco, where negotiations have progressed with three regions (i.e., Tangier, Casablanca and Region Orientale) and the central government to establish zero-interest loan revolving funds for energy-efficient public lighting. In Guinea, UNCDF is working on a PPP arrangement to unlock AFD capital. In Jordan, UNCDF is designing a joint program with UNDP, involving the Local Government Fund, an intergovernmental fund that can borrow or issue bonds on behalf of municipalities. Three municipalities in the Jordan River Basin will likely join, through the Jordan Basin Authority, to request a bond for investing in solar panel electricity, water management and a desalination plant. The bond will be for an SPV that, in addition to those three projects, includes many revenue generating projects, which will allow repayment. This initiative shows how the innovative mechanisms created by the program can be combined in different settings: as indicated, the Jordan initiative builds on the work done in Nepal (with an intermediary fund) and Tanga (a subnational bond) (and to a certain extent the Gambia River Basin) and takes it to scale.

In the Gambia and Uganda the ministries of LGs have requested a national call for proposals following the IMIF model, so it becomes a national process. In addition, in Uganda BGR will likely sign an MoU with GIZ to move forward on groundwater financing modalities using the financial tool developed with MIF. Furthermore, a pipeline was being sourced in Indonesia, where domestic borrowing on waste projects would be supported through the third-party Sida or EU guarantee. In Gabon, a city showed interest and reached out to UN RC, who then contacted the program.

Moreover, some UN partners, especially UN-Habitat, are championing UNCDF local government finance work, including in countries where UNCDF was absent (e.g., Jordan, Tunisia, Kenya, Ecuador and Brazil). A pilot joint programme has begun in Ghana and similar arrangements are under discussion in other countries.

The shortcomings in program reporting and knowledge management make it **impossible to establish the percentage change in net financial contribution in local fiscal space available** for local development in sub-national territorial jurisdictions supported by UNCDF, nor the percentage change in fixed capital formation comprised of individual projects/ investments, either currently or in the pipeline. Anecdotal evidence suggests that the revenue enhancement initiative increased own source revenue generation by 30% to 50% in Uganda – no information is available of other countries.

Factors enabling the access of non-sovereign entities to capital to address key urbanization challenges [82]. The changes in the policy environment and the mechanisms created with MIF support will likely contribute greatly to the access to capital for LGs and non-sovereign entities in the medium term. At the global level, IMIF and other funds can provide funding, while IMIF TAF, CIF, Cities Bridge Catalytic Fund and TAP support the development of bankable projects and contribute to funding mobilization through portals and platforms.

The guarantees reduce risk and thus help leverage private investment for inclusive economic development. Indeed, the EFSD+ guarantees, assume the risks of more unstable environments while avoiding market distortions to allow private investors to finance projects in more challenging markets. In this sense, they will likely help unlock finance for cities in Africa and Southeast Asia by supporting city and transboundary transactions that will pilot and test innovative infrastructure

[82] Key factors contributing to the access to capital for non-sovereign entities / Examples and frequency of occurrence of key factors supporting access to capital in contributing to address key urbanization challenges.

financing solutions that can be taken to scale. These guarantees will be particularly important for catalytic small infrastructure projects with high development impact.

The Blue Peace Bond is an innovative financial mechanism for regional, multi-sectoral and resource-based organizations, such as river basin organizations, to fund master development plans. These schemes not only allow this type of non-sovereign entity to access funding but will likely also allow this type of institutions to upgrade the livelihood assets and their own creditworthiness, allowing them to scale up their capital mobilization activities. Importantly, this multi-stakeholder political agreement is based on a financial mechanism that transforms water from a potential source of political, social, economic, and environmental conflict and crisis into an instrument of cooperation and peace, likely leading not only to greater economic growth, but also to more sustainable management of shared resources and peaceful societies. It also has the potential to encourage the financial sector to perceive water not as a distinct sector, but as an entry-point for multisectoral and regional impact investment opportunity.

The pilots in Morocco and Tanzania created innovative mechanisms: a revolving fund paid based on cost saving and a subnational bond floating in a Stock Exchange, which could then be replicated, as other regions in Morocco and the Jordan River Basin initiative show. In this sense, the pilots proved that those mechanisms are possible. Indeed, while the scaling up in Morocco focused on public lighting, this could also inspire the establishment of similar facilities in Morocco and other countries to promote energy efficiency in buildings, efficiency in water supply and/or waste management systems, renewable energy and/or other infrastructure investments that generate savings and/or increase revenues and allow a smooth reimbursement of a loan. In this sense, central governments may leverage the pilots to strengthen the policy and regulatory frameworks, making them more investment-friendly.

Establishing or strengthening dedicated national municipal funding mechanisms in Nepal and Uganda would likely improve the mobilization of funds from the national to the subnational level. In Nepal, cities and LGs cannot borrow internationally, but the TDF under the Ministry of Finance, the national municipal lending institute, can borrow and transfer to LGs.

These **pilots will likely encourage both the demand and the supply side**, encouraging other municipalities to develop bankable projects and other capital providers, including other development partners and national and local banks, to embark on similar financial transactions. In this regard, the financing arranged in Morocco and Tanzania (Tanga) through MIF used tools traditionally available to UNCDF, which are easily replicable to other cities.

Factors hindering the access of non-sovereign entities to capital to address key urbanization challenges[83] . However, important barriers continue to hinder the access to capital for non-sovereign entities to address key urbanization challenges, not due to MIF's shortcomings but to the extreme difficulty of mobilizing commercial finance in urban infrastructure in low- and middle-income environments, which makes MIF's contribution so remarkable.

In some, if not many, countries, the **political and regulatory environment continued to be not conducive to municipal investment**. Many non-sovereign entities continue to have limited technical capacity and lack long-term planning to provide some certainty. Although the WBG is working on this, the majority of LGs do not have credit ratings, and many, if not most, LGs are not investment credible. Moreover, domestic banks and financiers continue to tend to be reluctant to mobilize resources for non-sovereign entities, because they have had bad experiences working with LGs due to the weaknesses mentioned above, and because they continued to apply to the public sector the risk mitigation strategies they applied to the private sector, not understanding how public sector works (that is why the guarantee facilities are so important).

Moreover, while some of the mechanisms created, particularly in Morocco, may work with other revenue generating and/or cost saving investments, they may not apply to other types of

[83] Key factors hindering the access to capital for non-sovereign entities / Example and frequency of occurrence of key factors hindering access to capital in contributing to address key urbanization challenges.

investments, some of which are critical to addressing urbanization challenges. In these cases, **considering portfolios of projects, as in Jordan, is a sound strategy**.

In addition, there are issues regarding the ownership of key stakeholders for scaling up. In Morocco, ownership by the Ministry of Finance seems limited given the size of the funding in the facility and the limited program information communicated to them, in part related to the absence of a MIF country framework. A national roll-out might require a different set of approval from Ministry of Interior (and, quite possibly Ministry of Finance) because the funding would become larger and possibly present moral hazard risks. Indeed, moving from a pilot experience to a scale-up program requires UNCDF to align the duration and territorial scope of its activity to Morocco's national energy efficiency strategy's public lighting component.

Furthermore, there seemed to be financial gaps. Some of the supported intermediary dedicated vehicles claimed they did not have sufficient financial resources, and technical assistance was insufficient to substantially change the municipal finance ecosystem. The executive director of a national municipal development fund claimed: "The technical assistance support provided is relevant, but the key aspect is financing, and there has not been progress there". The pilots in Morocco and Tanzania were based on considerable investment by UNCDF - as part of the proof of concept, MIF and LFI covered all transaction costs (guarantee fees, transaction advisory fees with the hired stockbroker, and lawyer fees) for enabling capital financing in the Tanga Bond, and provided a grant and a zero interest loan in Chefchaouen. Still, the **agency did not seem to be in a position to make those investments again at scale**. However, realizing some of the opportunities promoted by the program seemed to depend on this contribution.

This was the case in Bangladesh. In Chandpur, the context seems to be favorable. However, realizing this depended on UNCDF HQ committing funding for a grant and reimbursable or concessional loan. It was difficult to estimate the likelihood of the PPP mechanism being able to scale up to other cities, even for waste-to-energy conversion projects. The feasibility studies conducted by the program indicated that with a grant and reimbursable grant, this type of project would be feasible in five cities, the amount of the grant and reimbursable grant depended on the size and quality of solid waste and whether the municipality has land. Cities and the private sector seem to be interested in the model. Rajshahi, a much larger city than Chandpur and managed by a city corporation, expressed interest to the private sector investor engaged in Chandpur. According to the firm that conducted the feasibility studies, the private sector has shown interest in three more cities: Mymensingh City Corporation, Hobiganj Municipality and Cox's Bazar Municipality. The barrier here was money. While the Chandpur project could be an inspiring demonstration, if UNCDF HQ commits the funds required to complete the transaction, it seems unlikely that it will be enough for other players to substitute UNCDF's financial contribution. In the short and probably medium term, it seems that other cities conducting similar infrastructure investments would very likely depend on the ability and willingness of UNCDF HQ to provide grant and reimbursable grant/concessional loan financing, which may be limited given the reduction in its core funding. In the short and even medium term, even if Chandpur completed successfully, it does not seem likely that commercial banks will come forward to support this. They will likely need several examples, which required the mobilization of resources from UNCDF HQ to several cities.

External financing could help. The abovementioned mechanisms helped mobilize some resources, but they might not be enough to scale up to a significant extent. The practice recognizes that "While some revenue models have been built and agreed upon with some of the intermediaries targeted under this Global Program such as IMIF and EFSD+, **UNCDF still has to meet initial technical assistance costs (initial pre-investment)** to get some of these investments at a presentable level at a Go/No go stages. Roughly $2 to $3 million/year in flexible technical assistance money would be needed for this early development stage under this project"[84]. Prioritizing this project under the flexible non-core allocated for management by the LTFP could be a useful mitigation strategy, , However, partnerships, such as the one with UN-Habitat and the emerging partnership in Jordan, are likely to be key, as UNCDF does not have the financial muscle to scale it up. However, there was room for improvement on synergies with

[84] Draft portfolio document, p. 28.

the WBG and the UN system through the UN RC. A broader and more sustainable impact would likely require partnering with bigger financial institutions, such as WB. In addition, there is still limited ownership by the UN, particularly UN RCs, who are often **unfamiliar with the program and its mechanisms and do not consider it part of their country's offer**.

3.6. Sustainability

Before focusing on LGs and non-sovereign entities, it is important to note that, at the institutional level, UNCDF has made progress on institutionalizing the support provided by MIF and LFI. A new institutional structure and financial model was established in Istanbul in April 2022 for the LTFP and approved by UNCDF senior management. This model has a common financial and personnel resource framework. Financially, the model blends core funding and donor contribution to portfolio activities, into which MIF and LFI lessons have been mainstreamed, instead of a structure where core funding supports a limited number of practice-specific activities and project-related donor funding supports most practice activities. This approach allows the existence of a sufficient, stable and highly skilled and complementarily skilled, multi-disciplinary and multi-level team of investment officers and technical advisors. They would work closely with other staff and can support the sustainability of MIF results by providing capacity building and technical assistance for implementing the mechanisms and scaling up the instruments developed under MIF, which are meant to increase LGs' and non-sovereign entities' fiscal space. This is particularly important in a context of reduced core funding, increased weight of non-technical staff and increasing demand for the services of the practice. To that end, the practice has developed a project document that replaces and supersedes the former LFI and MIF and y includes all ongoing activities, contracts and contribution agreements under LFI and MIF, as well as bringing together other interlinked initiatives under one programmatic framework. Through this, the practice aims to mobilize global funding through partners, including UN-Habitat, UNDP, UCLG, ICLEI, Sida, SDC and the EU, among others. The sustainability of the changes in capacity, local fiscal space and mechanisms has to be understood in this general institutional background.

3.6.1. To what extent are any changes in the capacity of targeted local governments and non-sovereign entities brought upon by MIF likely to continue over time?

At the global level, **changes in capacity will likely be maintained, if not strengthened**, given the increased strength of the Malaga Coalition and, more broadly, the increased global interest in the local scale, urbanization and municipal finance, to which, as mentioned, MIF contributed.

