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IEO INDEPENDENT Evaluation Office
United Nations Development Programme

EVALUATION

OF UNDP SUPPORT TO POVERTY REDUCTION IN THE LEAST DEVELOPED COUNTRIES

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FOREWORD

It is my pleasure to present this comprehensive assessment of UNDP support to poverty reduction in the least developed countries (LDCs), covering the period 2014 to 2017. The evaluation assessed UNDP's contribution to reducing poverty across five streams of UNDP support: inclusive growth and employment, local economic development, sustainable livelihoods, early economic revitalization, and Millennium Development Goal (MDG)/Sustainable Development Goal (SDG) integration.

The evaluation comes at a time when countries are in the process of imbedding the SDGs into their national development strategies. Several challenges must be addressed if LDCs are to achieve their SDG targets. Dealing with growth-poverty-inequality dynamics requires not only sound fiscal measures, sustained redistributive policies, and addressing institutional and infrastructure deficits, but also interventions that lead to job-creating growth and productive capacities. Simultaneously, LDCs need to address climate-related vulnerabilities that are impeding growth and hindering poverty reduction. If disparities across a country's regions and segments of the population are not dealt with, this will inhibit poverty reduction. LDCs have sizeable financing needs and therefore international support, through concessional finance, remains extremely important.

The systemic and macroeconomic challenges faced by LDCs are taken into account in much of UNDP's programme support, and UNDP has allocated a significant proportion of its regular resources to LDCs. Given the dynamics of country-level programme support, UNDP rightly considers graduation from the LDC category as one of numerous milestones in the trajectory of poverty reduction and sustainable development. Institutional capacity building and policy support provided by UNDP has contributed to LDCs' national development efforts to reduce poverty. Globally, UNDP's approach to addressing poverty has evolved, and new tools were introduced during the Strategic Plan period 2014-2017. Inclusive growth initiatives combined with environment and climate resilience support provided greater opportunities for demonstrating income-generation and sustainable livelihood models. Recent efforts to partner with the private sector to harness market forces for positive social impact offer UNDP a potentially transformative way of working in the future. In conflict-affected and post-conflict countries, UNDP's role and contribution to economic revitalization have been important.

The evaluation recognizes these achievements and calls for greater attention to inclusive growth and employment support to generate scalable and transformative solutions for enhancing productive capacities. The enabling environment in LDCs for private investment is evolving and needs a more catalytic thrust to de-risk, as well as troubleshoot, efforts to blend local and international private capital with concessional funds. In conflict-affected and post-conflict countries, economic revitalization efforts need a phased approach linked to longer-term efforts to address structural challenges of employment and income-generation capacities and investments. In addition, further efforts are warranted to ensure that community-level sustainable livelihood activities are integrated into environment and climate change adaptation programmes.

The evaluation recognizes the major role that UNDP plays in support of poverty reduction in LDCs and lays out a number of recommendations for further strengthening this support, consistent with the UNDP Strategic Plan 2018-2021. I hope this evaluation will serve to inform the organization as it further enhances its contribution to inclusive growth, sustainable livelihoods and employment.

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ACRONYMS AND ABBREVIATIONS

AfDB	African Development Bank
AFIM	African Facility for Inclusive Markets
CPEIR	Climate Public Expenditure and Institutional Review
DESA	Department of Economic and Social Affairs (United Nations)
DFA	Development Finance Assessment
ECOSOC	Economic and Social Council (United Nations)
EIF	Enhanced Integrated Framework
ESCAP	Economic and Social Commission for Asia and the Pacific
EVI	Economic Vulnerability Index
FAO	Food and Agriculture Organization of the United Nations
FDI	Foreign direct investment
GCF	Green Climate Fund
GDI	Gender Development Index
GDP	Gross domestic product
GEF	Global Environment Facility
GEWE	Gender equality and women's empowerment
GNI	Gross national income
HAI	Human Assets Index
HDI	Human Development Index
ICT	Information and communication technology
IEO	Independent Evaluation Office
IFI	International financial institution
IHDI	Inequality-adjusted Human Development Index
ILO	International Labour Organization
IMF	International Monetary Fund
IPoA	Istanbul Programme of Action
ITC	International Trade Centre
LDC	Least developed country
LGLC	Local governance and local development
MAF	MDG Acceleration Framework
MAPS	Mainstreaming Acceleration and Policy Support
MDG	Millennium Development Goal
MIC	Middle-income country
MPI	Multidimensional Poverty Index
NGO	Non-governmental organization
ODA	Official development assistance
OECD	Organisation for Economic Co-operation and Development
OPHI	Oxford Poverty and Human Development Initiative
PEI	Poverty-Environment Initiative
PRSP	Poverty Reduction Strategy Paper
PSI	Poverty Strategies Initiative
PUDC	Community Development Emergency Programmes
RIA	Rapid Integrated Assessment
SDG	Sustainable Development Goal
SIDS	Small island developing states
SWAP	UN System-Wide Action Plan

ToC	Theory of Change
UNCDF	United Nations Capital Development Fund
UNCTAD	United Nations Conference on Trade and Development
UNDG	United Nations Development Group
UNDP	United Nations Development Programme
UNECA	United Nations Economic Commission for Africa
UNEP	United Nations Environment Programme
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UN-OHRLLS	UN Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States
UNSIF	UN SDG Impact Finance
UNV	United Nations Volunteers
UN-Women	United Nations Entity for Gender Equality and the Empowerment of Women
VNR	Voluntary National Review
WTO	World Trade Organization

EXECUTIVE SUMMARY

BACKGROUND

The UNDP Independent Evaluation Office (IEO) carried out an evaluation of the UNDP contribution to poverty reduction in the least developed countries (LDCs). The evaluation is part of the IEO medium-term plan (DP/2018/4) approved by the Executive Board at the first regular session of 2018. The evaluation, presented to the Executive Board at the first regular session of 2019, will contribute to the development of corporate programme strategies on poverty reduction and sustainable development and strengthen the accountability of UNDP to global and national development partners, including the Executive Board.

As per the request of the Executive Board, this evaluation is a follow-up to the 2013 IEO evaluation on UNDP's contribution to poverty reduction (DP/2013/3). It also examines UNDP's programmatic response to subsequent Executive Board deliberations and decisions that followed the 2013 evaluation. This evaluation, however, focuses on the LDCs, a key area of UNDP support, to allow for a deeper analysis of countries in similar economic situations where UNDP is a major provider of support and to consider factors related to the graduation of countries from LDC status. The IEO will be assessing UNDP programming in middle-income countries in 2019.

The evaluation assessed the contribution of country programmes and of global and regional programmes to reducing poverty across five streams of UNDP support: inclusive growth and employment; local economic development; sustainable livelihoods; early economic revitalization; and Millennium Development Goal(MDG)/Sustainable Development Goal (SDG) integration. The evaluation covered all LDCs in Africa, Asia and the Pacific, the Arab States and Haiti in the Caribbean. For a comparative analysis, programmes in the countries that have transitioned to middle-income status since 2010 were also included.

UNDP country programmes and global and regional programmes and projects for the period 2014 to 2017 were evaluated. The assessment included the positioning of UNDP support to LDCs; the contribution of UNDP to national poverty reduction capacity development; its convening role vis-à-vis international cooperation and United Nations efforts for sustainable development outcomes; and the progress made by UNDP on its commitments to expand cooperation with the private sector.

UNDP PROGRAMME SCOPE AND SCALE

The Strategic Plan 2014-2017 aimed to assist programme countries in designing and implementing development pathways that can tackle the connected issues of poverty, inequality and exclusion while transforming productive capacities, avoiding the irreversible depletion of social and natural capital and lowering risks arising from shocks. One of the significant changes in corporate planning set out in that Strategic Plan was linking two separate areas of work – poverty reduction and environmental protection – into a single area under sustainable development. While all initiatives in the plan were meant to be pro-poor and address inequality, the 'sustainable development pathways' programme area addressed this area most comprehensively.

The Strategic Plan noted that the vision, outcomes and areas of work were relevant for all programme countries where UNDP works, although in different combinations and with varying degrees of emphasis. Therefore, programme areas designed as a 'global offer' also enable UNDP to adopt an issues-based – rather than a practice-based – approach to development needs and priorities. UNDP has programmes in all 47 LDCs (including both development and conflict-affected countries); it does not consider it essential to have an explicit strategy for LDCs since individual country programmes respond to national contexts and priorities. The ongoing Istanbul Programme of Action has outlined specific tasks for some United Nations agencies, including UNDP, and most of these tasks coincide with UNDP areas of support.

Across the seven outcomes of the Strategic Plan 2014-2017, the key streams of UNDP poverty reduction and sustainable livelihoods programmes are the following:

- Inclusive growth, employment and social protection: The UNDP strategy aimed to support the transformation of productive capacities for income generation by strengthening human capital, reducing economic vulnerability and building safety nets for resilience against economic and social shocks. It aimed at phased progress towards universal access to social protection; more transparent and lower-cost delivery systems; improved targeting of non-universal benefits schemes; and better coverage, quality and cost of social services.

- Sustainable livelihoods: Programmes to protect the environment, including natural resource management and climate change adaptation under the sustainable development pathways with a significant focus on livelihoods.

- Local economic development: While some of the local economic development initiatives were under the inclusive and effective democratic governance programmes (as part of local government institutions support), there were also sizable programmes on this theme under the sustainable development pathways area.

- Economic revitalization in crisis contexts: UNDP post-conflict and post-disaster recovery and reconstruction initiatives for economic revitalization aimed to improve livelihood opportunities at the household and community levels and to build stronger links between crisis recovery and the transition to development.

- Mainstreaming the MDGs/SDGs: Support to national development plans, macroeconomic policies, measurement and monitoring of country-level development and poverty, and aid effectiveness programmes that complement poverty reduction efforts. This has been an area of engagement for UNDP given its mandate to support mainstreaming of both sets of goals and to report on progress.

UNDP has allocated a significant proportion of its regular resources to the LDCs. Of the $1.5 billion in regular resources received by UNDP in the past four years, 60 percent was assigned to the LDCs, of which 51 percent was allocated to poverty reduction.

Over the period 2014-2017, UNDP programme expenditure averaged $4.3 billion a year with an increase to $4.5 billion in 2017. Expenditure on poverty reduction in the LDCs over the same period was $2.17 billion, which accounted for 41 percent of the overall LDC portfolio ($474 million in regular resources and $1.7 billion in other resources). In terms of regional distribution, Africa had the highest expenditure (62 percent of the $2.17 billion), followed by Asia and the Pacific (24 percent) and the Arab States (12 percent).

Of the five programme streams assessed, economic revitalization in conflict-affected countries is the largest area of poverty reduction followed by the sustainable livelihoods stream. It should be noted that in the case of the Global Environment Facility (GEF) and Green Climate Fund (GCF), the evaluation included only projects that had a strong livelihoods component.

KEY FINDINGS

This section presents a summary of the evaluation’s findings across the programme themes assessed.

A. Support to LDC graduation

Although UNDP does not have a dedicated strategy around the Istanbul Programme of Action, the thematic areas of the Strategic Plan 2014-2017 collectively seek to address the key drivers of poverty and inequality and are relevant across programme countries, including LDCs. UNDP has programmes in all 47 LDCs (31 in Africa, 12 in Asia and the Pacific, 3 in the Arab States and 1 in the

Caribbean). UNDP country programmes demonstrate contributions to the deliverables of the Programme of Action, such as crisis mitigation and resilience-building strategies, climate change adaptation, resource mobilization for the GCF, good governance, and gender equality and the empowerment of women.

B. Policy formulation and institutional capacity development

UNDP support for policy analysis in several LDCs enabled formulation of appropriate strategies underpinned by people and an inclusive livelihood-centred approach. Policy engagement covered a broad span of policies, plans and strategies directed towards pro-poor enhancement of productive capacities and structural transformation. The UNDP contribution is more evident in creating apex institutions and strengthening institutional capacities to bridge critical functional gaps. Government counterparts valued the ability of UNDP to respond effectively to a wide array of institutional capacity support needs, sourcing specialist international expertise to augment staff capacities, mobilizing multi-year donor funding for operations and commissioning analytical studies. There are several examples where UNDP contributed to the capacity development of key institutions having direct roles in shaping pro-poor policies and actions.

The results from policy support are difficult to establish in isolation, since their success depended on complementary sector action plans and resource allocations to give effect to policies, which were often beyond the scope of UNDP support. While UNDP policy engagement was demand-driven and often determined by the absorption capacity of national institutions, there are areas where UNDP could have been more proactive in informing national policies by drawing from its community projects.

C. Millennium Development Goals/Sustainable Development Goals

UNDP led the conceptualization of the Mainstreaming, Acceleration and Policy Support (MAPS) framework and its promotion as a United Nations system-wide tool. UNDP facilitated multi-agency MAPS missions in 26 countries, of which 11 are LDCs. The mainstreaming exercises focused on analysing the alignment of national development plans and sector strategies with the Sustainable Development Goals, integrating the Goals into national development planning frameworks and examining policy areas and sectors with the greatest multiplier effects. Diagnostics were carried out to inform policy options on the national response to the Goals, with renewed poverty eradication commitments and targets. An issue that needs to be addressed in the conduct of the MAPS is providing context-specific expert solutions, rather than an array of options. Plans in which the Goals have been mainstreamed have led to improved financial assessments and budgetary allocations indexed to national targets for the Goals. Sufficient thrust on MAPS will be critical to maintain the momentum of integrating the Goals. Adequate technical composition, engagement of relevant United Nations agencies and other development actors will be critical in providing solutions that can be adopted by countries.

Over the years, the development and promotion of indices highlighting human development and multidimensional poverty at the global and country levels have contrbuted to policy processes. UNDP has played an important role in advocating a multidimensional approach to poverty at the country level, facilitating discussions on the Multidimensional Poverty Index (MPI). Decreasing UNDP engagement in the computation of national MPIs contrasts with its continued assistance to governments and the compilation of national and subnational human development indices. A key issue is UNDP’s engagement in national MPIs, which is critical for ensuring the credibility of the MPI and follow-up with the government. UNDP positioning on indices at the country level is also critical for its support related to the Goals. UNDP has not consolidated its efforts on global indices, which it has built up over the years, at times conceding its work in this area. These indices assume further importance in the Sustainable Development Goal programming context. Adequate efforts are needed for consolidating UNDP work on indices.