At the national level, **the sustainability of changes in capacity is uncertain**. Only in one country (i.e., Tanzania), a public institution within a powerful ministry (the newly formed National Task Force within the MoFP) will likely contribute to sustaining MIF's capacity-building results, as MoFP is mandated to build capacity on municipal finance across and outside the central government. Developing guidelines on relevant aspects of the mechanism, such as SPVs and details on how municipal and subnational bonds work, also helps, as stakeholders can review them when relevant. In other countries, mechanisms to sustain and expand the capacity built by MIF have not been created. In Bangladesh, the program trained some National Institute of Local Government (NILG) staff, but there was no evidence that an increased knowledge as a result of the program was integrated into the NILG curricula. In Morocco, there is no evidence that a system contributing to the sustainability of changes in capacity of target stakeholders was established, or exists.

That said, stakeholders involved in implementation will **arguably learn by doing**. This will likely be particularly the case at the local level. In Bangladesh, changes in capacity that seem to have happened regarding asset management, following a workshop in 2018, will likely continue in Chandpur, as the knowledge gained has been institutionalized. The municipalities and agencies of Chefchaouen and Tanga UWASA - as well as the relevant ministries and agencies in Morocco and Tanzania (e.g., Ministries of Finance in both countries, Energy and Water Regulatory Administration in Tanzania) - will likely keep learning by implementing the innovative instruments put forward by MIF. Tanga UWASA benefited from trainings and workshops with the program about bonds, risks, and project financing and institutionalized capacity building through annual plans and budgets, where about 15-20% of its total budget was allocated.

As pilot cities engage with other stakeholders (e.g., as they enter into new transactions with other development partners and/or commercial lenders), which the MIF support will likely enable the municipalities and non-sovereign entities to do, their capacities may increase. Indeed, changes in capacity will be needed and will likely occur as stakeholders move to more complex instruments (e.g., from grants to reimbursable grants and then to bonds).

Given the overall lack of nationally and locally institutionalized mechanisms, beyond learning by doing, the sustainability of the changes in capacity produced by MIF at the national and local levels will **likely rely on the approval, funding, and implementation of the capacity building elements of the portfolio document** that was under development by the practice when this evaluation was being completed. It will also rely on the implementation of the global and regional mechanisms mentioned in Section 3.4 on Effectiveness, regardless of the portfolio document. Some of these mechanisms (i.e. IMIF TAF, TAP) include a capacity building component, especially related to the preparation of bankable project and related compliance documentation. The portfolio document under development also includes a capacity building component.[85] This comprised five initiatives, some of which ended but some of which would likely continue providing capacity building support, as well as design and implementation support of local development funds, some performance-based, that contributed to sustaining changes in municipal finance management capacity. While some of the initiatives that supported these changes (i.e., Infrastructure Asset Management with UN DESA and the Rebuilding Local Fiscal Space Initiatives with ODI) seem to have ended, the draft portfolio document suggested that some related initiatives (e.g., Building Urban Economic Resilience during and after COVID-19, where UNCDF partnered with the five regional commissions of the UN and UN-Habitat) would continue for some time, potentially providing updates to already benefited cities to address sustainability issues[86]. In addition, and related to this, given the openness of the portfolio approach, other partners, especially UCLG, ICLEI and UN-Habitat, would likely contribute to sustain and expand the changes in capacity brought upon by MIF through their own initiatives. However, **there is room for further linkages with some key institutions, such as UNDP, WBG, regional development banks, and bilateral donors** (i.e., AFD), as well as public service training institutions, in particular on integrating municipal finance training into their training curricula.

Regardless, it is worth mentioning that staff changes could compromise the sustainability of changes in capacity. Newly elected governments often bring in new staff who may not have participated in MIF's capacity building efforts. Personnel attrition often takes place for other reasons too. On gender, cultural barriers can make sustainable progress on norm change challenging.

The draft portfolio document mentions that policy and institutional sustainability would be achieved through documenting and sharing the methodologies used for policy reforms, making sure that they are incorporated into national policies, legal, regulatory and operational frameworks; engaging and training local, regional and national government officials in the development and implementation of policy and legal reforms, so that they will be in a position to implement reforms during and following the program; and the Malaga Coalition and other partnerships. It also argues that technical sustainability would be achieved through the introduction of technical tools and instruments related to local government finance (for instance,

[85] Output 1.2 refers explicitly to strengthening the capacities of sector institutions and public/private operators to enable and/or manage investments, with an indicator on the number of staff from sector institutions and public/private operators with enhanced capacity

[86] The draft portfolio document does not provide a timeline for improved fiscal space related initiatives, so it is unclear which of the five mentioned initiatives will continue after June 2023. In addition to the three already indicated in the main text, the draft portfolio document mentions the Public Financial Management (PFM) project, in collaboration with the Swedish International Centre for Local Democracy (ICLD) and the Hague Academy for Local Governance, and the World Observatory on Subnational Government Finance and Investment (SNG-WOFI) initiative led by OECD and UCLG, and to which UNCDF is technical and financial partner.

public financial management, local development strategies, capital investment planning and master planning), adapting these methodologies for local use and codifying them in policies and rules, training and workshops for national, regional and local officials and dissemination of publications and knowledge products. However, methodologies used for policy reforms were not documented and shared. Indeed, as discussed in Section 3.3.4 on Efficiency, knowledge management was rather weak.

3.6.2. How sustainable are changes in the local fiscal space of targeted countries likely to be over time?

Changes in the local fiscal space related to better infrastructure asset management and tax collection and administration, basically through digital collection and administration, which MIF brought mostly through the initiatives conducted with UN DESA and ODI, **will likely continue in the cities where they have occurred,** such as Chandpur, the risk being the low capacity of certain municipalities to maintain the equipment and conduct surveys. The initiatives mentioned above could continue to provide updates to already benefited cities to address these sustainability issues.[87]

Changes in the local fiscal space related to promoting financial instruments for revenue-generating or cost-saving investments, such as in Tanga and Chefchaouen, will likely be sustained, as the **investment will arguably generate funds to repay the reimbursable grant/loan**. In Chefchaouen, although it was uncertain whether the exact saving initially estimated will be realized given the change in its cost structure, savings are likely. All other aspects remaining equal, the intervention potentially promotes a virtuous circle, encouraging not only savings, but also increased revenues and enhanced access to capital finance, which would reinforce each other, in the sense that increased revenue would arguably enable increased access to loans and their smoother reimbursement. All the rest remaining equal, increased infrastructure investment would arguably further strengthen the local economy and thus expand the municipality's fiscal space. In Tanga, the bond-financed investments would likely generate revenues to repay it and unlock the virtuous circle mentioned above. These changes would, however, **need to be confirmed down the road**, as they are likely, but not certain. The creation of SPVs, which contributes to better management, also contributes to the sustainability of MIF results on the local fiscal space.

Nevertheless, political changes could negatively affect the sustainability of the changes in the local fiscal space generated by this type of investment. The practice did, and will continue to, put in place measures to mitigate this risk as part of its follow-up program, such as working where the political commitment is highest, where there is evidence of sustained commitment for the second and third phases, and where agreements and rules are applied to the revenue streams required for the transactions to isolate them from undue. However, the risk of the national and local level authorities withdrawing support for the transactions cannot be fully eliminated, as recognized in the draft portfolio document.

Economic recessions could also hinder the sustainability of changes in the local fiscal space, particularly considering the hesitancy of many mayors to increase tax collection. However, given the fundamental economic benefits brought by urbanization (such as economies of proximity and scale) and the growing understanding by many players that urbanization is critical for economic structural changes related to human development, cities, and the related infrastructure sectors, will likely continue to grow demographically and economically and provide revenue streams. This will isolate cities from the overall national economic performance to a certain extent, and reduce

[87] The draft portfolio document does not provide a timeline for improved fiscal space related initiatives, so it is unclear which one will continue after June 2023. In addition to the three already indicated in the main text (Infrastructure Asset Management, Rebuilding Local Fiscal Space, the draft portfolio document mentions the Building Urban Economic Resilience during and after COVID-19 initiative in partnership with the five regional commissions of the UN and UN-Habitat; the Public Financial Management (PFM) project, in collaboration with the Swedish International Centre for Local Democracy (ICLD) and the Hague Academy for Local Governance; and the World Observatory on Subnational Government Finance and Investment (SNG-WOFI) initiative led by OECD and UCLG, and to which UNCDF is technical and financial partner.

pressure on mayors to increase the tax base and levels. That said, the program did not fully learn from the COVID-19 pandemic. While, as discussed in Section 3.3.6 on Efficiency and Box 2, MIF did help LGs cope with and recover from the pandemic, the program, and the follow-up draft portfolio document, have not sought to help **prepare cities for the impact of future uncertain** yet likely external shocks on municipal finance, beyond the assumption that strengthened local fiscal space and overall urbanization will help build resilience.

3.6.3. How sustainable are changes in the municipal finance mechanisms likely to be over time?

As mentioned in Section 3.4 on Effectiveness, MIF contributed to the development of 6 global mechanisms, 2 regional mechanisms and 3 national mechanisms.

The sustainability of these mechanisms is likely. IMIF is ongoing, with a solid manager in place (i.e., Meridiam), and the Sida and EFSD+ guarantees are under negotiation. At the country and local levels, the program has promoted revolving funds based on revenue generating and/or cost saving investments to ensure the sustainability of the mechanisms.

An important hindering factor is the reduced ability of UNCDF to provide funding and to lesser extent technical assistance, given decreasing core resources and increased non-technical costs. This already negatively affected the program's results in Bangladesh, where the support could not be materialized in a municipal finance instrument being operational.

Key enabling factors are the positioning of the municipal finance topic, the strengthening of some national institutions (e.g., TDF in Nepal) and the increased number and scope of partnerships with relevant organizations, including UN-Habitat, who has the mandate to act as the custodian of the New Urban Agenda, and the EU and European donors (e.g. Sida). The current development of a portfolio document and the recent promotion of these approaches by the UNDP administrator also contribute to the sustainability of the mechanisms developed under MIF. To that end, the practice is merging programs, particularly LFI and MIF. Through this strategy the practice will likely be able to mobilize significant resources to sustain the mechanisms developed with MIF support, technically and financially. A draft estimated the availability of US$67 million to sustain these mechanisms[88]. However, there is an important financial gap. The same draft estimated a funding gap of US$67 million, for a total budget of US$135 million to unlock US$500 million from public and private capital by the end of the five years. The reduction in core funding to the practice and the follow-up program and the unpredictability of the LMFTF yearly allocations are indeed significant risks for the provision of technical assistance to maintain the results achieved and their scaling up. LTFP is aware of this, and plans to mitigate it by applying non-core contributions to this project on a non-earmarked basis and wider fundraising for the project. A major resource mobilization effort is planned to secure the funding gap from traditional and non-traditional donors. Indeed, while partnerships are good and have improved, there is room for further expanding them to further mobilize resources, particularly with WBG, regional development banks, other UN agencies and other development partners active in the urban development space (e.g. AFD, SDC). In this sense, **the approach does not seem yet to be self-sustaining**, in the sense that it can be sustainably funded or financed by increased fiscal resources, international fund flows, or private sector flows including through domestic and international capital markets without UNCDF.

Moreover, the **financial sustainability of some of the proposed mechanisms needs to be confirmed**. In Morocco, available evidence leaves it unclear how sustainable the facility is. In principle, the facility generates no costs for either the municipalities or the central government,

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[88] Figures in the draft are not consistent between the ES and the main text (p. 32). The former mentions: "the program is currently funded to the tune of US$67.7 million. The goal is to raise a further US$67.3 million to meet the total envisaged budget of US$135 million to be directly managed under this workplan" The latter mentions: "The program is currently funded to the tune of US$77.7 million. The goal is to raise a further US$77.3 million to meet the total envisaged budget of US$200 million to be directly managed under this workplan"

and funds would be available for other cities once the Municipality of Chefchaouen repays the zero-interest loan. According to estimates, this repayment will be straightforward based on municipal savings on its energy-related bills due to the increased energy efficiency and durability of its public lighting network, reduction of other costs and increased revenues. However, as of April 2023, the facility had required MAD 8 million (around USD 0.8 m) in subsidies from the national government for a MAD 10 million (around USD 1 m) investment, which does not seem a sustainable mechanism for the national budget.

Regarding financial sustainability risks, the EU Guarantee could partly cover the credit risks by guaranteeing the first loss of the transactions, which can foster the engagement of other market-based guarantors. The practice has set up adequate risk mitigation measures regarding currency risk. At the national level, mechanisms (i.e., municipal bonds) are in local currency. For regional-level mechanism in West Africa (i.e., the Gambia rivers basin bond), where transactions are expected to be floated in EUR, the currency peg between the EUR and the local currency CFA is expected to reduce the currency risk. In some cases (e.g. Jordan) the practice is promoting broader portfolios so that bonds can be paid through different projects.

4. CONCLUSIONS, LESSONS AND RECOMMENDATIONS

4.1. Overall assessment

Section 3 has presented the performance and progress of MIF in terms of relevance, coherence, effectiveness, efficiency, likely impacts and sustainability, drawing from evidence generated by the evaluation of the programme globally as well as from deeper insights obtained from the three country-missions. Based on these findings, the evaluation team has identified the following key strengths, weaknesses and trade-offs.

Strengths

In line with international development priorities, **MIF made a significant contribution to municipal finance**, helping bridge the gap between urban infrastructure needs and the limited capital resources available to LGs, regional organizations and other non-sovereign entities in an urbanizing world.

MIF has **positively influenced the global development finance policy and institutional ecosystem**, reinforcing the growing recognition of the significance of local development and municipal finance for overall development, to a great extent through the Malaga Global Coalition for Municipal Finance. **The programme has also supported the reorientation and effective implementation of both national and municipal policies**, strengthening the enabling environment through reforms that ease legal and market impediments. **MIF also contributed to the improvement of the planning, administrative, technical and technological capacities of LGs and other non-sovereign entities**, and to increasing their revenue generation and fiscal space. Most importantly, MIF helped establish six global, two regional and three national innovative mechanisms to enable improved access of LGs and non-sovereign entities to sustainable sources of capital financing. Additionally, the programme supported the development of standard tools and credit ratings, the strengthening of municipal investment funds, and dialogue with the private sector, resulting in the commitment of an equity fund to support access of LGs to long-term private financing. **To a lesser extent, MIF contributed to the sustainable development of regional, non-sovereign and municipal finance knowledge**. That said, as of June 2023, MIF's **concrete impact in terms of increased financing for local development has been limited**. Most of the mentioned outcomes are still in the process of materialization and are expected to continue materializing after the program's completion, although the reduced ability of UNCDF to provide funding and technical assistance due to decreasing core resources and increased non-technical costs is a challenge, and the financial sustainability of some mechanisms needs to be confirmed. Despite these positive developments, significant barriers persist, impeding access to capital for non-sovereign entities in addressing critical urbanization challenges, particularly in low- and middle-income environments.

The **program was particularly strategic to increase the visibility and improve the position of UNCDF as a champion in municipal finance**, enabling the agency to gain recognition as an essential specialized player in both the UN and international development systems.

Weaknesses

While MIF generally contributed to human development and SDGs, gender, HR, disability and other cross-cutting topics, such as climate change, **were not adequately integrated into the programme**. MIF's emphasis on revenue-generating and cost-saving projects overlooked important aspects such as climate resilience infrastructure and non-revenue and cost-saving generating social infrastructure, hindering its support to urban development. While MIF recognized fundamental HR, and contributed to improving access to clean water, sanitation, and other essential services, it did not have a particular focus on vulnerable communities, including disabled people, and the areas where they tend to concentrate (slums). Similarly, although some interventions contributed climate change mitigation and/or adaptation, climate resilience-focused investments were not prioritized, leaving a gap in UNCDF's offer, as LoCAL focuses on rural settings and MIF prioritized urban settings. Moreover, climate risk assessments did not inform investments sufficiently and detailed information on GHG emissions was not always provided for the funded projects. In addition, limited evidence of systematic or comprehensive attention to GEEW was showcased. While some mechanisms were identified, such as systems where revenue-generating investments help finance non-revenue generating investments, this was rather an exception in the programme. **Overall, the programme lacked the intention, assessments and plans, personnel and resources required to systematically integrate these issues in planning, implementation, monitoring and reporting**.

The programme governance arrangements were not appropriate. MIF established a Steering Committee with a good representation of stakeholders, but this did not meet frequently enough. Advisory councils were established for some of subprograms or facilities that MIF contributed to create, but the frequency and nature of their meetings is unclear. No governance bodies were created for MIF in-country interventions, which was not adequate. Evidence collected among stakeholders suggests that *ad hoc* meetings were regularly organized with partners and in-country beneficiaries, but some key players were not engaged in some countries. At UNCDF, MIF's meetings were to a great extent integrated into LTFP meetings. In terms of coordination, there have been synergies within UNCDF, especially within the LTFP, and the UN, particularly with UN-Habitat, which is very positive, but coordination efforts with other UNDCF initiatives, WBG and other key players, such as AFD, can be further improved. There is also room for improvement on MIF's integration with UN planning frameworks and alignment with other UN in-country initiatives.

MIF's M&E system, including the M&E plan and the results framework(s), contained important shortcomings, making it inadequate for effectively monitoring and reporting direct project outcomes and the broader impact on the program and its intended objectives, both at global and national levels. **MIF's monitoring and reporting had room for improvement at the different levels**, and was inconsistent with the already limited institutional commitments of the programme, **affecting both accountability and learning**. Some key stakeholders were critical of the lack of transparency regarding budget allocation and expenditure, and pointed out room for improvement on reporting on the programme and sub-programmes results' progress. While it seems that **lessons learned** were discussed within the LTFP and used for MIF's management decision making, they **were not documented and disseminated**, which is especially important given the innovation and thus learning focus of the programme.

Trade offs

The design and implementation of MIF showed **three key trade-offs**. To begin with, MIF points out a **tension between flexibility and coherence**, affecting reputation, accountability and learning. MIF was a complex programme, often referred to by management as a portfolio or umbrella programme, that sought to synergistically integrate distinct yet complementary activities and mechanisms. It followed an opportunistic approach, prioritizing countries, activities and outputs based on the availability of funds at the time of programming, and how favourable in-country contexts were, in terms of existing agreements/partnerships and country-driven demand. This led to changes in direction and uncompleted streams of work at the global, national and municipal levels. In this sense, not all initially planned activities were implemented, and some not initially planned activities were implemented. **This flexibility was consistent with the complexity** of the development problem that the programme sought to address, which is characterized by multiple and interlinked barriers, and coherent with UNCDF's innovation-to-scale approach, developing municipal finance research-action cases and thus contributing to future programming. However, an although MIF interventions were overall programmatically coherent and generally contributed to its expected outcomes and impact, this **affected cross-country and in-country coherence, and in some cases had unintended negative effects on the credibility and reputation of UNCDF at the country level**. In addition, while results frameworks could have been developed and progress on them could have been monitored and reported, the complexity and flexibility of the programme did not help in this regard, showing a tension affecting accountability and learning.

In addition, MIF demonstrated a trade-off between **effectiveness and efficiency** in **governance systems**. As an innovative programme, MIF required multi-disciplinary and multi-level teams and collaborative decision-making to ensure ownership of and support from multiple stakeholders. While the programme involved several stakeholders, as noted above, MIF did not involve all relevant stakeholders, also because the governance system had to be efficient, and decision-making among many stakeholders is less efficient. In any case, MIF shows the importance of regular communication on decisions and their rationale, especially when there is limited representation and discontinuity of work streams.

Finally, MIF shows a tension between the need of strong innovative municipal finance use cases and the types of needs that should be considered, this having implications for the integration of gender, HR, disability and other cross-cutting issues such as climate change. While for the sake of innovation, a programme like MIF may focus on non-grant financing mechanisms and investments, it cannot disregard non-revenue generating or cost-saving investments if it wants to fully contribute to inclusive, resilient and low carbon urban development, considering innovation as well on integrating grant and non-grant financing mechanisms.

4.2. Lessons

Making progress on human development and thus achieving SDGs requires a strong focus on local development. Many of the actions needed to achieve the SDGs on a global scale must be undertaken locally. For these actions to succeed, barriers to subnational development must be addressed. **Municipal finance has a key role to play for LGs and non-sovereign entities to thrive**.

While both urban and rural areas are important, and **linkages between them are critical**, localizing SDGs implies to a significant extent addressing urbanization, or urbanizing the SDGs. Progress on human development would be limited if barriers to sustainable and productive urbanization are not overcome, including adequate development infrastructure. Among other aspects, this involves addressing barriers for cities and related non-sovereign entities to access capital financing.

Addressing complex development problems, with multiple and interlinked barriers, requires **comprehensive approaches that can synergistically integrate distinct yet complementary mechanisms**.

Sustainable urbanization demands a wide range of investments. Some of them can generate revenue, and some save costs. However, **sustainable urbanization also requires non-revenue and no-cost saving generating investments**, including investments primarily focused on climate resilience, low carbon development and social purposes. In this sense, sustainable urbanization requires progress on municipal finance mechanisms that can promote all these types of investments. **Portfolio approaches**, as in Jordan, where the mechanism comprises both revenue-generating and non-revenue generating investments, so that the former can help finance the latter, can be useful to address this challenge, but it is crucial to identify additional models and mechanisms.

HR, GE, climate change and other cross-cutting issues **require targeted, intentional efforts for their systematic integration**. On HR, when working in developing cities, it is important to explicitly consider slums, as they tend to concentrate especially vulnerable communities. With respect to GE, when a comprehensive and detailed gender analysis and assessment is missing at the design stage, and teams lack dedicated expertise and resources to address gender issues, it is easy for GEEW to be overlooked in implementation. Similarly, when broad commitments to GE are not translated into concrete, context-specific planned results with practical strategies to achieve them and indicators and targets for tracking and accountability, they are unlikely to be carried through in solutions. On climate change, it is fundamental that climate risks assessments inform investments. At strategic level, it seems important for UNCDF to cover climate change adaptation on municipal finance, given the current gap, building on knowledge gained through both MIF and LoCAL.

Coordination and collaboration within and outside are critical for organizations working on international development. Within these types of organizations, it is fundamental to collaborate with departments, units or practices, as well as to ensure senior management buy-in and collaboration with cross-practice coordination structures. Coordination and collaboration with other UN agencies and CRs are fundamental for UN agencies. UNDAF/UNSDCF contributes to that. Outside the UN, especially for agencies working on innovative mechanisms, **it is crucial to coordinate and collaborate with development banks for scaling up**, even if the approaches are different, given the innovation to scale-up model. Overall, partnerships are key both to innovate/pilot and scale them up.

Addressing development challenges requires innovation, which does not happen automatically. Innovation demands special arrangements, including more flexible planning, longer periods and understanding that some instruments, mechanisms or tools may not succeed, or may succeed in ways, sectors or locations different to the originally planned. Innovation also requires different financial models, with core resources or more flexible resources. **Flexible set ups, such as portfolio approaches, can however result in incoherent programmes and reputational risks, which requires careful management**.

Multi-disciplinary and multi-level teams and collaborative decision-making are key for complex, innovative projects. While governance structures need to be efficient, and thus cannot include everyone, **regular communication on decisions** and their rationale, and ensuring some continuity is key to ensuring ownership and support and avoiding reputational risks.

Monitoring, reporting and knowledge management, including both at the program, country and sub-program/project level, and including an organized repository of documents, should be constitutive elements of all development projects, but especially of those that are trying to innovate. Indeed, monitoring, reporting and knowledge management are critical not just for accountability purposes, both for donors and internally, but also for learning purposes, which is one of the key objectives of innovation-focused projects. In that sense, the development of Monitoring, Evaluation and Learning (MEL) frameworks is key.

External shocks can have a long-lasting negative impact on LGs' structurally limited fiscal space in developing countries. Portfolio approaches offer more flexibility to address emerging needs, and help LGs cope with and early recover from these shocks. However, it is important that programs also learn from these shocks and establish mechanisms or integrate work streams within mechanisms to directly help LGs better prepare for uncertain, yet likely future shocks.