D. Inclusive growth and employment generation

Inclusive business and markets

UNDP has shown a strong commitment to fostering transformative partnerships with the private sector. UNDP engagement has evolved from providing ad hoc support to the private sector (small- and medium-sized enterprises) in value chains and supplier development, to a more systematic partnership strategy to harness the private sector's potential for inclusive and sustainable growth initiatives. UNDP engagement in policy support, programme implementation, institutional entry points, country presence, networks and convening power have been key elements and a formidable value proposition in attracting the private sector into inclusive market development initiatives. UNDP not only facilitated public-private connections but also brought in complementary resources to address policy and institutional bottlenecks to value enhancement for private actors while ensuring inclusion and the beneficial participation of poorer sections of the society. These are investments that private sector actors would not undertake on their own and represented significant and tangible benefits of partnering with UNDP.

Inclusive business and markets were prioritized to integrate bottom-of-pyramid segments of the population as consumers, suppliers, employees and business holders in value chains and markets. However, UNDP has yet to use its comparative advantage of country presence and credibility to scale up work in this area. UNDP value chain interventions that are scattered and small in scale face challenges in balancing micro, meso and macro aspects and achieve limited results. Inclusive market development initiatives need to operate at the micro (small-scale producers), meso (value chain linkages) and macro (policy, infrastructure and incentives) levels. Also, micro, meso and macro interventions cannot be pursued in isolation or in parallel and need to be sequenced properly to have results. These are best addressed under well-formulated and resourced sector-level strategies and action plans. Linking its interventions to a well-coordinated strategy spanning the full range of the value chain has been difficult for UNDP, in large measure due to a space crowded with multiple donors and numerous implementation arrangements.

Although trade support is not a major aspect of its service offering to LDCs, UNDP has contributed to LDC efforts to build and sustain external market access. UNDP has channelled its trade-related support primarily through the Enhanced Integrated Framework, the principal multilateral mechanism for trade-related technical assistance exclusively for LDCs, as one of the six core implementing partner agencies. De-prioritization of trade-related support in UNDP since 2013 and the absence of joint approaches and insufficient efforts to build partnerships reduced the UNDP contribution to trade-related efforts in LDCs. Lack of engagement in trade-related issues is a missed opportunity, since LDCs are seeking assistance to become more competitive and further integrated into regional and global markets. Governments want more hands-on support, which is not possible for non-resident agencies, although they may be supporting countries in some areas.

UNDP piloted several initiatives on financial inclusion and access to finance, with some degree of success in integrating them into national programmes. Access to financial services is one of the keys to alleviating poverty and achieving sustainable economic growth, and a powerful instrument for self-empowerment by enabling the poor, especially women, to become economic agents of change. The UNDP livelihood portfolio includes several interventions related to financial inclusion and access in diverse LDC settings. The main interventions have been in the establishment and strengthening of micro-finance sectors and institutional mechanisms. Establishing linkages with ongoing government programmes and policies is not only key to the success of community-level access to finance initiatives, but also a requirement. UNDP was less successful in this regard in several other countries, and even initiatives with good project-level outputs were not scaled up, partly due to poor programme design or lack of government willingness.

Private finance and impact investments

UNDP is developing impact investment instruments and modalities with the private sector but requires a faster pace of expansion of this area. In the LDCs, alternative and impact financing from the private sector, although conceptually relevant, is still on the fringe and nascent in its prospects. While there are some ongoing initiatives in the LDCs, private sector financing successes are mostly in non-LDCs given their more mature financial sectors and capital markets. Unlike traditional development finance, especially grant finance, private sector-led impact investment (also termed blended finance, as it involves a combination of debt, equity, collateral guarantees and other forms of financial support) seeks triple-bottom-line returns and is predicated on commercial viability besides social and environmental outcomes. While blended finance models have found traction in member countries of the Organisation for Economic Co-operation and Development and in Central Asia and Latin America, with their well-developed financial sectors and capital markets, they are evolving slowly in other regions, especially LDCs. The trend is changing in Asia, but more so in middle-income countries. UNDP is pursuing a self-sustaining model more appropriate to LDCs, especially the use of challenge funds as incentives to de-risk private sector investment. Despite such initiatives, at present UNDP neither has appropriate mechanisms to manage such instruments nor is ready to embark on new and potentially risky terrain. Nevertheless, impact investment remains a key area to address development finance constraints in LDCs and needs further engagement, and UNDP organizational investment in this area is important.

Social protection

Inconsistencies remain between aspirations versus resource investments in social protection programming, reducing the role and contribution of UNDP in this area. For LDCs, the key challenge lies in the design and implementation of national social protection systems that can be financed sustainably through an enabling fiscal space, besides highly targeted external capital. The UNDP comparative advantage in social protection support, as perceived by development actors at the country level, is its ability to address social protection at a cross-sectoral level compared to the sectoral focus of other United Nations agencies, such as the International Labour Organization, which has the lead mandate in this area. With well-established institutional networks in multiple ministries and its convening role in post-crisis and conflict settings, UNDP is well positioned to engage in this area. Such cross-sectoral social protection efforts are not evident in the LDCs where they are most needed.

Youth economic empowerment

Youth-related support at the country level consisted largely of stand-alone initiatives and was not well integrated with the diverse employment and livelihood initiatives of UNDP. Barring a few exceptions, most youth-focused interventions remained fragmented without sufficient integration with sectoral strategies and plans. Lack of post-programme follow-up and feedback mechanisms led to the ineffective tracking of programme outcomes and constraints.

UNDP work in youth economic empowerment is predominantly at the national level through upstream support to national policy formulation, strategies promoting youth employment, and strengthening of information and networking platforms for youth engagement. UNDP has piloted youth-led social enterprises funded by impact investments such as the Youth Leadership, Innovation and Entrepreneurship project (Youth Co:Lab). However, downstream engagements were often small in scale and lacked integrated interventions combining policy aspects and downstream demand-supply interventions in specific sectors or value chains. Linking youth to short-term income-generating activities has been easier in economic recovery and rehabilitation contexts given the availability of humanitarian funding.

A large share of the youth economic empowerment portfolio consists of skills development initiatives that delivered livelihood skills training to hundreds of youth beneficiaries. Going beyond the scale of such initiatives, the approach that was followed needs to be revisited, particularly in terms of enabling linkages with sectoral initiatives. The absence of collateral, a crucial gap in bankability and financing of youth enterprise initiatives, has not been systematically addressed. There is scope for exploring collaboration with large regional youth-based programmes of the international financial institutions.

Women's economic empowerment

UNDP interventions included a mix of policy support for gender-responsive frameworks and women-targeted interventions to address the expansion of income opportunities and access to finance. The inclusion of women beneficiaries is ensured in all income-generation, employment and sustainable livelihood programmes, in line with UNDP gender equality policies and practices. It is hard to discern if joint United Nations initiatives in which UNDP participated improved the capacities of government staff in carrying out sound gender analysis, or to use gender-disaggregated data to develop or implement gender-sensitive policies and budgeting processes.

There is minimal impact from one-off, small-scale initiatives targeted at women, especially when carried out in a disconnected fashion, without linkages to upstream policy processes or government scaling up, and apart from other development assistance programmes. In the absence of enabling policy processes, even successful projects targeting women had limited outcomes.

E. Local development

UNDP has contributed to a more holistic strategic framework for local governance and local development (LGLD) support that addresses poverty reduction and the 2030 Agenda for Sustainable Development. The overall impact at national and local levels cannot yet be assessed. The UNDP role in urban poverty reduction support still needs to be clarified. In recent years, UNDP has launched several new joint strategic frameworks and global partnerships with the United Nations Capital Development Fund and United Nations Volunteers programme, which established a combined, updated framework for support to local development facilitated by local government.

The integrated framework to support LGLD is one such long-term endeavour that is expected to evolve according to national contexts and the scaling up of local pilots. This and other new global strategies build on national-level engagement in local development and poverty reduction and are relevant for generating joint responses with partner United Nations agencies and other key actors. The new framework will take time to inform country-level responses, and it is too early to see strategic footprints at the national and subnational levels. Most of the outcomes from these global LGLD initiatives are focused on localizing the Sustainable Development Goals at the subnational level, as significant international support has been promised for translating the 2030 Agenda into national and local objectives and activities.

Instead of pursuing comprehensive engagement, UNDP often gravitates to one-off engagements that are readily funded. This issue needs to be addressed, since it potentially diverts attention away from more strategic urban LGLD engagement in the LDCs.

Where LGLD support achieved the most impact, mutual partnerships enhanced intervention models and efforts for scaling up. Further partnership engagements can improve the effectiveness, sustainability and impact of LGLD support and strengthen the UNDP strategic role in local government reforms and poverty reduction. UNDP played a key role in the implementation of national projects contributing to local economic development and the capacities of local government institutions.

F. Sustainable livelihoods

Integrated livelihood approaches as part of the environment, energy, and climate change adaptation initiatives at the community level had tangible outcomes. Community-level livelihood initiatives have been an effective tool for mainstreaming environment within community systems, demonstrating linkages to reducing poverty; creating awareness and empowering communities; and providing models that can be replicated. UNDP community-level interventions had concrete outcomes in enabling adoption of sustainable agriculture and livestock practices, integrated water resources management, improved biodiversity and climate-resilient livelihoods and risk management. Addressing the unsustainable use of natural resources causing widespread degradation of ecosystems, which is primarily linked to rural poverty, has been central to most interventions. Rehabilitation of small-scale infrastructure such as tertiary canals, other watersheds and small dams, enabled farmers to produce two, and in a few cases, even three crops (for example, in Cambodia).

Improvements in livelihoods and resource bases and capacities to manage climate-related risks are factors that retained the interest of participating communities. Integrated interventions by UNDP also contributed to local administrative capacities in land and forest management and biodiversity and ecosystems management. Mechanisms to improve common resources and governance at the community level, along with an enabling policy environment, were key to maintaining the momentum in LDCs where such initiatives are taking root.

UNDP assisted several LDCs to mobilize domestic finance for biodiversity conservation, which underpins rural economic development and livelihoods and proved to be transformative at the ecosystem level. Payments for ecosystem services under biodiversity initiatives contributed to tourism and economic development, positively impacting livelihoods at the household and community levels.

UNDP has yet to effectively leverage its community-level programmes to inform national approaches and policies on sustainable livelihoods. Fragmentation of projects with significant livelihoods components under the vertical funds has undermined the ability of UNDP to play a greater policy role. Fragmentation of UNDP initiatives in the environment and adaptation portfolio, implemented individually instead of pursuing a more programmatic approach to sustainable environment and livelihoods, undermined the potential of the UNDP contribution to government strategies. While individual environment and adaptation projects are part of the sustainable development framework, there is limited interface among various projects. While the requirements of the vertical funds need a more project-based approach, UNDP did not walk the extra mile to build on these initiatives to engage in public policy processes on sustainable livelihoods.

While there are organizational policies conducive to promoting resilience, intersecting elements of crises and their linkages have yet to be prioritized in implementation. The LDCs have experienced natural and climate-related disasters (both rapid-onset disasters and droughts), health pandemics and conflict. At any given point in 10 to 12 LDCs, UNDP programmes are implemented in the context of multiple fragilities. UNDP has programmes in the areas of climate-resilient agriculture and livelihoods, inclusive growth and income-generation initiatives, economic revitalization and peacebuilding; it is also progressively adopting ways to improve resilient development. Given this range of support, opportunities were not used to enable an integrated approach to address intersecting linkages between drought and poverty, or drought, conflict and poverty. The project-driven approach reduced the opportunities to advocate for recognizing and addressing such linkages in government efforts as well as in international support.

G. Economic recovery and revitalization

Community-driven programmes have played a significant role in providing employment and quick economic recovery in post-conflict contexts. However, short-term income-generation support, in the absence of continuity and linkages to long-term employment initiatives, had limited poverty reduction dividends. With exceptions, UNDP programmes have yet to transcend the humanitarian-development divide.

Economic recovery and revitalization initiatives in conflict settings were often short-term, quick-impact programmes meant to address widespread unemployment, and not designed for long-term sustainable employment creation. Cash for work, microfinance and small-scale enterprise support are among the most common elements in UNDP economic revitalization efforts. While such initiatives serve to boost community-level stability and restoration of peace conditions, they are not designed with long-term sustainable employment or enterprise creation in mind. In post-conflict situations characterized by a collapse or exit of financial services and market service providers, these ecosystems need to be revitalized as well. These issues, however, did not receive adequate attention or consideration for funding in humanitarian assistance contexts, leading to sustainability challenges of even successful short-term interventions.

In most post-conflict contexts, development support modalities are not possible until the country transitions to normal development assistance mode. However, as support in post-conflict contexts shows, there is increasingly a need to break the humanitarian-development divide since a combined approach is essential for longer-term development transition. Despite its organizational expertise, UNDP contributions to economic recovery often failed to take a long-term development perspective. While the 3x6 approach and New Way of Working addressed this limitation, the common challenge is that, in most cases, implementation of the 3x6 aproach did not go beyond the first phase of stabilization. Whether it is the New Way of Working or 3x6 approach, partnerships and collective outcomes will be critical and the way forward. Programmes with a longer duration that address multiple intersecting areas and build on the comparative advantages of a diverse range of actors are critical.

An evolving area of UNDP support is private sector engagement in post-conflict countries. While there have been some successes, the extent of private sector engagement does not correspond to the extensive UNDP presence and engagement in post-conflict contexts. UNDP, as well as other agencies, have been cautious about the opportunities and challenges engagement of the private sector can pose in post-conflict reconstruction, employment generation and local economic development. While there is a rationale for such caution, particularly for safeguarding local markets, the private sector is extensively present in conflict and post-conflict contexts, and agencies such as UNDP need well thought out programme models for engaging it in peacebuilding and economic revitalization with long-term development linkages.

H. Gender equality and women's empowerment

UNDP supported improvements in economic opportunities for women by assisting upstream policy reforms and promoting downstream microcredit schemes and employment opportunities. UNDP had more success when it worked on women-specific initiatives promoting access to finance, enterprise skills and markets. Opportunities for gender mainstreaming in programme design and implementation remain underutilized.

The evaluation finds that most of the results reported on gender pertain to gender mainstreaming rather than the impacts of mainstreaming on reducing gender inequality. UNDP has included women in various poverty reduction initiatives promoting the integration of gender-responsive approaches to income generation and natural resources management in local planning processes. While there are stronger efforts to better mainstream gender considerations, gender-specific development support within interventions is not yet systematic and varies among projects, mainly because gender analysis at the formulation stage is overlooked.

CONCLUSIONS

The conclusions focus on strategic issues and key dimensions of the UNDP role and contribution.

Conclusion 1. Poverty reduction programme approaches and areas prioritized by UNDP are highly relevant for the LDCs. Globally, UNDP's approach to addressing poverty has evolved, and new tools

were introduced during the Strategic Plan period 2014-2017. Inclusive growth initiatives combined with environment and climate resilience support provided greater opportunities for demonstrating income-generation and sustainable livelihood models. In some LDCs, UNDP has been an organization of choice both in policy and implementation support.

UNDP has responded and adapted to changing contexts in its poverty reduction programmes, which has brought about a progressive evolution of conceptual understanding and approaches, especially those espousing multidimensional poverty reduction strategies and implementation of inclusive growth and sustainable livelihoods approaches. There was a strong focus on rural poverty reduction and livelihoods. Support for integrated planning and macroeconomic frameworks, green growth, expansion in productive capacities and value chains, and local development have positively contributed to policy improvements. Community approaches to sustainable livelihoods, natural resource management, and enhancing resilience to climate change are areas where UNDP engagement has helped generate tangible local-level impacts. Women's economic empowerment received sufficient attention across programmes with contributions at the project level. Urban poverty is an evolving area of UNDP programme support that merits greater attention.

Institutional capacity building and policy support provided by UNDP has contributed to LDCs' national development efforts to reduce poverty. UNDP was successful in providing policy support on a range of issues of importance for LDCs, including inclusive growth and livelihoods. UNDP has built a solid track record in raising financial resources for policy and institutional capacity development initiatives, and sourcing specialist expertise from its wide network.

UNDP was consistent in its support for the implementation of the MDGs until the adoption of the SDGs. With the adoption of the SDGs, UNDP has championed the UN Development Group's MAPS approach, designed to assist countries in incorporating the SDGs into national planning and processes. There is momentum and rising demand for tools and technical assistance to formulate and implement SDG plans. UNDP, using its integrated approach and the multidimensional concept of poverty and inequality, is well positioned to support countries in their efforts to implement the SDGs. UNDP can better leverage the indices work of the organization, which complements SDG-related advocacy.

Despite SDG plans prepared by the LDCs, an issue in most countries is their slow implementation and alignment with national policies. SDG integration has remained at a technocratic level and the operationalization of the transformative programming principles and interlinkages among SDGs is evolving slowly. MAPS created opportunities for governments to take stock of existing policies and resources and to identify processes to address development gaps. The value addition of MAPS as a tool for facilitating planning at the national level and applying integrated solutions to poverty reduction depends largely on its ability to provide context-specific and implementable solutions, as opposed to generalized assessments. Also, the success of MAPS, like its predecessor – the MDG Acceleration Framework – will depend on establishing effective partnerships beyond UN agencies.

Efforts to consolidate UNDP's global policy space in poverty reduction is underemphasized. UNDP pioneered several indices on human development, inequality, and multidimensional poverty, which have salience for measuring and reporting progress on the SDGs and for advocating transformative principles of equality and inclusiveness in development processes. This work lacked necessary attention at the global and country level in UNDP programme and advocacy work.

Conclusion 2. Recent efforts to partner with the private sector to harness market forces for positive social impact offer UNDP a potentially transformative way of working in the future. Some areas of private sector engagement (such as impact finance) are at a formative stage, but hold potential to expand productive capacities and reduce poverty. UNDP's low scale of engagement in this area and the slow pace of action is undermining its contribution to poverty reduction.

UNDP has played an important role in supporting resource mobilization in LDCs. Useful contributions have been made in areas such as sustainable livelihoods, while potential in areas such as employment and private sector contributions remains to be further explored. Successful partnerships with the private sector are an essential part of UNDP's resource mobilization support for SDG fulfilment in LDCs.

UNDP has a dedicated strategy for private sector engagement that recognizes the role and transformative potential of the private sector as partners for development impact. Private sector engagement has broadened beyond small- and medium-sized enterprises and extended to conglomerates, impact finance providers and philanthropic foundations. UNDP's commitment to an inclusive business and markets approach is demonstrated by the large share of core resources invested to catalyze an inclusive private sector ecosystem for transformative effects on livelihoods improvement and poverty reduction. But the scale of UNDP's engagement continues to be low when compared to private sector engagement in the development sector. UNDP has the potential to bring to private sector partnerships its comparative advantage in policy development, programme implementation and on-the-ground convening power to complement private sector strengths. UNDP has yet to leverage its country support to scale up efforts to engage the private sector, particularly in the LDCs.

The enabling environment in LDCs for private investment is evolving and needs a more catalytic thrust to de-risk and troubleshoot efforts to blend local and foreign private capital with concessional funds. UNDP recognizes the importance of new and alternative financial instruments for facilitating development financing. But such instruments need to be fully supported by LDC governments in order to be successful. UNDP is well suited to facilitate greater private sector participation and galvanize key actors. It is critical that UNDP develops robust and appropriate tools to enable private sector engagement in the LDCs.

Conclusion 3. In conflict-affected and post-conflict countries, UNDP's role and contribution to economic revitalization have been important. Community-level income-generation initiatives played a vital role in enabling temporary benefits to affected populations. But while early conflict recovery contexts are conducive to stop-gap job-creation activities, sustainable long-term poverty reduction required medium- and longer-term income-generation efforts earlier in the crisis recovery cycle. In addition, the lack of adequate attention to addressing the interlinking dimensions of multiple fragilities and the challenges of income-generation capacities and investments reduced the contribution to poverty reduction processes in fragile contexts.

For poverty reduction outcomes, economic revitalization efforts need a phased approach linked to longer-term efforts to address structural challenges of employment and income-generation capacities and investments. In the absence of such efforts, UNDP's economic revitalization programmes in the conflict-affected LDCs have paid only limited poverty reduction dividends.

There are strong linkages between multiple fragilities such as poverty, drought and conflict that exacerbate one another, calling for a more integrated response. UNDP supported each of these areas individually, but did not address intersecting linkages among multiple fragilities. Instead of bringing attention to linkages among different fragilities in increasing poverty and conflict, UNDP was often co-opted into the funding mechanisms and their focus.

Fragmentation of funding sources and donor priorities posed challenges to the promotion of integrated initiatives and longer-term focus. Donors recognize the benefits of supporting programme strategies that are holistic and have a medium- to longer-term perspective in employment and livelihoods creation. However, funding in post-conflict contexts continues to be dominated by humanitarian assistance. To make a better contribution to addressing poverty drivers of conflict, UNDP needs larger, and more predictable, programme budgets within more balanced humanitarian-development initiatives.

Conclusion 4. Inclusive growth and employment projects in LDCs could not generate scalable and transformative solutions for enhancing productive capacities. Interventions such as micro-enterprise and value chain development necessitate multi-pronged initiatives, spanning from support to community-level enterprise development to market linkages to integration and upscaling. Most initiatives did not combine and integrate these multiple aspects, resulting in limited country-level outcomes.

UNDP programmes addressed pro-poor inclusive growth issues and targeted the most backward development regions in its programme support. UNDP was more successful in enabling short-term employment generation at the community level. However, establishing linkages between successful community-level work and upstream policy and programme processes was more challenging, reducing the sustainability of the outcomes achieved. Initiatives that are a small component of a set of initiatives needed for promoting employment opportunities or productive capacities have proved to have limited outcomes. UNDP has yet to utilize its cross-country experience, community-level insights and close partnership with government for a more strategic engagement in enabling sustainable income-generation solutions.

While UNDP resources are not sufficient to address the full range of issues, these were not supplemented by forging partnerships at the formative stage of programmes. UNDP was more successful when the appropriate programmatic partnerships were established to anchor the programme models in national or donor programmes. In the absence of this, even strong programme models remained one-off initiatives.

Conclusion 5. UNDP's contribution to sustainable livelihoods is often insufficient to make a visible difference in many LDCs, due to the small scale of its work in relation to the magnitude of the problem. Also, UNDP did not pay sufficient attention to consolidating its community-level sustainable livelihoods activities in the environment and climate change adaptation areas. Although UNDP's integrated sustainable development approach, which brings together different elements of poverty reduction, is a well thought through strategy, it has to be fully translated into practice.

In UNDP, while there is greater recognition of the criticality of a programmatic approach addressing intersecting dimensions of sustainable development, this has yet to manifest into programming in the LDCs, particularly specific efforts to leverage the synergies between complementary areas of poverty reduction. Three years into the SDG period, initiatives under various themes of the sustainable development pathways area remain fragmented. UNDP did not build on its comparative advantage of having simultaneous and complementary programmes in inclusive growth and sustainable livelihoods to better position itself to inform national policies or other large donor initiatives. Siloed approaches are undermining UNDP's contribution and potential for greater policy influence. The emphasis on interlinking and transformative elements of the signature solutions in the ongoing Strategic Plan 2018-2021 seeks to address this limitation. However, country offices need practical programme models that would enable them to build on the synergies among different programmes areas.

Conclusion 6. A huge gap is often found between UNDP's corporate policy intent and actual programming and resources. Lack of selectivity in programme choices with regard to regular resources, inadequate resource mobilization to close programme funding gaps, and insufficient strategic programmatic partnerships have undermined UNDP's contribution. Domain expertise is critical for attracting non-core resources for programming, but UNDP has yet to make choices of areas in which it needs to strengthen its technical depth.

Since UNDP's mandate is broad, the organization has programmes in a number of poverty reduction areas, a role dependent on the availability of adequate and consistent funding. UNDP's current regular resources do not support such a role. Although UNDP supported a range of areas, its efforts have had poor traction due to the fragmentation of its initiatives and its engagement in low-end activities rather than a comprehensive response to address structural poverty reduction issues.

To enable sustainable solutions, it is critical to identify emerging areas where UNDP can be well positioned to support national efforts. UNDP has yet to go beyond broad areas it has identified to develop well thought through income-generation and sustainable livelihood solutions that can be applied with necessary country-specific adaptation. By responding to national needs and priorities in an open-ended way, UNDP is inadvertently conveying its lack of focus and specialization. The generalist image is undermining UNDP's contribution and thought leadership. The repositioning of UNDP in the Strategic Plan 2018-2021 to address structural challenges to poverty reduction and provide transformative solutions provides opportunities to further harness UNDP's country-level role and re-tool its technical capacities.

Conclusion 7. Resource investment towards gender equality and women's empowerment (GEWE) has been significantly reduced. This can undermine the effectiveness of UNDP's contributions to promote and enable gender equality in poverty reduction and sustainable development in the LDCs, particularly in Africa.

Over the years UNDP has made its intent stronger to GEWE in programme strategies and planning, but implementation is limited. UNDP's two-pronged strategy of targeted GEWE initiatives as well as mainstreaming GEWE across programme areas, while important, remains under-resourced. In LDCs, emphasis on mainstreaming gender equality across programme areas in practice did not translate into gender-informed programming. Women as beneficiaries in UNDP programmes often is considered a substitute for a contribution to gender equality. Given the severity of employment and income-generation challenges for women in the LDCs, there is more scope to inform gender-sensitive national programmes that address the barriers women face in engaging in productive activities and labour markets.

Conclusion 8. UNDP support to LDC graduation issues tends to be reactive and based on specific demands. Given the uneven prioritization of graduation-related development issues, there is considerable need for policy support and advocacy, especially in addressing non-income dimensions of graduation.

UNDP has provided poverty-related support to LDCs, which has contributed to their graduation efforts, and technical support to UN Secretariat units tasked with assisting LDCs in their transition to middle-income status. Nevertheless, UNDP has yet to play a more structured role in supporting graduating LDCs to transition smoothly and sustainably to middle-income status. It is not evident that UNDP was able to leverage its country programme presence to provide strategic support that accelerated graduation processes. As the LDC graduation process continues to accelerate, there is a need for policy support and advocacy, especially in addressing non-income dimensions of graduation.

Countries approaching graduation or in the post-graduation transition stages have special needs, which require further attention in country programmes. Loss of market access preferences calls for competitive progression and diversification of sectors and maintaining the growth trajectory without market preferences. Graduating LDCs need support for enhancing their productive capacities in employment and livelihoods creation and mobilizing adequate resources to compensate for the withdrawal of concessional finance.

RECOMMENDATIONS

The recommendations presented here are in keeping with the vision and expectations set out in the UNDP Strategic Plan 2018-2021.

Recommendation 1. UNDP should consider more consistent engagement in a set of poverty reduction sub-themes. While engaging in different types of programme support, UNDP country programmes should make a distinction been demand-driven services and programmatic engagement, with adequate emphasis on the latter.

At the corporate and country level, over the years, UNDP has engaged in a range of poverty reduction areas and approaches, some of which lacked consistency in prioritization and engagement. In the LDCs, country programmes should seek opportunities for more substantive programmatic engagement on poverty reduction, developing more realistic medium- to long-term frameworks for inclusive growth and employment. UNDP should undertake an analysis of areas that should receive priority for medium- to long-term engagement. Country offices should emphasize more substantive programmatic engagement with scaling potential.

Moving forward, UNDP should clarify its focus on the LDCs, and outline LDC-specific pro-poor solutions, particularly in Africa where poverty reduction has been the slowest. In the coming years, since most of the LDCs will be in Africa, UNDP needs well thought through programme priorities for its engagement in key inclusive growth and sustainable livelihood issues.

Recommendation 2. UNDP should better define for government counterparts the poverty reduction areas where it intends to stake out a strong technical support role; it also needs to detail the substantive tools and solutions it can provide towards sustainable income generation and livelihoods.

The poverty signature solution and emphasis on intersecting dimensions provide a much-needed impetus towards integrated programming. However, poverty reduction is a vast and complex area of support and UNDP needs to be more specific about the solutions with intersecting elements it can provide, and those specific to LDC contexts. Country offices need concrete and simplified integrated signature solutions for implementation and buy-in by governments.

Programme areas such as inclusive business and markets, private finance and impact investments, which enable structural transformation in income generation and employment, require UNDP to retain in-house technical proficiency. UNDP should accelerate the pace of action in these areas to enhance its role and contribution to poverty reduction.

Recommendation 3. UNDP should demonstrate global leadership in the development and use of multidimensional poverty indices.