4.3. Recommendations

Strategic level

1. UNCDF, under the leadership of LTFP, **should move forward with the portfolio document, building on the successes identified, harmonizing its offer and strengthening the shortcoming** identified by this TE, revising it in the light of it. In that

sense, UNCDF and LTFP should continue to promote comprehensive approaches and complementary mechanisms that synergistically address various of the multiple barriers to municipal finance, although developing cascading ToCs at the programme, sub-programme and country levels to ensure coherence. (Priority: High; Responsible Unit: LTFP Management)

2. UNCDF, under the leadership of LTFP, should continue to **promote institutional partnerships** and raise additional funding from relevant stakeholders, including other development partners and eventually the private sector, showing the results of this TE in terms of impact, and continue to highlight that local urban finance is strategic development finance. To that end, **LTFP management should develop a financing strategy**. (Priority: High; Responsible Unit: LTFP Management)
3. Linked to this, UNCDF, under the leadership of LTFP, should **strengthen the collaboration with global and regional development banks, bilateral development agencies and UN RCs**, both at the global, regional and national levels, as relevant, through bilateral meetings and other spaces, including but not only the Malaga Coalition, taking into account the nature of the UN system and its main role as convening power. To that end, LTFP Management should develop a **partnership strategy**. (Priority: Medium; Responsible Unit: LTFP Management)
4. In addition, UNCDF should better **align its interventions with the UN system in-country**, further engaging in developing country assistance frameworks and further building synergies with other UN in-country interventions, for example through meetings with UN Resident Coordinator and UN Country Representatives when starting interventions in a country. (Priority: Medium; Responsible Unit: LTFP Country and regional Management))
5. In turn, LTFP should **further coordinate and communicate with senior UNCDF management and the Partnership Unit**, and **further collaborate within UNCDF with relevant parts, including but not limited to LDCIP and IDE,** for instance through **regular strategic planning meetings** where progress and prospects of the municipal finance work stream are presented and areas of support from the organization identified and a road map to address them established. (Priority: Medium; Responsible Unit: LTFP Management and IDE Management)
6. Based on the findings on relevance and likely impact, UNCDF and LTFP, in particular, should **broaden areas of intervention and increase efforts to better integrate GE, HR and other cross-cutting topics**. This should involve exploring models/mechanisms for funding critical non-revenue generating and non-cost saving investments, such as climate resilient, low carbon and social infrastructure, beyond the Jordan model. For climate change adaptation, LTFP should consider lessons from MIF and LoCAL. In addition, the follow-up portfolio programme should focus more on slum prevention and upgrading. Furthermore, UNCDF and LTFP should ensure that all major investments are subject to climate risk assessments. (Priority: High; Responsible Unit: LTFP Management)
7. UNCDF, and LTFP in particular, should ensure that the human resources have the **needed finance and gender expertise/ adapted to the interventions, to support meaningful integration of GEEW into all related programming, at all stages**. Planning for all interventions should include context-specific gender analysis and needs assessment. Gender-related vocabularies (such as gender-sensitive, gender-responsive, and gender-transformative) should be clearly defined in relation to substantive programme themes so that programme managers and staff understand their implications for planning and implementation. **Results frameworks should explicitly include gender, inclusion, and other crosscutting issues** at every level of the results chain, linked to appropriate indicators and targets that ensure accountability and enable learning and improvement. In addition to undertaking programming dedicated to GEEW objectives, GEEW should be comprehensively and meaningfully **mainstreamed across all LTFP programming**, including any future MIF successor initiatives. On that basis, gender and other cross-cutting elements should be fully integrated during implementation too. (Priority: High; Responsible Unit: LTFP Management)
8. Based on the findings on efficiency, effectiveness and likely impact, LTFP should more clearly establish and increase the **representativeness of the governance arrangements of its programmes**, further involve regions and more regularly and more

clearly communicate decisions and their rationale, to mitigate reputational risks. (Priority: Medium; Responsible Unit: LTFP Management)

9. LTFP management should **ensure solid management structures** are in place. The tensions between flexibility and coherence and its associated risks need to be carefully managed. (Priority: Medium; Responsible Unit: LTFP Management).
10. In addition, in line with recommendations 2 and 4, LTFP should better link with UNCDF and UNDP COs, and RCs more broadly, and ensure sufficient in-country human resources, including more support on the integration of cross-cutting topics. This may involve focusing on key countries based on a **strategic selection approach**. **LTFP management should develop a country selection or engagement strategy** (Priority: Medium; Responsible Unit: LTFP Management)
11. Based on the findings on efficiency, LTFP should explore ways to directly support LGs better prepare for uncertain/ crisis events, likely external shocks, and to internalize knowledge acquired on municipal finance. **Lessons from the COVID 19 Response should be integrated to include crisis preparation to LG support**. (Priority: Medium; Responsible Unit: LTFP Management)

Operational level

1. UNCDF and LTFP management **should strengthen oversight of monitoring and reporting of its programmes**. This may involve strengthening the technical capacities of the Partnership Unit and the human capacities of the evaluation unit, and revising institutional arrangements and reporting templates. It may also involve **developing a Monitoring System that is appropriate for finance** (i.e., municipal finance) and related instrument interventions, designed to clearly capture results and learning, along the lines of best practices and recognized frameworks. For innovative programmes, a clear focus should be on learning. LTFP Management should develop a monitoring system appropriate for financial system intervention and related instruments. (Priority: High; Responsible Unit: UNCDF and LTFP Management)
2. UNCDF and LTFP management should ensure that every programme, sub-programme and programme-related country intervention has a **sound M&E plan and results framework**, and that the M&E plan is implemented, for learning and knowledge management. This should involve half-year and annual reports at programme and sub-programme level, and annual reports at programme-related country intervention level. These reports should indicate progress in achieving targets, update risks, provide information on risk mitigation measures' status and impact, and document lessons. These reports and other programme-related documentation should be organized in a structured manner, based on an effective document management system. LTFP should follow these recommendations in the design of the portfolio document, related mechanisms and its in-country related planning, and in implementing these initiatives. LTFP should design a solid and sound M&E plan, results framework, reporting and document management system. (Priority: High; Responsible Unit: UNCDF and LTFP Management)

5. ANNEXES

5.1. Annex 1: Evaluation Matrix

Sub-questions	Performance indicators	Information source	Data collection tools
Relevance			
1.1 How relevant has the MIF approach been to the ongoing priorities of partner governments in the area of municipal finance and how appropriately designed is it, considering the programme's intended support to address key urbanization challenges through access to sustainable sources of capital financing?	Degree of alignment with national, LGs/ SNGs priorities	Project documentation LGs/ SNGs policies and strategies LGs/ SNGs key informants	Document review KIIs Online survey
	Types of barriers LGs/ SNGs face in accessing capital financing to address urbanization challenges	Project documentation MIF key informants LGs/ SNGs key informants PS key informants	Document review KIIs FGDs Online survey Direct observation
	Types of solutions provided through the MIF approach	Project documentation MIF key informants LGs/ SNGs key informants	Document review KIIs FGDs Direct observation
1.2 How relevant has the support provided by MIF been to the needs of LGs, regional organizations, other non-sovereign entities and other partners?	Degree of relevance of different supports provided by MIF in view of needs expressed by various stakeholders	Project documentation MIF key informants LGs/ SNGs key informants	Document review KIIs Online survey Direct observation
	Examples of policy dialogue results in favor of LGs/ SNGs	Project documentation MIF key informants LGs/ SNGs key informants	Document review KIIs FGDs Direct observation
	Types of MIF tools (i.e. standards and procedures) application	Project documentation MIF key informants LGs/ SNGs key informants	Document review FDGs Online survey Direct observation
1.3 To what extent did the MIF design incorporate GE, HR, vulnerable groups, disability and climate change adaptation issues offering good quality information on the underlying causes of inequality	Degree of alignment with national policies and strategies to advance HR & GE	Project documentation LGs/ SNGs policies and strategies MIF key informants LGs/ SNGs key informants	Document review Online survey FDGs

and discrimination to inform the programme design?	Degree of alignment with international norms and agreements on HR & GE[89]	Project documentation CEDAW/ UDHR/ CRPD	Document review
	Degree of inclusion of gender equality and empowerment of women (GEEW) considerations	Project documentation MIF key informants	Document review KIIs Direct observation
	Degree of inclusion of human rights considerations	Project documentation MIF key informants	Document review KIIs Direct observation
	Degree of inclusion of minorities and vulnerable groups, including poverty, considerations	Project documentation MIF key informants	Document review KIIs Direct observation
	Degree of inclusion of disability considerations	Project documentation MIF key informants	Document review KIIs Direct observation
	Degree of inclusion of disaster risk reduction, prevention and recovery and climate change adaptation and mitigation considerations	Project documentation MIF key informants	Document review KIIs Direct observation
Coherence			
2.1 How distinct/complementary has the MIF approach been to other municipal finance initiatives implemented in LDCs and other developing countries by government and/or key development partners, with similar objectives, including other initiatives within UNCDF and the LTFP?	Types of similar and/ or linked interventions	Project documentation MIF key informants LGs/ SNGs key informants Development partners key informants	Document review KIIs Online survey Direct observation
	Types of coordination mechanisms	Project documentation MIF key informants LGs/ SNGs key informants Development partners key informants	Document review KIIs Online survey
	Examples of synergies created	Project documentation	Document review

[89] The Convention on the Elimination of all Forms of Discrimination Against Women – CEDAW; the Universal Declaration of Human Rights – UDHR; Convention on the Rights of Persons with Disabilities – CRPD

		MIF key informants LGs/ SNGs key informants Development partners key informants	KIIs Online survey Direct observation
	Examples of duplications observed	Project documentation MIF key informants LGs/ SNGs key informants Development partners key informants	Document review KIIs Online survey Direct observation
2.2 How compatible was MIF to UNCDF's Strategic Framework 2018- 2021, as a center of excellence, and 2022-205, as the UN subnational financing hub?	Degree of alignment with UNCDF's Strategic Frameworks (2018-2021 and 2022-2025), including its gender pathway	Project documentation UNCDF's Strategic Frameworks	Document review
2.3 How compatible was MIF to target countries' UNDAF/UNSDCF ongoing objectives as well as to similar initiatives by the UN in the programme countries?	Degree of alignment with UNDAF/ UNSDCF objectives	Project documentation UNDAF/ UNSDCF objectives	Document review
	Degree of alignment with SDGs	Project documentation SDGs	Document review
	Degree of alignment with UN initiatives at the country level, including the UNDP country programme	Project documentation MIF key informants UN country strategies/ portfolio	Document review KIIs
2.4 How coherent is MIF design in view of its expected outcomes and impact?	Degree of coherence of the program activities with outputs and outcomes	Project documentation MIF key informants	Document review KIIs
	Degree of coherence of the program outcomes with expected impact	Project documentation MIF key informants	Document review KIIs
Efficiency			
3.1 How well has MIF delivered its expected results to date, including in terms of budget allocation and cost-effectiveness of activities? How well are the key implementation partnerships functioning?	Planned VS actual disbursements, including incurred expenditures	Project documentation	Document review
	Proportion of costs and budget allocation for the functioning of the management structure to the total programme budget	Project documentation	Document review
	Evidence of activities not implemented/ revised due to a lack of financial resources	Project documentation MIF key informants	Document review KIIs
	Evidence and reasons of delays or time gains in activities' implementation	Project documentation MIF key informants	Document review KIIs