UNDP has pioneered several indices on human development, inequality and multidimensional poverty. Efforts should be taken to further strengthen the work on indices at global and country levels, given their salience for measuring and reporting progress on the SDGs and advocating transformative principles of equality and human development. A related area, critical for SDG monitoring and reporting, is national statistics; UNDP should consider greater engagement in improving statistical capacities in countries deemed to have low average statistical capacity, especially in Africa.

Fewer countries are publishing national human development reports. UNDP should renew its emphasis on these reports as policy tools on critical SDG themes. Country offices should be provided with adequate guidance on coverage of SDG-related themes and principles.

Recommendation 4. UNDP should increase the pace and thrust of its support to private sector development and impact investment in LDCs. Given the structural constraints in harnessing market opportunities, innovative private sector finance tools should be improvised and promoted in LDC contexts.

UNDP has shown strong commitment in supporting private sector development and impact investment. LDCs require flexible tools that are appropriate for the purpose and can maximize the impact of partnerships in less enabling policy environments. UNDP should take concrete measures to adapt its tested private sector development and impact investment practices to LDC contexts, capacities and regulatory environments.

Instead of leaving the support open-ended, UNDP should present a concept of private sector development that targets specific gaps in inclusive growth and employment in sectors most prevalent in LDCs, for example, agriculture and agri-based sectors. With the establishment of country-level integrator platforms, UNDP should use a mix of tools – both financial and non-financial – to engage the private sector in poverty reduction. The potential of the private sector needs to be harnessed in crisis contexts as well. Sufficient measures are needed to engage investments to support reconstruction and long-term development, and to create sustainable opportunities for livelihood and employment.

UNDP should partner with financial intermediaries that are expanding their businesses in areas of UNDP support. UNDP should strategize to use its UN integrator role at the country level to facilitate impact investment.

Recommendation 5. Further emphasis is needed to enable linkages between UNDP's community-level sustainable livelihood programmes and rural poverty alleviation policies in LDCs. While fulfilling respective funding stream commitments, synergies among various sustainable livelihood interventions under the GEF and GCF in country programmes need to be strengthened. UNDP should take measures to leverage this important area of its work to better inform government policies and programmes.

UNDP should take sufficient measures to build synergies among various initiatives in its environment portfolio to better inform national policy processes. Opportunities to build on these initiatives are immense, and currently underutilized by UNDP. UNDP needs to walk the extra mile to build on these initiatives if it is to engage in public policy processes on sustainable livelihoods.

Recommendation 6. Bridging the humanitarian-development divide for more sustainable poverty reduction should be systematically pursued in crisis and post-crisis contexts. UNDP should also pay sufficient attention to intersecting vulnerabilities that can reverse efforts to reduce poverty.

For sustainable poverty reduction dividends, UNDP should systematize the New Way of Working in its post-conflict economic revitalization support to bridge the humanitarian-development divide.

Many post-conflict LDC contexts include fragilities such as droughts, floods and other recurring natural disasters, in addition to conflict, significant regional disparities, poverty and underdevelopment. These intersecting vulnerabilities in the context of multiple crises and fragilities must inform UNDP's poverty reduction and post-conflict programming.

Recommendation 7. Partnerships for poverty reduction at the global and country level should be pursued as a strategic programming option. UNDP should expand promising partnerships with UN and other development agencies that substantively and practically enhance its poverty-related programming in LDCs, especially to scale up pilot and community-level initiatives.

Across UNDP programme areas are examples of partnerships with UN agencies at the global and country levels, at times guided by a formal agreement. However, there is considerable scope for strengthening programmatic partnerships with UN agencies, in areas such as value chain support and food security. In productive capacity areas and value chain work, it is critical to partner: unless all areas of the value chain (production to marketing) are covered, the outcomes for sustainable income generation will be limited.

UNDP should proactively seek programmatic partnerships with bilateral donors in areas where it can complement their poverty reduction support. Similarly, where possible, UNDP should expand its efforts to forge partnerships with the World Bank and regional banks in areas such as sustainable livelihoods and employment.

Recommendation 8. UNDP should pay further attention to strengthening gender-responsive poverty reduction policy processes. More dedicated resources and commitment to GEWE are needed in the LDCs.

Considering UNDP's programme engagement across key development areas, GEWE should be prioritized, irrespective of initiatives by specialized agencies. Given the emphasis on mainstreaming, UNDP should have well clarified sectoral strategies for enhancing women’s productive capacities and livelihoods to ensure GEWE is not exaggeratedly subsumed under a mainstreaming approach.

Recommendation 9. UNDP should take steps to improve its programming on youth employment and empowerment.

Considering the burgeoning youth population across LDCs, UNDP should consider a more strategic approach to mainstreaming youth employment issues in its poverty reduction support. As part of its signature solutions, UNDP should consider support to LDCs to address youth employment comprehensively. Youth employment should be considered as a strand of private sector engagement.

CHAPTER 1: INTRODUCTION

1.1. BACKGROUND AND PURPOSE

The Independent Evaluation Office (IEO) of the United Nations Development Programme (UNDP) carried out an 'Evaluation of UNDP Support to Poverty Reduction in the Least Developed Countries'.[1] The evaluation is part of the IEO's medium-term plan (DP/2018/4) approved by the UNDP Executive Board in January 2018.[2] The evaluation assessed the contribution of country programmes, along with global and regional programmes, to reducing poverty across five streams of UNDP support: inclusive growth and employment, local economic development, sustainable livelihoods, early economic revitalization, and Millennium Development Goal (MDG)/Sustainable Development Goal (SDG) integration.

As per the request of the Executive Board, this evaluation is a follow-up to a 2013 IEO evaluation on UNDP's contribution to poverty reduction. It also examines UNDP's programmatic response to subsequent Executive Board deliberations and decisions that followed the 2013 evaluation. This evaluation, however, focuses on the least developed countries (LDCs), a key area of UNDP support, to allow for a deeper analysis of countries in similar economic situations where UNDP is a major provider of support and to consider factors that have played a role in the graduation of countries from LDC status. The IEO will be assessing UNDP programming in middle-income countries (MICs) in 2019.

This evaluation will be presented to the UNDP Executive Board at its first regular session in January 2019[3] and will contribute to the development of corporate programme strategies on poverty reduction and sustainable development. It also aims to strengthen UNDP's accountability to global and national development partners, including the Executive Board.

1.2. OBJECTIVES AND SCOPE

The main objectives of the evaluation are to:

a. Assess the role and contribution of UNDP to support national efforts aimed at poverty reduction in the LDCs
b. Examine the extent to which UNDP leveraged its programmes in the areas of environment, local development and crisis prevention to promote sustainable poverty reduction approaches
c. Identify factors that have affected UNDP's contribution.

The evaluation assessed five key streams of UNDP support to poverty reduction and their contribution to inclusive growth, employment, and sustainable livelihoods, as elaborated in Figure 1. These streams include inclusive growth, employment and social protection; local economic development; sustainable

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1 The 47 LDCs are: Afghanistan, Angola, Bangladesh, Benin, Bhutan, Burkina Faso, Burundi, Cambodia, Central African Republic, Chad, Comoros, Democratic Republic of the Congo, Djibouti, Eritrea, Ethiopia, Gambia, Guinea, Guinea-Bissau, Haiti, Kiribati, Lao People's Democratic Republic, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Myanmar, Nepal, Niger, Rwanda, Sao Tome and Principe, Senegal, Sierra Leone, Solomon Islands, Somalia, South Sudan, Sudan, Timor-Leste, Togo, Tuvalu, Uganda, United Republic of Tanzania, Vanuatu, Yemen and Zambia. The three countries that have graduated from LDC status since 2010 are Equatorial Guinea, Maldives and Samoa.

2 Executive Board of UNDP, UNFPA (United Nations Population Fund) and UNOPS agenda item document, 'Independent Evaluation Office Work Plan (2018-2021) (2014-2017)', DP/2018/4, New York, January 2018.

3 The evaluation was carried out within the framework of UNDP Evaluation Policy (http://www.undp.org/eo/documents/Evaluation-Policy.pdf) and UN Evaluation Group norms and standards (http://www.uneval.org/papersandpubs/documentdetail.jsp?doc_id=22).

livelihoods through poverty-environment linkages, including energy efficiency and climate change adaptation and management; economic revitalization in crisis contexts; and MDG/SDG mainstreaming. The evaluation did not include programme areas of UNDP that may have an overarching goal of poverty reduction (for example, governance initiatives), or those with a large fiduciary role component (such as support under the Global Fund to Fight AIDS, Tuberculosis and Malaria).

All of the LDCs (in Africa, Asia and the Pacific, the Arab States and Haiti in the Caribbean) were covered by the evaluation. For a comparative analysis, programmes in the countries that transitioned to middle-income status since 2010 were included. Although the evaluation focuses on LDCs, there are variations across this subset of countries in terms of economic growth and resources, their development situation, their overall capacity to address poverty, and productive capacity issues. The assessment included the positioning of UNDP's support in LDCs, its contribution to national poverty reduction capacity development, and its convening role vis-à-vis international cooperation and UN efforts for sustainable development outcomes. UNDP's progress on its commitments to expand cooperation with the private sector was also assessed. Using the evaluation criteria of relevance, effectiveness and sustainability, the evaluation assessed UNDP's country programmes, and global and regional programmes and projects, for the period 2014 to 2017.

Cross-cutting programmatic principles outlined in the Strategic Plan – that is, gender equality and women's empowerment, South-South and triangular cooperation, and partnerships – were also assessed. Besides support to state actors, the evaluation examined UNDP's partnership and support to strengthen the capacities of non-state actors – the private sector, civil society organizations, and programming partnerships with bilateral and multilateral agencies. The evaluation paid specific attention to cooperation between UNDP and its associated funds and programmes: the United Nations Capital Development Fund (UNCDF) and the United Nations Volunteers (UNV).

There have been conceptual shifts in UNDP's approach to poverty reduction over the various Strategic Plan periods (from 2008 to 2018). The evaluation examined how the conceptualization of poverty reduction has translated into practice, particularly the sustainable development dimension (integrated approach) of poverty reduction.

1.3. APPROACH AND METHODOLOGY

FRAMEWORK FOR ASSESSING UNDP CONTRIBUTION TO POVERTY REDUCTION IN THE LDCS

Drawing on the Strategic Plan 2014-2017 Theory of Change (ToC) for each programme area, this evaluation has established an aggregated ToC for assessing UNDP's contribution to poverty reduction in the LDCs. The ToC provides a framework for assessing five streams of poverty reduction support spread across seven programme outcomes outlined in the Strategic Plan. The ToC outlines the contributory pathways of poverty reduction programmes in order to understand the extent of UNDP programme support given a particular LDC context (What did UNDP do?), the approach of the contribution (Were UNDP programmes appropriate for achieving national results?), the process of the contribution (How did the contribution occur?), and the significance of the contribution (What is the contribution, and did UNDP accomplish its intended objectives?). The ToC is schematically presented in Figure 1.

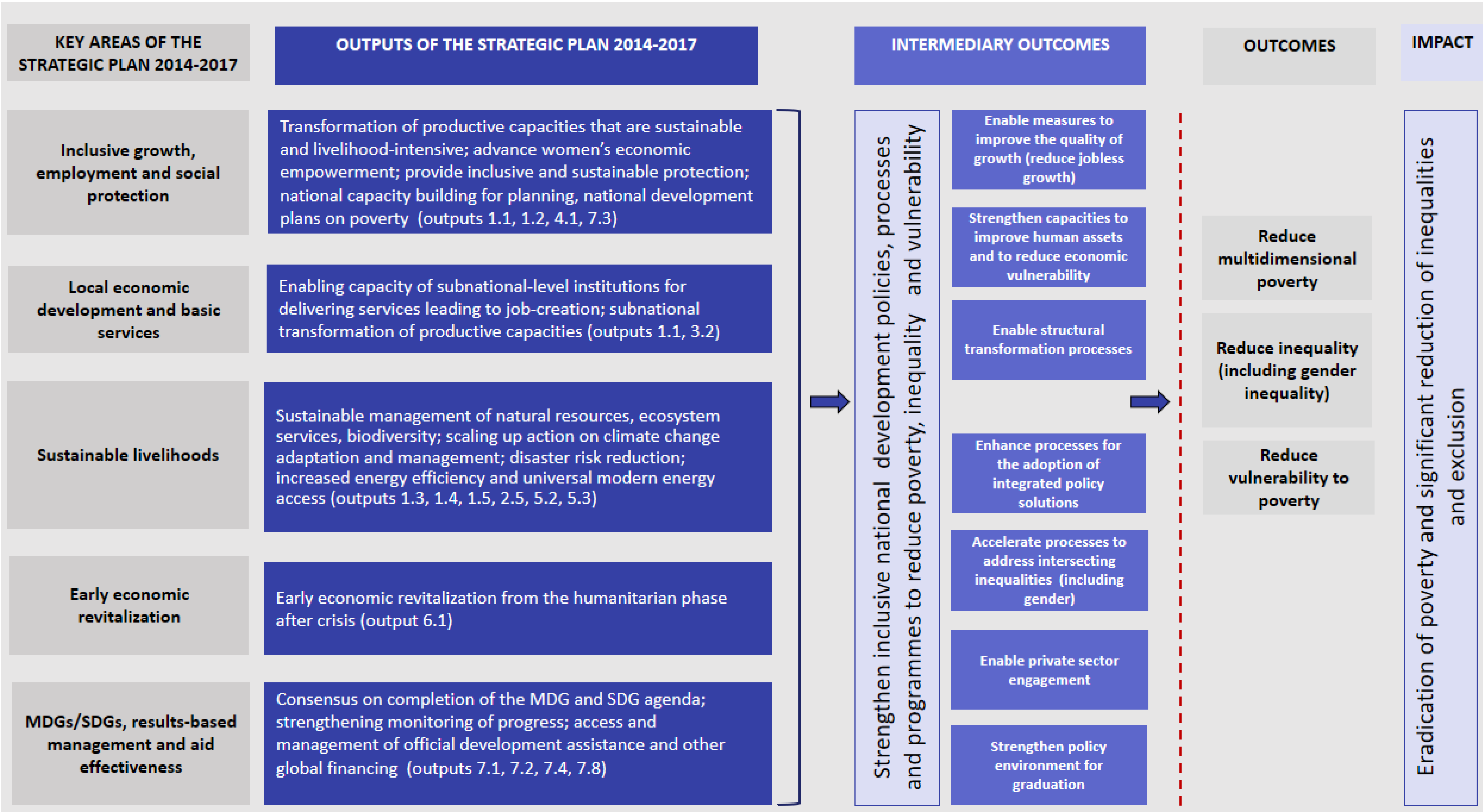
The ToC distinguishes between immediate, intermediate and long-term outcomes, recognizing that some of the components are iterative. Immediate outcomes are outputs of UNDP initiatives that are likely to contribute to programme outcomes. The line of accountability of UNDP programmes was considered to be at the intermediary outcome level. The evaluation recognizes that poverty reduction and sustainable development outcomes are long term and nationally driven, and the extent and pace with which they are addressed significantly determines programme outcomes. Due to the ways in which UNDP works closely with national governments and other actors in support of their national development priorities, it was not practical in all instances to separate UNDP programme contributions from other ongoing efforts or to look at UNDP's contribution in isolation.

The evaluation recognizes that poverty reduction and sustainable development outcomes are long term and nationally driven, and the extent and pace with which they are addressed significantly determines programme outcomes. For international development agencies and donors, including UNDP, it is not always possible to support comprehensive programmes to reduce poverty and inequality. The level of visibility of UNDP programme outcomes or results achieved, in terms of their contribution to poverty reduction processes and outcomes, depends largely on their relative importance and positioning of the support vis-à-vis other activities by state and non-state agencies, resources assigned by UNDP and length of engagement, among other contextual factors. Similarly, outcomes related to reducing inequality are systemic and entail a complex set of actions and interactions among various institutions and actors. Determining contributions to reducing inequality processes are more plausible than reducing inequality.

There are differences in the scale of UNDP support as well as the continuity of its engagement across programme areas and countries; in some areas, UNDP support was relatively small to overall poverty reduction outcomes in a country. The level of visibility of UNDP programme outcomes or results achieved depended on their scale, relative importance compared to other actors, length of engagement in specific initiatives, and resources assigned by UNDP, among other contextual factors. Therefore, more emphasis was given to immediate and intermediate outcomes where the contribution of UNDP programmes was more likely to be evident.

The evaluation considers the contribution to three key poverty reduction outcomes: a) reducing multidimensional poverty, b) reducing inequality and c) resilient development to reduce vulnerability to poverty. The line of accountability of UNDP programmes is, however, considered in this evaluation to be at the intermediary outcome level. Beyond intermediary outcomes, UNDP's contribution is considered part of complex, multi-causal pathways of poverty reduction, and thus ***establishing causal linkages between UNDP's programmes and poverty reduction outcomes is challenging***. The evaluation, therefore, pays more emphasis to immediate and intermediate outcomes where the contribution of UNDP programmes is more likely to be evident. Given these issues, the evaluation chose to focus on programme outcome processes that are central to UNDP's contribution, to assess: a) whether UNDP support is strategic for poverty reduction outcomes in the country, b) whether effective linkages have been established between sustainable development and resilient approaches, and due consideration was given to reducing inequality as a dimension of reducing poverty, and c) whether UNDP leveraged its comparative advantage in the environment, local development and crisis support.

Figure 1. UNDP's programme approach to poverty reduction: A Theory of Change



Source: Independent Evaluation Office, UNDP

1.4. DATA COLLECTION AND ANALYSIS

KEY PARAMETERS OF THE EVALUATION AND WHAT IS JUDGED

The evaluation used country-level and global and regional analyses to determine the contribution of UNDP to poverty reduction in the LDCs. Data were collected to assess the contribution according to the evaluation criteria (relevance of UNDP initiatives, their effectiveness, and sustainability) and key parameters, and to answer the questions outlined in Table 1.

Table 1. Evaluation criteria, key parameters of the evaluation, and questions

Key parameters of the evaluation	What is judged
Evaluation criteria	Relevance, effectiveness, and sustainability
Programme positioning for improved contribution to national development outcomes to reduce poverty and inequality	1. The extent to which the LDC context and special development situations are taken into consideration by UNDP in developing poverty reduction programmes 2. The extent to which the programmes respond to national development priorities 3. The extent to which the programmes respond to country needs for a more strategic sustainable development approach to poverty reduction 4. Emphasis is given to programme support in Africa given the high level of LDCs on the continent 5. The positioning of UNDP to promote gender equality in poverty policies and practices 6. Whether UNDP's engagement in global and regional debates/advocacy is commensurate with its presence worldwide and long-term engagement in poverty reduction.
Strengthening national policy and institutional capacities	7. The contribution of UNDP to strengthening government capacities in poverty reduction (strengthening policies, institutions, human resources, programme approaches, and programme implementation) 8. Specific approaches used by UNDP to enable sustainable poverty reduction, particularly the contribution of UNDP to operationalizing integrated approaches to poverty reduction (enabling poverty-environment linkages; urban development and poverty reduction; economic revitalization and development; local development and poverty reduction). Application of sustainable development concepts to national policies and practices 9. Thrust was given by UNDP to promoting innovation and public-private partnership 10. The extent to which UNDP programmes strengthened civil society and community capacities to play a proactive role in sustainable poverty reduction

	11. Contextual and programming factors that facilitated or constrained UNDP's contribution.
Contribution to global and regional policy advocacy pertaining to poverty reduction and inequality	12. The contribution of UNDP to global and regional policy debates on poverty reduction in general and LDCs in particular.
Convening role of UNDP in bringing actors/parties together for more coordinated poverty reduction efforts	13. Convening role of UNDP to enhance the contribution to poverty reduction in LDCs.
Enabling partnerships to accelerate development outcomes	14. Partnerships UNDP established to enhance its contribution to poverty reduction 15. Partnerships UNDP facilitated at the global, regional and country level to enhance poverty reduction outcomes and for sharing lessons.

To better capture UNDP's contribution, the evaluative judgements were made on each of the parameters and questions. Factors that can explain UNDP's performance and position in poverty reduction efforts were identified and assessed. The evaluation elaborates some of the global, regional and LDC contexts within which UNDP operates, and considers the extent to which the Strategic Plan 2014-2017, global and regional programmes, and country programmes responded to these contextual specificities.

DATA COLLECTION INSTRUMENTS

The evaluation included multiple methods and took an iterative approach to gather multiple perspectives to measure UNDP performance. A multi-stakeholder consultation process was followed, and the consultations included a range of development actors at the country level. Protocols were developed for each method to ensure rigour in data collection and analysis. Table 2 presents the methods and data sources used.

- *Document review:* A wide range of evaluative evidence was gathered from UNDP policy and programme documents, independent and quality-assessed decentralized evaluations, credible external reviews, and reports on UNDP performance. In addition to the IEO strategic plan evaluation, other documents were reviewed, including management analyses pertaining to poverty reduction since 2014, the 2016 mid-term review of the Strategic Plan, lessons learned from results-oriented annual reports, and performance factors analyses. National development strategies, publications, and documents of national and international agencies at the country level, specifically on poverty reduction and sustainable development, were also studied.
- *A meta-analysis* of the evaluations since the start of 2015 was carried out on themes identified by the evaluation. Decentralized evaluations commissioned by UNDP programme units at headquarters, regional and country levels and other credible evaluative evidence was included in this assessment.
- *Desk studies* of eight UNDP country programmes in the LDCs were carried out to broaden the evaluative evidence of UNDP's contribution and related processes, and to consider different LDC development and programming contexts. Independent country programme evaluations by IEO were included in the desk studies.
- *Country case studies* were carried out in 15 countries to provide in-depth insights into the contribution of UNDP support and covered Africa, the Arab States, Asia and the Pacific, and Haiti in the Caribbean. Country case studies comprised a comprehensive analysis of the development context, analysis of relevant literature and data, analysis of government strategies, interviews with a range of development stakeholders, and cross-checking of data collected from different sources. These studies are not intended to draw generalizations about UNDP's contribution but rather to

provide further insights into processes and outcomes, and factors impacting UNDP performance and contribution to poverty reduction. The country case studies covered the entire range of poverty reduction support of UNDP.

Table 2. Data collection methods and sources

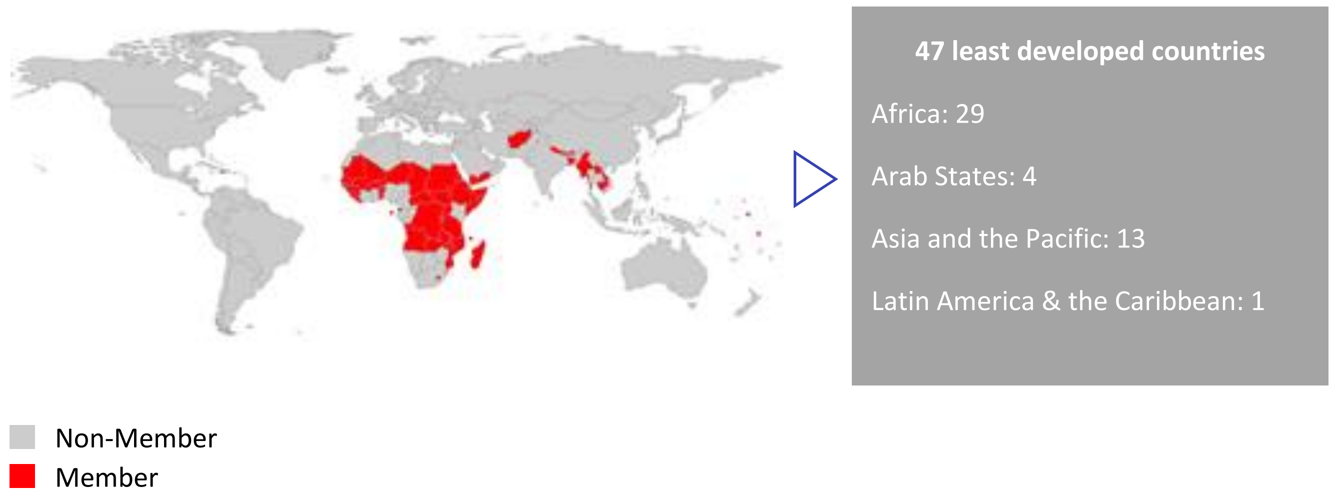
Methods	Sources	Coverage
Country case studies	15 country case studies, including ongoing independent country programme evaluations	**Africa:** Angola,* Comoros,* Ethiopia, Madagascar,* Malawi, Mali,* Senegal, Uganda **Arab States:** Djibouti, Sudan, Yemen* **Asia-Pacific:** Cambodia, Lao PDR, Samoa+ **Latin America and the Caribbean:** Haiti
Desk studies	8 countries	**Africa:** Equatorial Guinea,+ Rwanda, Sao Tome and Principe, Togo **Arab States:** Somalia **Asia-Pacific:** Bangladesh, Bhutan, Maldives+
Regional studies	2 regional hubs	**Africa**: Regional Service Centre, Addis Ababa **Asia and the Pacific:** Bangkok Regional Hub; Global Shared Service Centre, Malaysia
Meta-synthesis of evaluations	38 countries, 158 decentralized evaluations	**Africa:** Angola, Benin, Burkina Faso, Burundi, Central African Republic, Chad, Democratic Republic of the Congo, Eritrea, Ethiopia, Gambia, Guinea, Guinea-Bissau, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Niger, Senegal, Sierra Leone, South Sudan, Uganda, United Republic of Tanzania, Zambia **Arab States:** Somalia, Sudan, Yemen **Asia-Pacific:** Afghanistan, Bangladesh, Bhutan, Cambodia, Lao People's Democratic Republic, Maldives,+ Myanmar, Nepal and Samoa+
Interviews	475 development actors	UNDP headquarters, regional hubs and country office management and staff; representatives of relevant UN programmes, funds and agencies; representatives of permanent missions to the UN; multilateral and bilateral agencies and other development organizations; representatives of civil society organizations; partner national governments; multilateral and bilateral representatives based in programme countries; private sector
*Independent country programme evaluations under way in 2018. + Countries that recently graduated from the LDC category were also included in the assessment.		

UNDP has programmes in all the 47 LDCs (see Figure 2) and the three countries that transitioned to middle-income country status since 2010. Identification of country studies and in-depth desk reviews was based on a preliminary analysis of all 47 LDCs. The selection of the LDCs for country studies and desk studies was based on their different country typologies (development, crisis, and transition countries; oil economy countries, small island developing states). In addition to social and economic parameters, poverty reduction programme profiles across various outcomes were identified by the evaluation – namely inclusive growth, employment and social protection; local economic development; sustainable livelihoods (as part of environment, energy and climate change adaptation support); economic revitalization in crisis contexts; and support to MDG/SDG mainstreaming – and determined country selection.

- *Country studies* carried out for this evaluation included at least three of the poverty reduction programme streams.

- *Regional hubs* in Africa and Asia were visited to assess regional-level engagement of UNDP in regional policy and advocacy.
- *Interviews (*in-person and long distance) were used to explore the views of an extensive array of stakeholders. These included government representatives in the countries included in the evaluation, UNDP management and programme staff, donor representatives in New York and/or their respective headquarters, representatives of relevant UN programmes, funds and agencies, Executive Board members, multilateral and bilateral agencies and other development organizations, and representatives of international civil society organizations. (Annexes 3 and 4, available online, list the individuals interviewed and the documents consulted for this evaluation.)

Figure 2. UNDP presence in the LDCs across regions



Source: United Nations Department of Economic and Social Affairs

DATA ANALYSIS INSTRUMENTS

For analysis of the data and arriving at judgements, the evaluation used a rating scale to determine the strength of evidence collected by the evaluation, weighted scoring, quantification of the meta-analysis of evaluations, and a rubric for determining integrated approaches.

Strength of evidence

The evaluation used a three-point rating system (strong/high, medium/moderate, low/weak) to rate the confidence in evidence used for arriving at the judgement for the evaluation questions. When determining the strength of the evidence, attention was paid to demonstrated value and reliability; ascertaining the influential issues that emerged and reasons for ascribing more or less weight to particular evidence; acknowledging when there was concurrence among pieces of evidence, even when there was less confidence in the evidence; and acknowledging when there were contradictions in the evidence when drawing from different data sources.