	Degree and type of coordination required with partnerships	Project documentation MIF key informants	Document review KIIs
	Examples of results related to implementation partnerships	Project documentation MIF key informants Development partners key informants	Document review KIIs
3.2 What is the quality of outputs (deliverables) provided to date? How appropriate is the programme's monitoring system to track direct programme results and its broader contribution to the overall objectives?	Technical robustness and internal coherence of outputs	Project documentation MIF key informants	Document review KIIs
	Existence and Degree of soundness of baseline assessment in the planning documents, of M&E strategy, performance measurement framework/ logframe, with specific, measurable, attainable, relevant and time-bound (SMART) indicators, in the planning documents	Project documentation MIF key informants	Document review KIIs
	Level of satisfaction from national and local partners and beneficiaries with programme management	Project documentation LGs/ SNGs key informants MIF key informants	Document review KIIs Online survey
	Proportion and types of reporting materials submitted, including M&E and findings materials, evidence-based relevant and conclusions, and lessons learned and recommendations	Project documentation MIF key informants	Document review KIIs
3.3 How well is the programme being governed, through the involvement and contributions of key partners?	Degree of stakeholder representativeness in governed bodies	Project documentation	Document review
	Frequency of meetings	Project documentation MIF key informants	Document review KIIs
	Degree of stakeholders' satisfaction with the government arrangements of the programme	Project documentation MIF key informants	Document review KIIs Online survey
	Evidence of evaluation lessons learned and recommendations used in management decisions	Project documentation MIF key informants	Document review KIIs
	Examples of mechanisms used to share M&E materials with stakeholders	Project documentation MIF key informants LGs/ SNGs key informants Development partners key informants	Document review KIIs Online survey
3.4 How well were resources (financial, time, people) allocated to integrate Human Rights (HR) & Gender Equality (GE) in the implementation of MIF, and to what extent have HR & GE objectives	Proportion of budget allocated to integration of HR, GE and other crosscutting issues	Project documentation MIF key informants	Document review KIIs
	Proportion of project objectives being dedicated to HR, GE and other crosscutting issues	Project documentation MIF key informants	Document review KIIs

been mainstreamed in the overall intervention budget? To what extent are such resources being used efficiently?	Level of input from staff specialists on GE and HR in both design and implementation	Project documentation MIF key informants	Document review KIIs
	Ratio of female to male MIF Board members	Project documentation MIF key informants	Document review KIIs
3.5 How did programme management adapt to the impact of COVID-19 in the design and management of the programme, and with what actual and likely results?	Examples of adjustments made to the programme in response to COVID-19	Project documentation LGs/ SNGs key informants MIF key informants	Document review KIIs
	Examples of positive effects from these adjustments on the programme's expected results	Project documentation LGs/ SNGs key informants MIF key informants	Document review KIIs Online survey
	Examples of negative effects from these adjustments on the programme's expected results	Project documentation LGs/ SNGs key informants MIF key informants	Document review KIIs Online survey
Effectiveness[90]			
4.1 To what extent are MIF activities under Output 1 contributing to the improved capacities of local governments, regional organizations and other non-sovereign entities for capital investment plans, demonstrated debt-carrying capacity, and enabling conditions for financing in target countries?	Examples of policy and legal framework adequacy for LGs credit in place	Project documentation LGs/ SNGs key informants	Document review KIIs
	Degree of LGs financial planning and reporting improvement	Project documentation LGs/ SNGs key informants	Document review KIIs
	Degree of LGs coordination with government and partners	Project documentation LGs/ SNGs key informants	Document review KIIs Direct observation
	Decrease in number of agreed critical legal and policy impediments to use of long-term credit	Project documentation	Document review
	Increase in number of LGs with demonstrated debt-carrying capacity	Project documentation	Document review
	Increase in number of LGs with multi-year capital investment plans that address critical urbanization needs (social, environmental, and economic) and investment sustainability	Project documentation	Document review
	Increase in number of LG credit transactions completed and repaid	Project documentation	Document review

[90] It is important to note that many of the targets in the results framework have gender-sensitive definitions, so most of these integrate a gender-sensitive element.

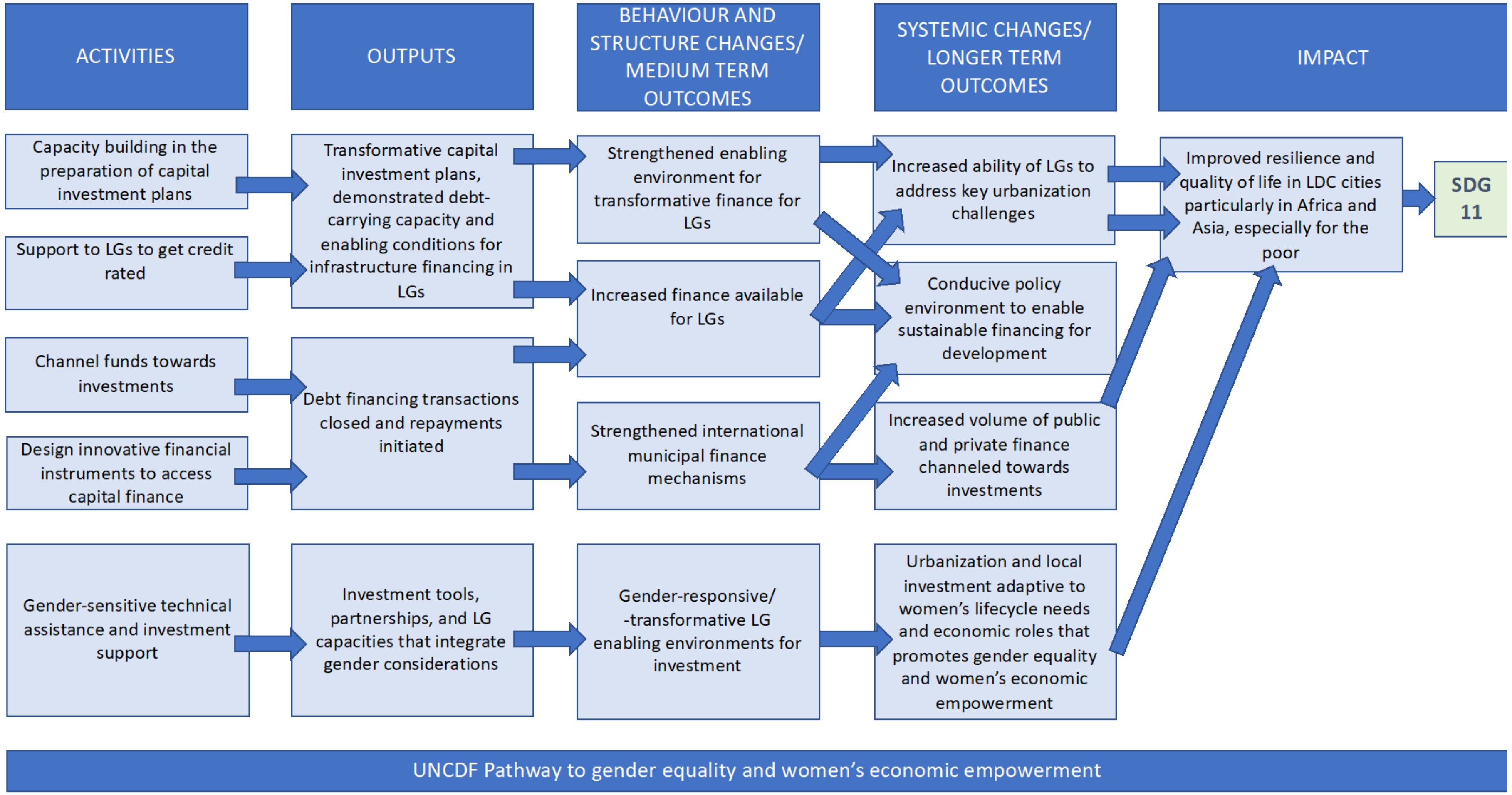
4.2 To what extent are MIF activities under Output 2 contributing to increase the local fiscal space and closed debt financing transactions and repayments initiated in target countries?	Types of mechanisms design	Project documentation LGs/ SNGs key informants	Document review Online survey/ FGDs
	Examples of standards and procedures for municipal finance development	Project documentation LGs/ SNGs key informants	Document review Online survey/ FGDs
	Degree of financial transactions completion	Project documentation LGs/ SNGs key informants	Document review Online survey/ FGDs Direct observation
	Decrease in number of agreed critical legal and policy impediments to provision of long-term credit to LGs	Project documentation	Document review
	Increase in capital available to LGs on market-like conditions, including through municipal investment funds	Project documentation	Document review
	Increase in number of key private sector partners and investors knowledgeable about municipal creditworthiness and involved in LG transactions	Project documentation	Document review
	Increase in commitments by key actors to improve LG access to long-term private financing	Project documentation	Document review
4.3 To what extent are MIF activities under Output 3 contributing to the sustainable development of regional, non-sovereign and municipal finance mechanisms and the realization of SDG 11, SDG 13 and other related SDGs in target countries and regions?	Examples of baselines establishment, monitoring system implementation and reports formulation regarding SDG 11	Project documentation LGs/ SNGs key informants	Document review Online survey/ FGDs
	Degree of collaborations for resource mobilization (TAF)	Project documentation LGs/ SNGs key informants	Document review Online survey/ FGDs
	Number and examples of Lessons learned disseminated	Project documentation LGs/ SNGs key informants	Document review Online survey/ FGDs
	Number of new donors supporting the project	Project documentation	Document review
	Number of projects funded through the TAF	Project documentation	Document review
	Number of knowledge products, information for dissemination on municipal finance capital investment	Project documentation	Document review
	Number of study tours/ knowledge exchanges	Project documentation	Document review
4.4 To what extent is MIF on track towards progress on HR & GE? To what degree are any	Variation in MIF results that explicitly include HR and GE insights	Project documentation MIF key informants	Document review KIIs

results achieved equitably distributed among the targeted stakeholder groups?	Actual representation/ participation of women and vulnerable groups in MIF project	Project documentation MIF key informants	Document review KIIs Direct observation
	Ratio of female to male beneficiaries of MIF projects	Project documentation MIF key informants	Document review KIIs
Likely Impact			
5.1 To what extent is the improved policy environment supported by MIF likely to enable access to capital for non-sovereign entities and hence enable sustainable financing for development?	% Change in net financial contribution in local fiscal space available for local development in sub-national territorial jurisdictions supported by UNCDF	Project documentation	Document review
	% Change in fixed capital formation comprised of individual projects/ investments	Project documentation	Document review
	List and examples of key factors contributing to the access to capital for non-sovereign entities	Project documentation LGs/ SNGs key informants PS key informants	Document review Online survey FGDs Direct observation
	List and examples of key factors hindering the access to capital for non-sovereign entities	Project documentation LGs/ SNGs key informants PS key informants	Document review Online survey FGDs Direct observation
5.2 To what extent are the mechanisms created by MIF likely to enable improved access to sustainable sources of capital financing to address key urbanization challenges?	Examples and frequency of occurrence of fostering environment as a result of UNCDF support	Project documentation MIF key informants	Document review KIIs Direct observation
	Examples of mechanisms enabling improved access to sustainable sources of capital financing as a result of UNCDF support	Project documentation MIF key informants	Document review KIIs Direct observation
	Examples and frequency of occurrence of increased financing for local development as a result of UNCDF support	Project documentation MIF key informants	Document review KIIs
	Examples and frequency of occurrence of key factors supporting access to capital in contributing to address key urbanization challenges	Project documentation LGs/ SNGs key informants	Document review Online survey FGDs Direct observation

	Example and frequency of occurrence of key factors hindering access to capital in contributing to address key urbanization challenges	Project documentation LGs/ SNGs key informants	Document review Online survey FGDs Direct observation
Sustainability			
6.1 To what extent are any changes in the capacity of targeted local governments and non-sovereign entities brought upon by MIF likely to continue over time? To what extent are partners likely to institutionalize and scale-up the mechanisms under MIF?	Existence or not of key bottlenecks that are likely to hinder the sustainability of changes achieved in the capacity of targeted countries	Project documentation MIF key informants LGs/ SNGs key informants	Document review KIIs Online survey/ FGDs Direct observation
	Strategies and actions taken to promote sustainability of changes achieved in the capacity of targeted countries, and examples of sustained capacity as a result of applying them	Project documentation MIF key informants	Document review KIIs Direct observation
	Examples or not of key factors hindering the institutionalization and scaling-up of the mechanisms under MIF	MIF key informants LGs/ SNGs key informants Development partners informants	KIIs Online survey FGDs Direct observation
	Examples or not of key factors contributing to the institutionalization and scaling-up of the mechanisms under MIF	MIF key informants LGs/ SNGs key informants Development partners informants	KIIs Online survey FGDs Direct observation
	Strategies and actions taken to promote the institutionalization and scaling-up of the mechanisms under MIF, and examples of sustained capacity as a result of applying them	Project documentation MIF key informants LGs/ SNGs key informants Development partners informants	Document review KIIs Online survey FGDs Direct observation
6.2 How sustainable are changes in the local fiscal space of targeted countries likely to be over time?	Presence or absence of key bottlenecks that are likely to hinder the sustainability of changes in the local fiscal spaces of targeted countries	MIF key informants LGs/ SNGs key informants Private sector key informants Development partners informants	KIIs Online survey FGDs Direct observation
	Strategies and actions taken to promote sustainability of changes in the local fiscal spaces of targeted countries, and examples of sustained capacity as a result of applying them	Project documentation MIF key informants LGs/ SNGs key informants	Document review KIIs