Approach to weighted scoring

The evaluation used weighted ratings to assess UNDP contributions, for systematizing analysis and for consistency of assessment processes across countries and regions. This enabled the evaluation team to distinguish between context-related variations, UNDP programme approaches that can be attributed to the overall contribution of UNDP, and to map patterns in cross-country analyses. Positioning of UNDP, global and regional policy advocacy, and enabling partnerships were given a weight of 20, while national capacity development was given a weight of 30, and convening role a weight of 10. A four-point scale was used for rating the five parameters used for assessment (see Box 1). The ratings are not stand-alone assessments but were used to substantiate qualitative judgements.

Evaluation criteria, key parameters, and a set of evaluation questions and judgement considerations were used to arrive at ratings on UNDP contributions to poverty reduction. Weights, aggregating to 100 percent, were assigned to the judgement considerations for each question. Multiplying the individual evaluation scores by the weight and aggregating the results yielded the overall scores for rating programme performance for the five parameters assessed. Before applying scores, the evaluation established a degree of confidence in the evidence and findings to minimize errors in applying ratings and appropriately using evidence in arriving at UNDP contributions.

Box 1. A four-point scale for rating UNDP performance

4 = Excellent. This rating means that outcomes exceed expectations.

3 = Good. This rating was used when there were some limitations in the contribution of UNDP programmes that prevented an 'excellent' rating, but there were no major shortfalls. Overall, the assessment is substantially positive, and problems were small relative to the positive findings.

2 = Modest. This rating was used when significant shortfalls were identified, but there were also some positive findings. Overall, the assessment is less positive.

1 = Poor. This rating means that the contribution of UNDP programmes faced severe constraints and negative assessments outweighs any positive achievements.

Analysis of the integrated approach

The evaluation assessed the level of an integrated approach to poverty reduction and sustainable development against a siloed approach in the programme planning and implementation stage. A rubric of programme areas relevant to an integrated approach was formulated to systematically assess integrated programming and approaches used. This included plotting linkages among 14 programme themes in four streams of poverty reduction support, both across and within poverty reduction programme streams.

1.5. STRUCTURE OF THE REPORT

The report is organized as follows: Chapter 2 sets the global programme context pertaining to poverty reduction in the LDCs. Chapter 3 reviews UNDP's strategic and programmatic response to this context, and key approaches used. The chapter also provides a brief overview of the evolution of poverty reduction programming in UNDP. Chapter 4 presents key findings in UNDP's role and contribution based on the evaluation criteria and parameters and identifies factors that have affected UNDP's performance. The chapter also presents findings on how programming principles such as inequality, gender equality and women's empowerment, and integrated programming were addressed in UNDP's programmes. Chapter 5 sets out the conclusions and recommendations.

CHAPTER 2: POVERTY REDUCTION IN THE LDCS

This chapter examines challenges in reducing extreme and multidimensional poverty in the LDCs, and factors contributing to their slow graduation from LDC status. The focus here is on the areas of UNDP support, aimed at providing an understanding of the context that has informed UNDP strategies and interventions.

Since 2000, poverty has declined in many LDCs, and there has been significant economic growth riding on high commodity prices. Domestic resources and foreign direct investment (FDI) have increased, and several LDCs have even secured access to international capital markets, although in a limited way, for the first time. Despite such progress, extreme poverty in the LDCs remains a huge challenge,[4] constrained by structural weaknesses in their economies, poor infrastructure development and low productivity. While extreme poverty in the LDCs is trending downward, the pace of reduction is slow. In sub-Saharan Africa, the decline in extreme poverty is slower compared to other regions, from 45 percent of the population in 1990 to 30 percent in 2017.[5] The situation in LDCs is compounded by geographic restrictions and their low share in global trade. Jobless growth is a major constraint in reducing poverty, particularly with the significant increase in the young population. Inequality persists, even where there is economic growth, with large disparities among the population in accessing basic services and assets.

The LDCs are very diverse. They include countries in conflict; small and remote countries; countries based on one predominant sector, such as minerals or agriculture or manufacturing or services; small island states; and landlocked countries. However, they share some common structural challenges and specificities, such as lack of effective integration into the global economy, a narrow and externally uncompetitive base of productive capacities, and limited domestic absorption capacities and domestic revenue potential, especially in LDCs with a very small geographic size and populations. It is the magnitude of these structural challenges that distinguish LDCs from other developing countries.

A United Nations classification for LDCs was adopted in 1971. The countries are distinguished on the basis of structural weakness (economic, institutional and in terms of human resources), compounded by geographic handicaps.[6] The three criteria necessary for graduation from LDC status are changes in a country's: economy (measured by per capita gross national income, or GNI); Human Assets Index (HAI); and economic vulnerability to external shocks (Economic Vulnerability Index, or EVI).[7] The last two criteria distinguish LDCs from the low-income country categorization of the World Bank.[8] Eligibility for graduation requires a country to meet the graduation threshold for at least two of the three criteria. Alternatively, if the per capita GNI of the country is at least twice the graduation threshold (the income-only criterion), the country is also eligible for graduation. The recognition of the LDC category is required by Organisation for Economic Co-operation and Development (OECD) donors to allocate additional development resources to this group of countries. Indeed, an important reason for poorly performing developing

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4 UNDP and Agence Française de Développement (AFD), 'Financing the SDGs in the Least Developed Countries (LDCs): Diversifying the Financing Tool-Box and Managing Vulnerability', New York, 2016; UNDP, *Human Development Report 2016: Human Development for Everyone*, 2016.

5 The projections suggest that over 25 percent of people in Africa may remain in extreme poverty by 2030. Moreover, despite the improvement in poverty rates (expressed as a share of the population), unless more effort and action are taken, the level of extreme poverty in Africa may rise by almost 60 million by 2030. See World Bank data.

6 The Committee for Development Policy, UN Economic and Social Council, 'Handbook on the Least Developed Country Category: Inclusion, Graduation and Special Support Measures', UN Department of Economic and Social Affairs (UN DESA), 2008.

7 The graduation thresholds are: GNI per capita: $1,035 for inclusion, $1,242 for graduation; HAI: 60 for inclusion, 66 for graduation; and EVI: 36 for inclusion, 32 for graduation, as per the latest update at the 2015 triennial review.

8 This categorization is based on GNI per capita, calculated using the World Bank Atlas method of $1,025 or less.

countries to join the group was the expectation that donors would provide special treatment in terms of aid, trade and technical assistance. The pace of graduation has been slow until 2010, since only five countries out of 52 have graduated since the LDC category was adopted. [9]

As the following sections point out, several challenges must be addressed if LDCs are to progress on SDG targets. Dealing with growth-poverty-inequality dynamics requires not only sound fiscal measures, sustained redistributive policies, and addressing institutional and infrastructure deficits but also interventions that lead to job-creating growth and productive capacities. Simultaneously, LDCs need to address climate-related vulnerabilities that are impeding growth and hindering poverty reduction. If disparities among a country's regions and segments of the population are not dealt with, they will slow poverty reduction. LDCs have sizeable financing needs and concessional official finance remains an extremely important source of financing.

2.1. THE PREDICAMENT OF LOW GROWTH, PERSISTENT POVERTY AND RISING INEQUALITY: LDCs' PERFORMANCE

Uneven economic performance

When the implementation of UNDP's Strategic Plan 2014-2017 began, there was rising evidence of the negative impact of the global economic crisis on developing countries. Poverty was on the increase due to loss of jobs, increases in food and fuel prices, cuts in social spending and reduced access to goods and services caused by the worst economic recession since the 1930s. LDCs were among the worst affected, due to their structural constraints. According to a 2015 report on the LDCs by the United Nations Conference on Trade and Development (UNCTAD), LDCs accounted for 43.5 percent of the global population without access to safe drinking water (this share doubled since 1990), and over 53 percent of people without access to electricity (a 66 percent increase since 1990). In 16 LDCs, extreme poverty is higher than 50 percent. [10]

The 2008 financial crisis and its aftermath demonstrated how LDCs' economic performance is deeply impacted by economic activity in industrialized and emerging economies and by broader global economic conditions. The economic slowdown and negative growth rate limited job prospects, and reduced funding towards the social sector, thereby hampering critical efforts towards eradicating poverty and achieving sustainable development. Oil-producing LDCs such as Angola, Chad, Equatorial Guinea, South Sudan and Yemen were adversely affected by declining oil prices.[11] Political uncertainties further aggravated this situation. In 2015, LDCs saw an average annual growth in the gross domestic product (GDP) of 3.8 percent, the lowest level of economic growth recorded in the past two decades.

LDCs exhibit considerable diversity in economic performance. While some large LDCs (including Bangladesh, Cambodia, Ethiopia, Myanmar and the United Republic of Tanzania), are growing at an average annual rate of 7 percent, as targeted by the Istanbul Programme of Action (IPoA), many others,

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9 Of the 51 countries, only five graduated (Botswana, Cape Verde, Equatorial Guinea, Maldives and Samoa), of which three occurred in the past decade: Botswana (1994), Cabo Verde (2008), Maldives (2011) and Samoa (2014). See: https://www.un.org/development/desa/dpad/least-developed-country-category/ldcs-at-a-glance.html

10 UNCTAD, 'Poverty Trap Leaves Least Developed Countries Ever Further Behind,' press release for the 'The LDC Report 2015'. See: http://unctad.org/en/pages/PressRelease.aspx?OriginalVersionID=382

11 UN Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and the Small Island Developing States (UN-OHRLLS), 'State of the Least Developed Countries 2017: Implementation of the Follow Up to the Istanbul Programme of Action for the Least Developed Countries. Special Theme: Financing the SDGs and IPoA for LDCs, 2017'. See: http://unohrlls.org/custom-content/uploads/2017/09/Flagship_Report_FINAL_V2.pdf

especially small island developing states (SIDS) and conflict-affected countries, remain well below this SDG target. Integration into global markets has varied across LDCs, and not many, especially in Africa, could benefit from trade and external capital inflows. SIDS and conflict-affected countries face further challenges to growth and poverty reduction. Considerable evidence suggests that conflict and poverty have a reciprocal impact. Conflict-afflicted Yemen, for example, has been in recession for the past several years. According to the 2018 *World Economic Situation and Prospects* report, ongoing armed conflict has significantly damaged the agriculture sector of the Syrian Arab Republic. Similarly, in Haiti, severe macroeconomic imbalances, slow post-disaster reconstruction of infrastructure and halting recovery in the agricultural sector, coupled with continuing political unrest, have stifled economic growth and poverty alleviation.[12]

Since 2015, LDCs have seen an upward trend in economic growth, with GDP growth predicted to rise to 5.2 percent in 2018 and 5.5 percent in 2019, in large part due to more favourable external economic conditions and firming commodity prices. In general, growth was more resilient in those LDCs with more diversified commodity export portfolios – including Ethiopia, Lao PDR, Myanmar and the United Republic of Tanzania – than those with commodity exports with high fluctuating prices.[13] However, longer-term growth projections point to remaining challenges in alleviating extreme poverty by 2030. According to current projections, 35 percent of the population in LDCs will remain in extreme poverty in 2030 unless there is faster GDP growth in addition to a significant reduction in income inequality. [14]

The share of LDCs in trade has declined continuously since 2013, moving further away from the 2 percent target set by the IPoA and target 17.11 of the SDGs. [15] Limited success in the utilization of market access preferences suggests preferential trade policies will need to be augmented by more direct measures to build productive capacities and promote structural transformation directly.[16]

Foreign direct investment to LDCs totalled an estimated $33.4 billion in 2017. To meet the additional investment needs entirely through FDI, inflows would have to increase by 50 percent to 60 percent in 2018 and 2019. In practice, FDI in the LDCs remains heavily concentrated in a few countries and in extractive industries.[17] The small market size of these economies prevents gains from economies of scale, leading to higher production costs. Several impediments related to investment risks need to be overcome if LDCs are to benefit more concretely from FDI, including improved infrastructure, employment creation, skills transfer and stronger linkages between foreign-owned and local enterprises.

The scarcity of investments, public revenues and capital stock need to be attended to aggressively to attain structural transformation. During the global financial and economic crisis, many LDCs experienced a contraction in private external financing but benefited from increased flows of official development assistance (ODA); however, this was not always adequate in terms of timeliness and volume.[18] As the

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12 UN DESA, *World Economic Situation and Prospects Report*, New York, 2018. See: https://www.un.org/development/desa/dpad/wp-content/uploads/sites/45/publication/WESP2018_Full_Web-1.pdf

13 UN-OHRLLS, 2017; World Bank, *Global Economic Prospects, January 2017: Weak Investment in Uncertain Times*, World Bank Group, Washington, D.C., 2017. See: https://openknowledge.worldbank.org/bitstream/handle/10986/25823/9781464810169.pdf; International Monetary Fund (IMF), *World Economic Outlook, October 2016: Subdued Demand, Symptoms and Remedies,* World Economic and Financial Surveys, 2016.

14 UN DESA, 2018.

15 United Nations, 'Implementation of the Programme of Action for the Least Developed Countries for the Decade 2011-2020: Report of the Secretary-General', UN document A/73/80-E/2018/58, July 2018.

16 UN DESA, 'Addis Ababa Action Agenda of the Third International Conference on Financing for Development', 2015. See: https://sustainabledevelopment.un.org/content/documents/2051AAAA_Outcome.pdf

17 United Nations, *Financing for Development: Progress and Prospects. Inter-Agency Task Force on Financing for Development 2017*, 2017.

18 UN-OHRLLS, *The Impact of the Global Financial and Economic Crisis on the Least Developed Countries*, 2009. See: http://unohrlls.org/UserFiles/File/Publications/LDC/UN_Financial_Crisis_011410_bw.pdf

Addis Ababa Action Agenda points out, with ODA flows also declining during the past five years, LDCs continue to remain marginalized and vulnerable with low shares in international flows and limited access to international financial markets and technology; they also face increasing volatility of commodity prices and exchange rates.

Increasing inequality

High and rising levels of inequality significantly hinder poverty alleviation across Africa, and arguably constitute the biggest development challenge of the century.[19] Across some countries in Africa, significant inequalities remain despite growth (see Annex 2, Figures E and F). According to UNDP's publication on income inequality in sub-Saharan Africa, despite remarkable economic performance in the past 15 years, the combined impact of inequality, lack of social cohesion and conflict have exacerbated poverty reduction. The depth of extreme poverty in Africa (countries with an average per capita consumption level of only $0.70 a day) remains high. Four of the most populous countries in Africa, which includes three LDCs – Nigeria, Ethiopia, the Democratic Republic of the Congo and the United Republic of Tanzania – are home to almost half of Africa's poor, which severely impedes Africa's progress in reducing poverty. The impact of growth on poverty reduction is lower when initial inequality and mineral resource dependence are higher.[20] Together with Latin America, income inequality in East and Southern Africa and in sub-Saharan Africa's oil economies has traditionally been among the highest in the world. Inequality is substantially lower in West Africa and other parts of the continent dominated by communal land tenure systems.[21] Accelerating economic growth in the LDCs and countries with special needs is key to reducing income inequalities.

The situation is similar in Asia and the Pacific, where two thirds of the region's population face increasing inequality, with a rise in Gini coefficients between the 1990s and the 2000s. Growth and poverty reduction has been accompanied by rising inequality in the region as a whole, closely associated with a rapid increase in the very top income groups. In other words, the rich are getting richer much faster.[22] A report from the Economic and Social Commission for Asia and the Pacific on inequality in Asia suggests that technology may drive income inequalities among countries, given the limited technological capabilities of LDCs, and among different types of workers, given shifts in the nature of work, the skills-based nature of technology and through the capture of rents. As in other regions, a major factor affecting the distribution of income in developing countries in Asia is the unequal distribution of human capital – the value of individuals' skills, knowledge, abilities and social attributes.[23]

While constrained social hierarchies further add to the disparities, gender gaps in productive capacities, wages, employment and income are systemic and widespread. Measurement of gender inequality is problematic due to a near-total lack of relevant data in sub-Saharan Africa. More inclusive development implies a focus on the deeply entrenched determinants of exclusion that are visible and reflected in persistent patterns of inequality in the distribution of assets and income. A more concerted effort is

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19 African Progress Panel, *Grain, Fish, Money. Financing Africa's Green and Blue Revolutions. Africa Progress Report 2014*, 2014.

20 Odusola, Ayodele, et al., 'Income Inequality Trends in Sub-Saharan Africa Divergence, Determinants and Consequences, UNDP, 2017; World Bank, 'Africa's Pulse: An Analysis of Issues Shaping Africa's Economic Future', 2013.

21 Odusola et al., 2017.

22 Kanbur, Ravi, Changyong Rhee and Juzhong Zhuang, eds., *Inequality in Asia and the Pacific: Trends, Drivers, and Policy Implications*', Asian Development Bank and Routledge, 2014; Zhuang, Juzhong, Ravi Kanbur and Dalisay Maligalig Kanbur, 'Asia's Income Inequalities: Recent Trends', chapter 2 in Ravi, Rhee and Zhuang, eds., 2014.

23 UN Economic and Social Commission for Asia and the Pacific (UN ESCAP), 'Inequality in Asia and the Pacific in the Era of the 2030 Agenda for Sustainable Development', 2018; UNDP, *Africa Human Development Report: Accelerating Gender Equality and Women's Empowerment in Africa*, 2016.

needed in many LDCs to address inequality as a driver of poverty reduction, which is not proceeding at a desirable pace.

Women's potential to officially contribute to and benefit from economic development remains constrained as large numbers of women are locked out of the economy. A study by the International Labour Organization (ILO) shows that women around the globe continue to fare worse than men across most labour market dimensions. Facing a daunting array of labour market barriers, more than half of all women (51 percent) globally are not part of the labour force. Their participation rate is nearly 27 percentage points lower than that of men.[24] Some regions are more unequal than others, and among LDCs, only a small group is performing better on basic social indices. Unpaid labour and the informal economy in the LDC context also have a strong gender component.

The Gender Development Index (GDI) is lowest in sub-Saharan Africa, which means women have a level of development less than that of men in the same country. Women earn less, have fewer assets, bear the burden of unpaid work and care, and are largely concentrated in vulnerable and low-paying activities. Gender asymmetries are also found in access to rights, services and opportunities – that is, equal pay and decent work, property and inheritance rights, and access to and control of land, including financial services and credit. The combination of differences in employment conditions, sectoral and occupational segregation and outright discrimination results in a significant gender pay gap.[25]

Using the Inequality-adjusted Human Development Index (IHDI), a composite index that accounts for inequality in the three dimensions of the HDI (the ability to live a long and healthy life, access to knowledge and a decent standard of living), the loss of human potential due to inequality is highest in sub-Saharan Africa (33 percent). In the Central African Republic, Comoros, Namibia and Sierra Leone, the IHDI is more than 40 percent lower than the HDI; in 35 other countries, it is 30 percent to 40 percent lower. Addressing inequality is therefore vital to achieving high human development in Africa.[26]

Other vulnerabilities with significant development implications

Climate change, transborder diseases and conflict add to the significant development challenges faced by LDCs. Resilience to the impact of climate-related vulnerabilities, including the effects of climate change, desertification and land degradation, is weak, contributing to slow poverty reduction.[27] While a quarter of the LDCs are affected by multiple crises, climate change is increasingly making them more vulnerable. A large percentage of major droughts globally during 2014-2018 occurred in Africa, impacting 15 LDCs severely.[28] Climate change has reversed progress towards reducing poverty and can also slow down the achievement of the SDGs. Given the range of fragilities they experience, the ability of LDCs to recover from weather-related impacts is very limited. The recognition that adaptation to climate change is important for both sustaining progress as well as accelerating poverty reduction outcomes has not been adequately translated into national programmes and strategies. Increasing the resilience of livelihoods and infrastructure as a key component of an effective poverty reduction strategy is still in the early stages. For more robust graduation from LDC status and significant progress towards sustainable development,

24 International Labour Organization (ILO),' The World Employment and Social Outlook: Trends for Women 2017', 2017.
25 UN Women, 'Empower Women – UN Secretary-General's High-level Panel on Women's Economic Empowerment', 2017.
26 Odusola et al., 2017.
27 High-Level Political Forum on Sustainable Development, '2017 HLPF Thematic Review of SDG 1: End Poverty in All its Forms Everywhere', UN DESA, 2017.
28 IRIN News, 'Drought in Africa 2017'. See: https://www.irinnews.org/feature/2017/03/17/drought-africa-2017

the LDCs need integrated policies in development governance, social policy, macroeconomic and financial policies, industrial and sectoral policies, and international support measures.[29]

2.2. UN EFFORTS: ISTANBUL PROGRAMME OF ACTION AND CONCESSIONS

The UN has taken measures to ensure that sufficient attention is paid to LDCs by the international community and that countries prioritize measures to address structural challenges to development. LDC conferences and their four ensuing action programmes laid out the international community's vision and decadal strategies for sustainable development of LDCs, in addition to outlining mutual commitments between LDCs and development partners. The Istanbul Programme of Action (2011-2020)[30] is the fourth decadal programme, coordinated by the UN Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN-OHRLLS). The IPoA design was informed by the lessons of its predecessor Brussels Programme of Action 2001-2010, which determined that structural transformation was limited in LDCs and economic vulnerability to external shocks remained unabated despite improvements in growth rates, investment flows, trade participation and integration. [31]

The IPoA identified 251 actions under eight interlinked areas.[32] To accelerate the pace of graduation, a few collective targets for LDCs as a whole were adopted, namely to: halve the number of LDCs by 2020, achieve 7 percent annual growth rate and double the LDC share of global exports by 2020 – now also an SDG target. The IPoA did not have the many advantages of its predecessor Brussels Programme of Action, which was formulated in the wake of two major global developments: the conclusion of the Uruguay Round of trade negotiations that established the World Trade Organization (WTO), and the UN Millennium Declaration and adoption of the MDGs, which had as its overarching goal the halving of extreme poverty and hunger (MDG 1).[33] While the IPoA priority areas went much further than what the MDGs outlined, and there is considerable complementarity and convergence with the SDGs, the Addis Ababa Action Plan and the 2015 Paris Climate Conference (known as COP21), it is difficult for the IPoA to get the necessary attention to inform in-country planning and policy processes.

Given the proliferation of country categories by the United Nations and international financial institutions (IFIs), countries are often placed in more than one category describing their economic and social challenges or geographic vulnerability, and each of these categorizations influences the development trajectory of the country.[34] Although the purpose of this chapter is not to go deep into the merits of categorizing countries, which is a political characterization for the UN or financial risk issue in the case of the IFIs, the LDC category has certain limitations in achieving its purpose. Whether in attracting trade concessions and market access incentives to accelerate growth or in accessing more ODA for development investments, the LDC categorization has met with considerable challenges.

29 UN DESA, 'Expanding Productive Capacity: Lessons Learned from Graduating Least Developed Countries', 2017.

30 IPoA was preceded by the Brussels Programme of Action 2001-2010 and the Paris Declaration and Programme of Action for the Least Developed Countries for the 1990s.

31 United Nations Economic and Social Council (ECOSOC), 'Ten-Year Appraisal and Review of the Implementation of the Brussels Programme of Action for the Least Developed Countries for the Decade 2001-2010, Report of the Secretary-General', UN document A/66/66 E/2011/78, 2011.

32 Productive capacity; agriculture, food security and rural development; trade; commodities; human and social development; multiple crises and other emerging challenges; mobilizing financial resources for development and capacity-building; and good governance.

33 ECOSOC, 2011.

34 For a critique on country categorization, see: Fialho, D., 'Altruism but Not Quite: The Genesis of the Least Developed Country (LDC) Category', *Third World Quarterly*, vol. 33, no. 5, 2012, pp. 751-768.

Despite years of exposure to international market access preferences and aid flows, structural transformation has not taken place in most LDCs. Countries that have graduated from LDC status since 2010 have done so more on the base of tourism or commodity price upturns rather than efficient production and integration into global markets. In African LDCs, there is even a decline in manufacturing, despite trade liberalization and tariff reductions resulting from WTO accession. Average regional tariffs for 29 African countries fell from over 16 percent in 1996 to 9 percent in 2011, whereas the share of manufacturing value added in GDP fell from 16.5 percent to 13.5 percent over the same period. Employment growth in LDCs has remained much lower than GDP, revealing a trend of jobless growth. Efforts such as the LDC Technology Bank and international investment support for the LDCs by the United Nations Secretary-General may provide opportunities for the advancement of productive capacity and leveraging growth and poverty eradication. However, they are still in the early stages.[12]

Market access preferences, in retrospect, have turned out to be small incentives in the face of bigger constraints, such as lack of investment in infrastructure, exchange rate risks, the absence of access to finance, and exclusion from global (closed) value chains. The exposure to volatile international markets has been as much a challenge as an opportunity for commodity-dependent LDCs. On the other hand, growth in domestic markets has remained weak in the face of continued poverty and low employment levels. Thus, while trade can be a driver of economic development and poverty reduction, LDC challenges are rooted in more intractable domains: smallness, remoteness, fragmentation and being landlocked, which demand more direct measures to build productive capacities and promote structural transformation directly.[35]

2.3. DECLINE IN INTERNATIONAL DEVELOPMENT ASSISTANCE TO LDCS

Gross capital formation in LDCs (at 23 percent) is below the 25-30 percent level needed for structural transformation. LDCs are heavily dependent on ODA inflows for investments. International development assistance comprises over two thirds of external finance for the LDCs.[36] Assistance to LDCs has declined despite an overall increase in international development assistance. Global ODA flows increased by 8.9 percent in 2016 to $142.6 billion, but assistance to LDCs, at over 0.10 percent of GNI, has been far short of the 0.15-0.20 percent of the GNI target agreed to under the IPoA. Donors agreed to halt the decline in assistance to LDCs in the Addis Ababa Action Agenda, and preliminary figures indicate that bilateral aid to LDCs increased by 4 percent in real terms in 2017, to $26 billion. But this increase means little in absolute terms given the 3.9 percent decrease in the previous year and is still below the IPoA target.[37] These figures, however, do not include assistance from China, which has significantly increased to most LDCs.

Thus, the shortage of investment, public revenues and capital stock need to be addressed aggressively to attain structural transformation. Across the regions, new avenues for development funding are emerging, such as philanthropic, non-OECD donor countries, and private capital flows. In Asia, the establishment of the Asian Infrastructure Investment Bank and the New Development Bank brings in additional assistance. The challenge of development finance mobilization assumes greater importance for LDCs than other countries given the huge financial gaps they face in implementing the SDGs. The Addis Ababa Action Agenda recognizes the need for new financing instruments and calls for incentives for public-private partnership. Public and private investment, although growing at over 7 percent per year,[38] is still

35 See UNCTAD, *Facilitating the Participation of Landlocked Developing Countries in Commodity Value Chain*, 2015.
36 OECD, 2017; UNCTAD, 2016.
37 OECD website, 'Development Aid Stable in 2017 with More Sent to Poorest Countries'. See: http://www.oecd.org/newsroom/development-aid-stable-in-2017-with-more-sent-to-poorest-countries.htm
38 UN DESA, 2018.

inadequate. As explained in the *State of the Least Developed Countries 2017*, an additional investment of $24 billion per year would be required to bring the group, on average, to 7 percent GDP growth by 2020.[39] The ability to attract capital and to mobilize and make effective use of a wide variety of financial instruments is severely constrained in most LDCs.[40]

39 UN-OHRLLS, 2017.
40 UNDP and AFD, 2016.

CHAPTER 3: UNDP RESPONSE TO NATIONAL POVERTY REDUCTION

This chapter provides a brief historical overview of the UNDP approach to addressing poverty and inequality, followed by a summary of UNDP's responses to poverty reduction during 2014-2018. Since the late 1980s, poverty reduction has been a key area of UNDP support, and a human development approach became central to UNDP's poverty reduction strategy. Over the years, UNDP's poverty reduction response introduced new tools to respond to multidimensional poverty, promote integrated approaches and facilitate inclusive growth.

3.1. EVOLUTION OF POVERTY REDUCTION SUPPORT IN UNDP[41]

UNDP started its poverty reduction support towards the end of the 1980s, and UNDP Executive Board decisions in 1995 and 1996 made poverty elimination an overriding priority in UNDP support.[42] This had practical implications for a sharper focus to programming, and UNDP developed a more distinct anti-poverty focus to address the multidimensional challenge of poverty elimination from a cross-thematic perspective.[43] UNDP introduced its first corporate programme plan in 1995, outlining as priorities employment and sustainable livelihoods, anti-poverty strategies and action plans, and poverty monitoring and reports.[44] The World Summit on Social Development in 1995 was also a factor in informing Executive Board decisions on the UNDP role in poverty reduction. Despite maintaining a universal presence, the primary focus of UNDP was least developed countries.