			Online survey FGDs Direct observation
6.3 How sustainable are changes in the municipal finance mechanisms of targeted countries, including TAF, likely to be over time?	Presence or absence of key bottlenecks that are likely to hinder the sustainability of changes in the municipal finance mechanisms of targeted countries	MIF key informants LGs/ SNGs key informants Private sector key informants Development partners informants	KIIs Online survey/ FGDs Direct observation
	Strategies and actions taken to promote sustainability of changes in the municipal finance mechanisms of targeted countries, and examples of sustained capacity as a result of applying them	Project documentation MIF key informants LGs/ SNGs key informants	Document review KIIs Online survey/ FGDs Direct observation

5.2. Annex 2: MIF Theory of Change



Source: Developed by the evaluation team based on programme documentation during the Inception Phase

5.3. Annex 3: Bibliography

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- Evaluation Policy and Practice in UNCDF, March 2018
- Inception Report for UNCDF Evaluations

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- UNCDF Global Programme Document, Municipal Investment Financing Programme
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- Memorandum of Understanding between the Chandpur Municipality, the People's Republic of Bangladesh and the UN Capital Development Fund on the financing and management of grant funds, November 2020

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- Annual Work Plan, Global LDU Programmes, Last Mile Trust Fund LDFP Sweden, UNCDF, 2017, 2018, 2019, 2020
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- Last Mile Finance Trust Fund Consolidated Progress Report 2017, Sida, UNCDF
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- *Call for Proposals BMDF*
- *Capital Investment Plan*
- *Credit Rating*
- *Municipal and Bond Preparations*
- *Policy Advocacy for Subnational Debt*
- *Selection of Pilot Municipalities*
- *Waste to Value*

9. Kumasi

The folder includes the Public Private Partnership Act (2020), as well as the following subfolders:

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12. Tanzania

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- *Methodology*
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14. IMIF

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- Dual Key Investment Process Standard Operating Procedures, July 2023
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5.4. Annex 4: List of informants consulted

#	Name	Surname	Gender	Position	Organization
ONLINE					
1	David	Jackson	M	Director of Local Transformative Finance	UNCDF
2	Jaffer	Machano	M	MIF Programme Manager	UNCDF
3	Suresh	Balakrishnan	M	Senior Advisor Local Transformative Fund Practice	UNCDF
4	Mohammad	Abbadi	M	Global Portfolio Manager	UNCDF
5	Dmitry	Pozhidaev	M	Senior Technical Advisor East Africa	UNCDF
6	Christel	Alvergne	F	Regional Team Leader Western and Central Africa	UNCDF
7	Paul	Martin	M	Regional Team Leader Asia-Pacific	UNCDF
8	Jenifer	Bukokhe Wakhungu	F	LTFP Deputy Director	UNCDF
9	Rukan	Manaz	F	Programme Officer, Blue Peace	UNCDF
10	Samina	Anwar	F	Lead IELD	UNCDF
11	Daniel	Platz	M	Senior Economic Affairs Officer	UN DESA
12		Brentführer	M		BGR
13	Isabella	Pagotto	F	Mission of Switzerland to the UN. Sustainable Development and Humanitarian Affairs	SDC
14	Khader	Mahklouf	M	Advisor	UCLG
15	Paloma	Labbé	F	Local Finance Junior Officer	UCLG
16	Roland	White	M	Global lead for City Management, Finance and Governance	WBG
17	Krishna	Sapkota	M	Executive Director	TDF
18	Lamine	Lo	M	Director DFPPP	

19	Amadou	Bassirou	M	Conseiller DFPPP	Ministry of Economy and Planning, Senegal
PRESENTIAL					
BANGLADESH					
20	M.	Shahnawaz	M	Superintending Engineer	LGED
21	Ekramul	Haque	M	Assistant Director, Governance	Urban Planning and Urban Infrastructure Development
22	Abul	Mansur Faizuhall	M	Managing Director	BMDF
23	Nasir	Uddin Ahmed Chowdhury	M	Company Secretary	
24	Mahamudul	Islam Khan	M	Program Manager	
25	Syeda	Sultana Nasrin	F	Finance Manager	
26	Ahmed	Zaman Tariq	M	Urban Development Specialist	
27	Anamul	Hoque	M	Financial Contrôler	
28	Amir	Hossain Sikder	M	Capacity Building Officer	
29	Saila	Farzana	F	Additional Secretary	Ministry of Public Administration. Local Governments Division
30	Sheikh	Anower Sadat	M	Head of Credit and Investment Department	BIFFL
31	Jillur	Rahman Jewel	M	Mayor	Chandpur Municipality
32	Sayed	Moshiur	M	Accounts Officer	
33	A. H. M.	Shamsuddin	M	Executive Engineer	
34	Abul	Kalam Bhuyan	M	Executive Officer	
35	Sajjad	Islam	M	Town Planner	
36	Khaleda	M Begum	F	Councilor	
37	Ferdousi	Akhter	F	Councilor	
38	Jesmul	Hasan	M	Regional Advisor (South Asia) Country Relationship Manager, Bangladesh	UNCDF
39	Asim	Karmakar	M	Coordinator	UNCDF

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40	Parimal	Kumar Dev	M	Chief Executive Officer (CEO)	Municipal Association of Bangladesh (MAB)
41	S M Abdur	Abdur Rauf	M	Coordinator	
42	Ramil	Hossain	M	Mayor Hakimpur Municipality, Dinajpur	
43	Sabbir	Kadeis Sattar	M	Partner and CEO Managing Director	Alroya Technical Sanoha International
44	Huraera	Jabeen	M	Consultant	World Bank Group
45	Akram	Ul Aziz	M	Consultant	
46	Naimul	Islam	M	Managing Director	Solar E Technology Australia Pty Ltd
MOROCCO					
47	Fildine	Bargachi	F	Chargée de projet résidente	EIB
48	Sanaa	Balafrej	F	Directeur délégué, en charge de la direction communication, Études et coopération	FEC
49	Hassan	Rahmani	M	Secrétaire général	
50	Abderrahmane	Darghali	M	Service d'environnement	Commune de Chefchaouen
51	Mounia	Rian	F	Stagiaire	
52	Ouail	Tabiti	M	Service d'environnement et d'EE /Commune de Chefchaouen	
53	Abdelali	Elbakali	M	Chef de division technique	
54	Kenza	Ouabou	F	Responsable bâtiment	SIE
55	Selma	Abri	F	Ingénieur développement	
56	Abdelilah	Zyane	M	Responsable éclairage public	GIZ
57	Manuel	Cocco	M	Responsable financement	
58	Morris	Mbolela	M	Secrétaire général adjoint	UCLGA
59	Edward	A. Chtistow	M	Représentant Résident du PNUD Maroc	UNDP
TANZANIA					
60	Christine	Musisi	F	Deputy Resident Representative	UNDP

61	John	Cheyo	M	Director of Policy & Planning, Chair of Local Finance Initiative (LFI) Program	Ministry of Regional Administration and Local Government
62	Hemed	Mpili	M	Country Coordinator for LFI Program	
63	Abraham	Byamungu	M	Senior Investment Officer	UNCDF
64	Charles	Mwamwaja	M	Commissioner for Financial Sector and Development	Ministry of Finance and Planning
65	Thomas Richard	Vungwa	M	Assistant Executive Secretary	Association of Local Authorities of Tanzania
66	Joyce	X	F	Secretary (title not provided)	
67	Joseph	Chilambo	M	Business Development Manager	TIB Development Band
68	Hellen	Mwasalwiba	F	Senior Officer-Business Development	
69	Mihaela	Marcu	F	Program Management – Access to Finance	EU
70	Ahamed	Alawi	M	Director for Customer Services	Tanga UWASA
71	Joseph	X	M	Acting Water Program Solutions & Chief Engineer	
72	Jon	Sikela	M	Acting Head of Planning	

5.5. Annex 5: Interviews Protocol

Evaluation introduction

Baastel has been mandated to conduct the final evaluation of the Municipal Investment Finance (MIF) Programme, implemented by UNCDF. You have been selected to take part in the data collection process. This evaluation is independent, and the details provided during the interview will remain confidential to the evaluation team. Your name will not be associated with any information you will present, unless you explicitly ask for it.

Interview Details

Interview Number:	
Date:	
Interviewee(s):	
Interviewee(s) Organisation:	
Job title:	
Link with the programme	
Contacts:*(email, phone)*	

Interview Notes

Background

Interviewee's general background; Nature and dates of interviewee's involvement with the project.

Topics

Record responses by topic with clear headings – using the EQs where possible, not necessarily in chronological sequence of discussion. Make clear when a direct quote is recorded. Add headings and sub-headings as needed and/or record against evaluation criteria.

EQs: Relevance

EQs: Coherence

EQs: Efficiency

EQs: Effectiveness

EQs: Likely impact

EQs: Sustainability

Non-EQ specific notes

Data/documents provided/recommended

Seek full references for documents not already in evaluation team library.

Other proposed follow-up

e.g. other interviewees recommended (obtain full contact details) / proposals on consultation and dissemination etc.

Stakeholders Groups / *Questions*	UNCDF Teams			Funding Partners	Implementing and Other Global Partners, including private sector	Beneficiaries			Indirect stakeholders
	LTFP	MIF	Regional Offices			National representatives	City representatives	Community groups	
Introduction									
What is your position?	x	x	x	x	x	x	x	x	x
What is your relationship to the programme?	x	x	x	x	x	x	x	x	x
Relevance									
What are the barriers the beneficiaries [you] face in accessing capital financing to address urbanization?	x	x	x		x	x	x		x
To what extent MIF approach and design are well aligned with the beneficiaries [your] priorities, and help you address the above mentioned barriers?	x	x	x		x	x	x		x
Could you name and briefly explain the solution(s) brought to the beneficiaries [you] through MIF?		x	x		x	x	x	x	
According to you, how relevant was/were it/they to their/ your needs? Which types of support/tools have been most useful to beneficiaries/you?			x		x	x	x		x
To your knowledge, does/ do it/ they include gender equality, women empowerment, vulnerable groups (including disabled people) and/or climate change dimensions?		x				x	x	x	
Coherence									

What, if any, are the similar and linked interventions lead by the government and/ or other development organizations?	x	x	x	x	x	x	x	x	x
If applicable, how does MIF coordinate and collaborate with these interventions?	x	x	x	x	x	x	x		x
If applicable, how does MIF coordinate and collaborate with UN interventions in particular?	x		x		x	x			
How are MIF activities expected to contribute to MIF outputs and outcomes? (in some cases we will need to explain them)	x	x	x		x	x			
How are MIF outcomes expected to contribute to MIF impact? (in some cases we will need to explain them)	x	x			x	x	x		
Efficiency									
Have some activities not been implemented/ revised due to a lack of financial resources?		x	x			x	x		
Were there delays or time gains against the implementation planning? Why?		x	x			x	x		
What partnerships have been created during the programme's implementation?	x	x	x	x	x				x
If applicable, can some results be attributed to them? What are they?	x	x	x	x	x				x
According to you, what is the quality and coherence of the programme's deliverables, including reporting and learning materials?		x			x	x	x		
According to you, how appropriate is the programme's monitoring system? How M&E materials is shared?	x	x	x		x				

How satisfied are you with the programme's management, including the government arrangements of the programme, if applicable?	x	x	x	x	x	x	x		
How HR, GE and crosscutting issues are integrated in the programme's budget, objectives, expertise, and governance?		x	x		x			x	
How did programme management adapt to the impact of COVID-19 in the design and management of the programme?		x	x			x	x		
What were the effects of these adjustments?		x	x		x	x	x		
Effectiveness									
Output 1									
How adequate is the policy and legal framework for LGs credit put in place?		x	x			x	x		x
To what extent have the beneficiaries' [your] financial planning and reporting capacities improved?		x	x		x	x	x		x
How well do the beneficiaries [you] coordinate with the government and partners?	x	x	x		x	x	x		x
Output 2									
What type of mechanisms have been put in place to increase the local fiscal space in the beneficiary countries (your country)?		x	x		x	x	x		x
What standards and procedures have been developed in the beneficiary countries [your country]? Kindly provide examples.		x	x		x	x	x		x
What financial transactions have been completed?		x	x		x	x	x		
Output 3									
Have baselines and monitoring system been implemented to report on SDG11? Kindly provide examples.		x	x		x	x	x		

Have specific collaborations been developed for resource mobilization (TAF)?	x	x	x	x	x	x		x
What are the lessons learned? How have they been disseminated?	x	x	x	x	x	x		
HR & GE								
What are the MIF results, if any, that include HR and GE insights?		x	x				x	
To what extent have women and other vulnerable groups been represented in the programme?		x	x		x	x	x	
Likely Impact								
According to you, what are the key factors contributing to the access to capital for non-sovereign entities?	x	x		x	x	x		x
What concrete examples illustrate them?		x			x	x		x
According to you, what are the key factors hindering the access to capital for non-sovereign entities?	x	x		x	x	x		x
What concrete examples illustrate them?		x		x	x	x		x
To what extend does UNCDF support results in fostering environment? In increased financing for local development?	x	x	x		x	x		x
What, if any, UNCDF supported mechanisms will likely facilitate the access to sustainable sources of capital financing?	x	x	x	x	x	x		x
Sustainability								
Output 1								
According to you, what are the bottlenecks that could hinder the sustainability of changes in beneficiaries' [your] capacities induced by the programme?		x		x	x	x		x

What strategies or actions have been conducted to promote this sustainability? What would be the sustained capacities?	x		x	x	x
According to you, what could hinder the institutionalization and scaling-up of mechanisms induced by the programme?	x	x	x	x	x
According to you, what could contribute to the institutionalization and scaling-up of mechanisms induced by the programme?	x	x	x	x	x
What strategies or actions have been undertaken to promote the institutionalization and scaling-up of mechanisms?	x	x	x	x	
Output 2					
According to you, what are the bottlenecks that could hinder the sustainability of local fiscal spaces in beneficiaries' [your] country?	x	x	x	x	x
What strategies or actions could have been undertaken to promote this sustainability? What would be the sustained capacities?	x		x	x	x
Output 3					
According to you, what are the bottlenecks that could hinder the sustainability of changes in the municipal finance mechanisms in beneficiaries' [your] country?	x	x	x	x	x
What strategies or actions have been undertaken to promote this sustainability? What would be the sustained capacities?	x	x	x	x	
Lessons and Recommendations					

What lessons can be learned from the design and implementation of the programme?	x	x	x	x	x	x	x	x	x
How could the sustainability of the programme's results be further strengthened?	x	x	x	x	x	x	x	x	x
How could the results of the programme be scaled up and replicated?	x	x	x	x	x	x	x		x
How could the design and implementation of programmes at UNCDF in general and in the municipal finance domain within and outside UNCDF be improved?	x	x	x	x	x	x	x	x	x

5.6. Annex 6: Survey Questionnaire

https://baastel.ca1.qualtrics.com/jfe/form/SV_06aHfLLqQ4mcVMO

Start of Block: INTRODUCTION

Dear Sir or Madam,

Welcome to this online survey for the evaluation of the Municipal Investment Finance (MIF) Programme (UNCDF).

This e-survey is designed to provide useful information that will help improve similar future project design and implementation processes and provide constructive recommendations in order to strengthen UNCDF's work in this municipal finance. Your insights and responses are greatly appreciated and are valuable to the success of the Programme.

Your individual feedback will be kept confidential to the evaluator and UNCDF.

The e-survey should take no more than 15 minutes to complete.
We kindly request you to respond to this survey by xx (3 to 4 weeks).

This survey has been designed and is managed by Baastel independent evaluation team.
You may contact the team leader of the evaluation Mr. Garcia via jon.garcia@baastel.com if you have any questions on the survey.

We thank you in advance for your valuable contribution to this important evaluation exercise.

End of Block: INTRODUCTION

Start of Block: RESPONDENT IDENTIFICATION

Q1 What is your organization's **relationship to the MIF** Programme?

○ Funding Partner

○ Implementing Partner

○ Beneficiary entity (national and/ or sub-national level)

○ Other (please specify) ____

Display This Question:

If What is your organization's relationship to the MIF Programme? = Beneficiary entity (national and/ or sub-national level)

And What is your organization's relationship to the MIF Programme? = Other (please specify)

Q2 What **country** do you work for?

- Bangladesh
- Gambia
- Ghana
- Guinea
- Mali
- Mexico
- Moldova
- Morocco
- Senegal
- Sierra Leone
- Tanzania
- Uganda
- Nepal

Q3 What **organization** or **institution** do you work in?

____

Q4 What **gender** do you identify with?

- Female
- Male
- Other
- Prefer not to say

End of Block: RESPONDENT IDENTIFICATION

Start of Block: RELEVANCE

Q5
According to you, what are the **main barriers** sub-national governments face in **accessing sustainable capital financing** to address urbanization challenges?
Multiple answers possible

- ▢ Lack of an enabling policy and regulatory environment for investing
- ▢ Mismatch between investment needs and available finance
- ▢ Creditworthiness limitations
- ▢ Non-bankability of public plans and projects
- ▢ Other(s) (please specify) ____

Display This Question:

If What is your organization's relationship to the MIF Programme? = Beneficiary entity (national and/ or sub-national level)

Q6 To your knowledge, how aligned is the MIF Programme with your national and/ or sub-national **priorities in the area of municipal finance**?

- ○ Perfectly aligned
- ○ Well aligned
- ○ Partly aligned
- ○ Misaligned

Display This Question:

If To your knowledge, how aligned is the MIF Programme with your national and/ or sub-national prior... = Partly aligned

And To your knowledge, how aligned is the MIF Programme with your national and/ or sub-national prior... = Misaligned

Q7 Please briefly explain

____

Display This Question:

If What is your organization's relationship to the MIF Programme? = Beneficiary entity (national and/ or sub-national level)

Q8 To your knowledge, how aligned is the MIF Programme with your national **policies and strategies to advance human rights and gender equality**?

- Highly aligned
- Well aligned
- Partly aligned
- Misaligned

Q9 How **relevant** has been the **support provided** by the MIF Programme for..?

	Very relevant	Somehow relevant	A little relevant	Not relevant	I don't know/ Not applicable
Sub-national governments' credit policy and legal framework					
Sub-national governments' financial planning and reporting					
Coordination with governments and partners					
Design of financing mechanisms					
Development of standards and procedures					
Completion of financial transactions					
Contribution to sustainable cities and communities (SDG11)					

Display This Question:

If How relevant has been the support provided by the MIF Programme for..? = A little relevant

And How relevant has been the support provided by the MIF Programme for..? = Not relevant

Q10 Please briefly explain why the MIF Programme was **not** that **relevant** in these areas

____

End of Block: RELEVANCE

Start of Block: EFFECTIVENESS

Q11 Under the MIF Programme, what **types of mechanisms** were designed to increase the local fiscal space?

____

Q12 Under the MIF Programme, what **standards and procedures** were developed for municipal finance development?

____

Q13 Under the MIF Programme, how many **financial transactions** were **completed** in your country?

- ____ 1
- ____ 2
- ____ 3
- ____ 4
- ____ 5

End of Block: EFFECTIVENESS

Start of Block: COHERENCE

Q14 To your knowledge, what are (if any) the **similar municipal finance initiatives** implemented by:
Please specify the country.ies of implementation

- ○ the Government(s) ____
- ○ the United Nations ____
- ○ Other development partners ____

Q15 How has **coordination** been facilitated between the MIF Programme and this.ese initiative(s)?
Multiple answers possible

- ▢ Joint activities
- ▢ Dedicated focal points for coordination
- ▢ Regular sectorial meetings
- ▢ Common events and workshops
- ▢ Reports and publications sharing
- ▢ Other(s) (please specify) ____

Q16 Have **synergies** been created? Have **duplications** of activities been observed? Please specify.

____

End of Block: COHERENCE

Start of Block: EFFICIENCY

Q17 According to you, the outputs (deliverables) provided by the MIF Programme are:

- Of quality
- Of some quality
- Of low quality

Q18 How satisfied are you with the MIF Programme **governance** (i.e. involvement of key partners)?

- Highly satisfied
- Somehow satisfied
- A little satisfied
- Not satisfied

Display This Question:

If How satisfied are you with the MIF Programme governance (i.e. involvement of key partners)? = Somehow satisfied

And How satisfied are you with the MIF Programme governance (i.e. involvement of key partners)? = A little satisfied

And How satisfied are you with the MIF Programme governance (i.e. involvement of key partners)? = Not satisfied

Q19 Please briefly explain why

____

Q20 How satisfied are you with the MIF Programme **management**?

- Highly satisfied
- Somehow satisfied
- A little satisfied
- Not satisfied

Q21 Please briefly explain why

____

Q22 How have **Monitoring & Evaluation materials** been shared with you?
Multiple answers possible

- ☐ Collaborative monitoring
- ☐ Dedicated platform/ tool
- ☐ Meetings on a regular basis
- ☐ Online channels (website, social networks)
- ☐ Reports and publications sharing
- ☐ Notice of progress during exchanges
- ☐ Other(s) (please specify)

____

- ☐ They were not shared

Q23 To what extent has **SDG 11** "Make cities inclusive, safe, resilient and sustainable" been **integrated** in these materials?

- ○ Greatly
- ○ Somehow
- ○ A little
- ○ Not at all

Q24 Particularly, what **lessons learned** were shared with you?

____

Q25 What have been the **effects** from the MIF Programme **adjustments related to COVID-19**?

- ◯ Positive effects ____
- ◯ Negative effects ____

End of Block: EFFICIENCY

Start of Block: LIKELY IMPACT

Q26 According to you, what are the key factors **contributing** to the access to capital for sub-national governments?
Please rank them by occurrence

- ____ 1
- ____ 2
- ____ 3
- ____ 4
- ____ 5

Q27 To what extent has the MIF Programme contributed to **strengthen** these factors?

____

Q28 According to you, what are the key factors **hindering** the access to capital for sub-national governments?
Please rank them by occurrence

- ____ 1
- ____ 2
- ____ 3
- ____ 4
- ____ 5

Q29 To what extent has the MIF Programme contributed to **mitigate** these factors?

____

End of Block: LIKELY IMPACT

Start of Block: SUSTAINABILITY

Q30 Are the following **changes** brough upon by the MIF Programme **likely to continue over time**?

	Yes	No	I don't know/ Not applicable
Enabling environment, mechanisms and capacities for sub-national governments	○	○	○
Increased local fiscal spaces for national and/ or sub-national governments	○	○	○
Developed international municipal finance mechanisms	○	○	○

Display This Question:

If Are the following changes brough upon by the MIF Programme likely to continue over time? = No

Q31 According to you, what are the key bottlenecks that are likely to **hinder the sustainability of the changes**?

____

Q32 Particularly, what will allow the **institutionalization and scaling-up of the mechanisms** under the MIF Programme?

____

Q33 What **actions** are/ should be taken to promote the sustainability of these changes?

○ Enabling environment, mechanisms and capacities for sub-national governments

____

○ Increased local fiscal spaces for national and/ or sub-national governments

____

○ Developed international municipal finance mechanisms

____

○ Other(s) (please specify) ____

End of Block: SUSTAINABILITY

5.7. Annex 7: Results Framework Assessment

Result Level	Indicator	SMART Assessment
Outcome 1. Increase financing for basic services and inclusive growth/local economic development		
Outcome 1	Net increase in local fiscal space available for local development in sub-national territorial jurisdictions supported by UNCDF	Relevant and Attainable. Not Measurable nor Specific regarding "the availability of the local fiscal space". Not Time-bounded. No baseline nor target defined.
Outcome 1	Gross increase in fixed capital formation comprised of individual projects/ investments Baseline: Bangladesh: 27% of GDP in 2012 Uganda: 24% of GDP in 2012 Target: Bangladesh: 45% of GDP in 2020 Uganda: 40% of GDP in 2020	Partly relevant, hardly attainable. Specific, but not Time-bounded. Baseline and target defined for two countries only (Bangladesh and Uganda).
Outcome 2. Foster policy environment conducive to enabling sustainable financing for development and the structural transformation of local economies.		
Outcome 2	Policy environment fostered that enables increased financing for local development (public and private) as a result of UNCDF support Baseline: Bangladesh: 69% of GDP in 2004-2008; Uganda: 16.3% of GDP in 2012 Target: Bangladesh: 75% of GDP in 2020; Uganda: 25% of GDP in 2020	The overall description of the indicator is relevant, but the indicator does not seem relevant nor attainable the way the target is formulated. Not Measurable nor Specific regarding "the fostering of the policy environment". Partly Time-bounded only. Baseline and target defined for two countries only (Bangladesh and Uganda), and not directly linked to the indicator ("ability of financial sector to mobilize resources" measured through % of GDP).

Output 1. LGs and other sub-sovereign entities have transformative capital investment plans, demonstrated debt-carrying capacity, and enabling conditions for infrastructure financing[92].		
"Demand-side" *Output 1*	Decrease in number of agreed critical legal and policy impediments to use of long-term credit	Specific, Relevant, Attainable. Not Time-bounded nor measurable regarding "agreed critical legal and policy impediments to use of long-term credit" No baseline nor target defined.
"Demand-side" *Output 1*	Increase in number of LGs with demonstrated debt-carrying capacity	Specific, Attainable, Relevant. Not Time-bounded nor measurable regarding "demonstrated debt carrying-capacity" No baseline nor target defined.
"Demand-side" *Output 1*	Increase in number of LGs with multi-year capital investment plans that address critical urbanization needs (social, environmental, and economic) and investment sustainability	Specific, Measurable, Attainable, Relevant. Not Time-bounded. No baseline nor target defined.
"Demand-side" *Output 1*	Increase in number of LG credit transactions completed and repaid	Specific, Measurable, Attainable, Relevant. Not Time-bounded. No baseline nor target defined.
Output 1	Adequate policy and legal framework for LG credit in place	*The target's title provides additional details on the indicator: "reforms easing market impediments are approved"* Specific, Relevant, Time-bounded (i.e., at the end of implementation) Partly Attainable and Measurable only. No baseline defined.
Output 1	LG financial planning and reporting improved	*The target's title provides additional details on the indicator: "participatory gender-sensitive multi-year strategic and capital investment plans are completed and approved"* Specific, Attainable, Relevant, Time-bounded (i.e., at the end of implementation)

[92] For details on the indicators and targets of output 1, kindly see pp. 48-50 of the program document.

		Partly Measurable only. No baseline defined.
Output 1	LGs selected and assisted	*The target's titles provide additional details on the indicator:* *- "Baselines data established in at least each of the target country"* *- "Gender sensitive capital investment plans established"* *- "Participatory multi-year strategic and capital investment plans are completed and approved"* Specific, Measurable, Attainable, Relevant, Time-bounded (i.e., during implementation) No baseline defined.
Output 1	Coordination with government and partners established	*The target's title provides additional details on the indicator: "intergovernmental working groups on LG finance established"* Specific, Measurable, Attainable. Partly Relevant only. (i.e., operational rather than established) Not Time-bounded. No baseline defined.
Output 2: Local fiscal space increased with debt financing transactions closed and repayments initiated.[93]		
"Supply-side" *Output 2*	Decrease in number of agreed critical legal and policy impediments to provision of long-term credit to LGs	Specific, Relevant, Attainable. Not Time-bounded nor measurable regarding "agreed critical legal and policy impediments to use of long-term credit" No baseline nor target defined. **Similar as the above indicator in "Demand-side"** ***Output 1***
"Supply-side" *Output 2*	Increase in capital available to LGs on market-like conditions, including through municipal investment funds	Relevant. Not Specific nor Measurable, Attainable, Time-bounded. No baseline nor target defined.

[93] For details on the indicators and targets of output 2, kindly see pp. 50-51. of the program document

"Supply-side" *Output 2*	Increase in number of key private sector partners and investors knowledgeable about municipal creditworthiness and involved in LG transactions	Specific, Relevant, Attainable. Parly Measurable only. Not Time-bounded nor specific regarding "knowledge about municipal creditworthiness" No baseline nor target defined.
"Supply-side" *Output 2*	Increase in commitments by key actors to improve LG access to long-term private financing	Specific, Relevant, Attainable. Parly Measurable only. Not Time-bounded nor specific regarding "commitments by key actors" No baseline nor target defined.
Output 2	# of country assessment carried on	Specific, Measurable, Attainable, Relevant, Time-bounded (i.e., at the end of implementation) No baseline defined (=0)
Output 2	# of countries with plan to establish Municipal Investment Fund (MUNIF) and/or other financing mechanism to increase LG access to financing	Specific, Measurable, Attainable, Relevant, Time-bounded (i.e., at the end of implementation) No baseline defined (=0)
Output 2	# of public/private workshops on municipal financing and markets	Specific, Measurable, Attainable, Relevant, Time-bounded (i.e., at the end of implementation) No baseline defined (=0)
Output 2	# of LGs with completed credit ratings	Specific, Measurable, Attainable, Relevant, Time-bounded (i.e., at the end of implementation) No baseline defined (=0)
Output 2	# of LG financing transactions completed	Specific, Measurable, Attainable, Relevant, Time-bounded (i.e., at the end of implementation) No baseline defined (=0)
Output 3: Sustainable development of municipal financing mechanisms to contribute to the partner country realization of SDG 11 targets.[94]		
Output 3	# of lessons learned disseminated	Attainable, Relevant, Time-bounded (i.e., at the end of implementation) Not specific regarding the nature of "lessons learned" Not measurable regarding "disseminated" No baseline defined (=0)

[94] For details on the indicators and targets of output 3, kindly see pp. 51-52 of the program document.

Output 3	# of new donors supporting the project	Specific, Measurable, Attainable, Relevant, Time-bounded (i.e., during implementation) No baseline defined (=0)
Output 3	# of projects funded through the TAF	Specific, Measurable, Attainable, Relevant, Time-bounded (i.e., at the end of implementation) No baseline defined (=0)
Output 3	# of knowledge products, information for dissemination on municipal finance capital investment	Measurable, Attainable, Relevant, Time-bounded (i.e., at the end of implementation) Specific regarding “knowledge products”, not for “information for dissemination” No baseline defined (=0)
Output 3	# of study tours/ knowledge exchanges	Specific, Measurable, Attainable, Time-bounded (i.e., at the end of implementation) Not relevant (number of participants in the study tours/ knowledge exchanges instead) No baseline defined (=0)
Output 4: The project effectively, efficiently and transparently implemented in line with UNCDF project management regulations[95]		
Output 4	# of reports from Project Board Meetings	Specific, Measurable, Attainable, Relevant, Time-bounded (i.e., at the end of implementation) No baseline defined (=0)
Output 4	# of evaluation and audits	Specific, Measurable, Attainable, Relevant, Time-bounded (i.e., at the end of implementation) No baseline defined (=0)
Output 4	# of events organized to disseminate the findings of the evaluations	Specific, Measurable, Attainable, Relevant, Time-bounded (i.e., at the end of implementation) No baseline defined (=0)
Output 4	# of new staff joining the MIF Secretariat	Specific, Measurable, Attainable, Time-bounded (i.e., at the end of implementation) Partly Relevant only. No baseline nor adequate target defined (“fully staffed”)

[95] For details on the indicators and targets of output 4, kindly see pp. 52-53 of the program document.

5.8. Annex 8: UNCDF Checklist for the quality of evaluation reports

TOR and Design (Weight 15%)
1. Do the Terms of Reference clearly outline the focus for the evaluation in a logical and realistic manner?
2. Do the Terms of Reference detail timescales and budgets for the evaluation?
3. Does the TOR clearly outline the evaluation's planned approach?
4. Is the proposed outline of the evaluation approach and methodology clearly detailed in the ToR?
5. Does the ToR request the evaluator to include gender and vulnerable group issues within the evaluation?
Report and Methodology (Weight 30%)
STRUCTURE
1. Is the evaluation report well-balanced and structured?
2. Does the Evaluation report clearly address the objectives of the evaluation as outlined in the ToR?
METHODOLOGY
3. Is the evaluation's methodological approach clearly outlined?
4. Is the nature and extent of the project/ programmes stakeholders or partnerships and their role and involvement in the project/ programme explained adequately?
5. Does the Evaluation clearly assess the projects/ programmes level of RELEVANCE?
6. Does the Evaluation clearly assess the projects/ programmes level of EFFECTIVENESS?
7. Does the Evaluation clearly assess the projects/ programmes level of EFFICIENCY?
8. Does the Evaluation clearly assess the projects/ programmes level of SUSTAINABILITY?
DATA COLLECTION
9. Are data collection methods and analysis clearly outlined?
10. Is the data collection approach and analysis adequate for scope of the evaluation?
11. Are any changes to the evaluation approach or limitations in implementation during the evaluation mission clearly outlined and explained?
REPORT CONTENT
12. Does the evaluation draw linkages to the UNDP country programme strategy and/ or UNDAF?
13. Does the Evaluation draw linkages to related National government strategies and plans in the sector/ area of support?

14. Does the evaluation detail programme/ project funding and provide funding data?
15. Does the evaluation include an assessment of the projects M&E design, implementation and overall quality?
16. Are all indicators in the logical framework assessed individually, with final achievements noted?
Crosscutting (Weight 15%)
1. Are human rights, disabilities, minorities and vulnerable group issues addressed where relevant?
2. Does the report discuss poverty/ environment nexus or sustainable livelihoods issues, as relevant?
3 . Does the report discuss disaster risk reduction and climate change mitigation and adaptation issues where relevant?
4. Does the report discuss crisis prevention and recovery issues, as where relevant?
5. Are the principles and policy of gender equality and the empowerment of women (GEEW) integrated in the evaluation scope and indicators, as relevant?
6. Does the Evaluation's Criteria and Evaluation Questions specifically address how GEEW has been integrated into the design, planning, implementation of the intervention and the results achieved, as relevant?
7. Are gender-responsive Evaluation methodology, Methods and tools, and Data Analysis Techniques selected?
8. Do the evaluation findings, conclusions and recommendation take gender equality and the empowerment of women (GEEW) aspects into consideration?
9. Does the evaluation draw linkages to the SDGs and relevant targets and indicators for the area being evaluated?
Evaluation Findings, Conclusions and Recommendations (Weight 40%)
FINDINGS AND CONCLUSIONS
11. Are any changes to the evaluation approach or limitations in implementation during the evaluation mission clearly outlined and explained?
REPORT CONTENT
12. Does the evaluation draw linkages to the UNDP country programme strategy and/ or UNDAF?
13. Does the Evaluation draw linkages to related National government strategies and plans in the sector/ area of support?
14. Does the evaluation detail programme/ project funding and provide funding data?
15. Does the evaluation include an assessment of the projects M&E design, implementation and overall quality?
16. Are all indicators in the logical framework assessed individually, with final achievements noted?
Crosscutting (Weight 15%)
1. Are human rights, disabilities, minorities and vulnerable group issues addressed where relevant?

2. Does the report discuss poverty/ environment nexus or sustainable livelihoods issues, as relevant?
3. Does the report discuss disaster risk reduction and climate change mitigation and adaptation issues where relevant?
4. Does the report discuss crisis prevention and recovery issues, as where relevant?
5. Are the principles and policy of gender equality and the empowerment of women (GEEW) integrated in the evaluation scope and indicators, as relevant?
6. Does the Evaluation's Criteria and Evaluation Questions specifically address how GEEW has been integrated into the design, planning, implementation of the intervention and the results achieved, as relevant?
7. Are gender-responsive Evaluation methodology, Methods and tools, and Data Analysis Techniques selected?
8. Do the evaluation findings, conclusions and recommendation take gender equality and the empowerment of women (GEEW) aspects into consideration?
9. Does the evaluation draw linkages to the SDGs and relevant targets and indicators for the area being evaluated?
Evaluation Findings, Conclusions and Recommendations (Weight 40%)
FINDINGS AND CONCLUSIONS
1. Does the evaluation report contain a concise and logically articulated set of findings?
2. Does the evaluation report contain a concise and logically articulated set of conclusions?
3. Does the evaluation report contain a concise and logically articulated set of Lessons learned?
4. Do the findings and conclusions relate?
5. Are the findings and conclusions supported with data and interview sources?
6. Do the conclusions build on the findings of the evaluation?
7. Are risks discussed within the evaluation report?
RECOMMENDATIONS
8. Are the recommendations clear, concise, realistic and actionable?
9. Are recommendations linked to Country Office outcomes and strategies and actionable by the CO?

Source: Terms of Reference

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30 Years Promoting Sustainable Development

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