Human development advocacy: Through global publications in the 1990s, UNDP promoted human development and multidimensional poverty approaches to poverty reduction. The annual global *Human Development Report* was a significant moment in the global policy discourse on poverty reduction, advocating an alternate perspective on poverty reduction to that of the economic growth-oriented development approach promoted by the World Bank. UNDP initiated poverty reports not only as a follow-up to the World Summit on Social Development, but also to provide examples of what works in the fight against poverty at the country level. In addition to the Human Development Index, UNDP introduced a multidimensional poverty approach and an index to measure it.

Poverty Strategies Initiative: The Poverty Strategies Initiative (PSI), launched by UNDP in 1996, was an important effort at the national level in developing national proposals and to support improvements in the analysis of poverty and the development of anti-poverty plans and advocacy for poverty alleviation programmes. The subsequent introduction of Poverty Reduction Strategy Papers (PRSP) replaced PSIs; they dominated the approach to country-level planning for poverty reduction and became the rallying point for development cooperation. The PRSPs were critical for the LDCs with promise of World Bank and International Monetary Fund resources, and for debt relief. These developments also meant that UNDP needed a structured engagement at the policy level to ensure that the human development perspective was not overlooked.

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41 This section builds on research undertaken for the poverty evaluation. See: UNDP IEO, 'Evaluation of UNDP Contribution to Poverty Reduction', 2013.

42 UNDP Executive Board decision 95/22; decision of the Executive Board during 1996 DP/1997/1. Annex to decision 96/29.

43 UNDP, 'Initiatives for Change: Follow-up to Decision 95/22', DP/1996/2 para 20; UNDP, Poverty Eradication: A Policy Framework for Country Strategies, 1997.

44 UNDP, 'Initiatives for Change'; UNDP, 'Narrowing the Focus', DP/1998/5.

Sustainable livelihoods approach: In addition to the sustainable livelihoods approach, UNDP used other strategies such as macroeconomic growth, fiscal spaces, asset-based approach to community development, area-based development, and community-based natural resource management. Sustainable livelihoods and asset-based approaches emphasized the promotion of people's access to and sustainable use of the assets upon which they rely as central to poverty reduction. It emphasized community coping and adaptive strategies, which are influenced by people's asset status but also have implications for the composition of the assets themselves, which could be depleted or regenerated. One can see the resurgence of these programmes in the past five years under different themes, such as inclusive growth, climate change adaptation, or innovation using technology.

Reducing development vulnerability: An area where UNDP consolidated its role was in crisis (natural disasters as well as conflict) and post-conflict situations. This reaffirmed UNDP's focus on the vulnerable and disadvantaged, and UNDP assistance aimed to target those hardest hit by the crisis, particularly women.[45] UNDP supported reintegration and livelihood opportunities aimed at avoiding a return to conflict and reducing poverty. Poverty was recognized as a driver of conflict and natural disasters, worsening poverty. With the progression of these areas of assistance, UNDP supported efforts to make communities resilient, to minimize the impact of crisis.

Support to MDGs: The adoption of the MDGs in 2000 provided a global framework and a strategic objective for UNDP's human development mandate and commitment to poverty reduction. UNDP was recognized as a champion of the MDGs, and reports of country performance have been an effective development instrument for mobilizing support for poverty reduction and human development. The introduction of the 2000-2003 and 2004-2007 Multi-year Funding Frameworks (MYFFs) further strengthened UNDP's poverty reduction programming in development and crisis-country contexts. The MYFFs promoted pro-poor macroeconomic and sectoral policies and national anti-poverty plans, entrepreneurship and access of the poor to microfinance, and employment and skills development among the poor. In addition to poverty reduction as one of its key focus areas, UNDP considered poverty reduction as the overriding priority of its other programme areas (environment, governance and crisis). The MDG reporting initiative was developed and actively promoted by UNDP in response to the Millennium Declaration. UNDP's role in monitoring and benchmarking MDG progress evolved to inform national planning at all levels.

UNDP also made use of entry points to poverty reduction that are not traditional areas of UNDP work, such as support to trade-related issues and the strengthening of fiscal space abilities. The primary focus in the trade area was on the Integrated Framework for Trade-related Technical Assistance to the Least Developed Countries (IF). Work on this issue was conducted in cooperation with UNCTAD and the World Bank. Since 2004, UNDP has operated a Trade and Human Development Office in Geneva partly funded through a Global IF Programme for Least Developed Countries. UNDP, in collaboration with the WTO Centre, supports Diagnostic Trade Integration Study drafting. Trade policy specialists in the regional offices were also involved in implementing the IF programme, particularly in Africa. Cooperation with UNCTAD in some countries enabled both organizations to complement each other's strengths.

The discussions currently ongoing in the context of meeting development financing for achieving the SDGs also took place when the MDGs were adopted. The MDGs presented a concrete set of time-bound development targets to secure this transformation, with the Monterrey consensus[46] reaffirming the

45 UNDP, 'Role of UNDP in Crisis and Post-Conflict Situations', DP/2001/4.

46 The Monterrey consensus was the outcome of the 2002 United Nations International Conference on Financing for Development in Monterrey, Mexico. The consensus was adopted by Heads of State and Government on 22 March 2002.

global commitment to securing and deploying resources for this purpose. UNDP initiated 'fiscal space thinking' as an analytical framework that generated interest as an innovative approach in global development policy debate.[47] With country context-based solutions, what made fiscal space a policy instrument distinct from economic growth was addressing the questions of 'Fiscal space for what?' and 'Is fiscal space sustainable?'.[48] The primary emphasis was on inclusive growth for reducing income inequalities and increasing the access of the poor and vulnerable to public goods through a combination of efficiency improvements and expenditure-switching policies.[49]

The MDGs were promoted and incorporated into programme areas in the corporate Strategic Plan for 2008-2013, which followed the MYFFs. At the start of the Strategic Plan, a key concern was the significant slowing down or, worse still, the reversal of human development progress as a result of the combination of the global fiscal crisis, which broke out in 2007, coupled with increases in fuel and food prices (the 'triple F' crisis). The implication of this crisis was significant for LDCs as well as other country categories, with the loss of jobs and lower commodity prices combined with increases in food prices. With social spending cuts due to shortfalls in national revenue, especially in export-dependent economies, and reduced access to goods and services, the implications for growth were severe. To reduce the dependence on volatile sources of income and growth, including commodities and private capital flows, UNDP recognized that it was critical to strengthen the public revenue base and capacity in institutions that are central to countries' responses.[50] UNDP rolled out the MDG Acceleration Framework (MAF) in 2010.[51] The objective of the MAF was to help countries overcome slow and uneven progress and meet the 2015 MDG deadline. The MAF provided countries with a structured methodology for identifying and mapping bottlenecks to MDG progress, as well as prioritized quick-impact 'acceleration solutions' to these bottlenecks.[52]

In 2008 programmatic emphasis was given to integrated approaches to poverty reduction versus siloed thematic approaches. The recognition that the poor are disproportionately affected by environmental degradation and climate change and lack of access to clean, affordable energy services informed this approach. Considering that UNDP supported programmes in key development areas such as poverty reduction, environment and energy, crisis response and prevention, and local development, there was a greater possibility of addressing interlinking areas that are critical for more sustainable development solutions. Emphasis was also given to the importance of integrating environment and energy issues in poverty reduction strategies. Despite the shift, parallel programme streams remained and a holistic conceptualization to support country-level programming was lacking.[53] Acknowledgement of this limitation and the Agenda 2030 discussions acted as catalysts for a formal programmatic thrust to the integrated and sustainable approach of the Strategic Plan 2014-2017.

3.2. STRATEGIC PLAN FOR 2014-2017

One of the significant changes in corporate planning set out in the Strategic Plan 2014-2017 was linking two separate areas of work – poverty reduction and environmental protection – into a single area under sustainable development. The Strategic Plan aimed to "assist programme countries to design and

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47 Roy, Ratin, et al., 'Fiscal Space for What? Analytical Issues from a Human Development Perspective', UNDP, 2007.
48 Roy et al., 2007.
49 Expenditure switching policies: Those that are designed to change the relative prices of exports and imports, leading to changes in spending away from imports and towards domestic/export production.
50 UNDP, 'Towards Human Resilience: Sustaining MDG Progress in an Age of Uncertainty', 2011.
51 UNDP, 'Unlocking Progress: MDG Acceleration on the Road to 2015', September 2010.
52 UNDP, 'UNDP MDG Acceleration Framework', November 2011.
53 UNDP IEO, 'Evaluation of the UNDP Strategic Plan 2008-2013', 2013.

implement development pathways that can tackle the connected issues of poverty, inequality and exclusion while transforming productive capacities, avoiding the irreversible depletion of social and natural capital and lowering risks arising from shocks."[54]

In UNDP's corporate strategies, an overt emphasis was placed on an integrated approach to sustainable development and the importance of tailoring services to national and subnational contexts. Given the multidimensional nature of poverty, programmes aimed at reducing poverty are spread across thematic areas. In addition to livelihood and growth-related support, a sizable proportion of programmes related to local development, environment and climate change adaptation, alternative energy, and economic revitalization in crisis contexts have strong poverty reduction elements (see Figure 1).

While all initiatives in the Strategic Plan 2014-2017 are meant to be pro-poor and address inequality, the sustainable development pathways programme area addresses this most comprehensively. It tackles the interconnected issues of poverty, inequality and exclusion while transforming productive capacities, avoiding the irreversible depletion of social and natural capital, and lowering risks arising from shocks. A substantial proportion of environment, energy and climate change adaptation initiatives used sustainable livelihoods as an entry point to promote the larger objective of those programmes, which is environment protection. Although not a vast area in terms of financial investment, social protection was outlined as an area of prioritized support. The Strategic Plan 2014-2017 emphasizes the importance of environmental protection for sustainable development, and the supply of ecosystem services that underpin it. It also acknowledges that further efforts are needed to highlight and protect the rights of poor and vulnerable groups, including women, and to secure access to decent work, livelihoods and basic social services.

Across the seven outcomes of the Strategic Plan 2014-2017, the key streams of UNDP's poverty reduction and sustainable livelihoods programmes are the following (see also Figure 1, which illustrates key programme streams):

- *Inclusive growth, employment and social protection:* UNDP strategy aimed to support the transformation of productive capacities for income generation by strengthening human capital, reducing economic vulnerability, and building safety nets for resilience against economic and social shocks. Improving the resource endowments of the poor (through upstream and downstream efforts) and enhancing their prospects for employment and income generation was prioritized. Further, it aimed at phased progress towards universal access to social protection, more transparent and lower cost delivery systems, improved targeting of non-universal benefits schemes, and better coverage, quality and cost of social services.
- *Sustainable livelihoods:* Programmes for the environment, natural resource management and climate change adaptation under the sustainable development pathways area include a significant focus on livelihoods. Several initiatives under the Global Environment Facility (GEF) and Green Climate Fund (GCF) support management practices for sustainable land and water resources and protected areas, forest conservation and restoration, and other environmental concerns. To sustain development impacts beyond the end of project funding, these programmes aimed to address root causes of environmental degradation while also developing local and national institutional capacities and building sustainable livelihoods.
- *Local economic development:* Some of the local economic development initiatives were under the work area of inclusive and effective democratic governance, as part of the local government institutions support; however, there are also sizable programmes on this theme under the sustainable development pathways area. This stream of programmes aimed at improving access to

54 UNDP, 'Changing with the World. UNDP Strategic Plan: 2014-2017', 2013.

resources needed for employment, infrastructure development, and basic services at the community level.

- *Economic revitalization in crisis contexts:* UNDP's post-conflict and post-disaster recovery and reconstruction initiatives for economic revitalization aimed to improve livelihood opportunities at the household and community levels and build stronger links between crisis recovery and transition to development. UNDP programmes recognize that conflict can drive people into poverty with a disproportionate impact on the poor. At the same time, conflicts are often driven by poverty, lack of opportunity and the frustration of the marginalized.
- *MDG and SDG mainstreaming:* Lastly, support to national development plans, macroeconomic policies, measurement and monitoring of country-level development and poverty, and aid effectiveness programmes complement poverty reduction efforts. Given its mandate to support MDG and SDG reporting, this has been an area of engagement of UNDP. The MAF (during the MDG period) and the MAPS (in the context of the SDGs), were both rolled out as joint UN initiatives; they are intended to enable countries to map and prioritize policy needs and bottlenecks.

UNDP has identified a few common elements for programming to address poverty, inequality and exclusion, and these areas are critical to LDCs.[55] They include: a) supportive macroeconomic frameworks that determine overall conditions for investment and growth, b) policy and regulatory frameworks at national and local levels (especially in large and rapidly growing metropolitan areas) that recognize poverty-environment linkages and services while taking into account their externalities and promote jobs and livelihoods, c) steady expansion in value-added productive capacities that boost exports and national income, and that rely upon institutional and technological solutions to increase employment and livelihoods, d) adequate access to natural resources that are critical to meeting basic needs (such as livelihoods, shelter, food and water), e) universal access to basic social and economic services through local development, which would build and protect capabilities and that may entail local infrastructure investments, f) an external environment – trade, aid, investment, technological and other exchanges, provision of vital public 'goods' – that creates rather than diminishes economic opportunities for the poorest groups, and g) active gender-sensitive risk management that protects the poor and overall development against internal and external shocks.

In 2017, UNDP launched its Strategy for Inclusive and Sustainable Growth,[56] which responds to the SDG agenda and shapes UNDP's country support. The strategy focuses on decent work and redistributive programmes to address poverty and inequality. It highlights the precarious situation of youth, women and ethnic and racial minorities, who face additional barriers in accessing the labour market. Emphasis is placed on promoting economic diversification and sustainable growth, scaling up redistributive programmes, especially to support social protection systems, and mobilizing and scaling up development finance to enable inclusive and sustainable growth. UNDP formulated its first Youth Strategy in 2014,[57] which focused on increasing youth economic empowerment and strengthening engagement in resilience building. The strategy takes a four-pronged approach, focusing on capacity development, advocacy and mainstreaming, thought leadership and national policy.

The UNDP Global Programme, regional programmes for Africa, Asia and the Pacific, the Arab States, and Latin America and the Caribbean, and the 47 country programmes are the key tools for the implementation of the Strategic Plan in the LDCs.[58] The Global Programme and the regional programmes

55 UNDP, Theory of Change for Outcome 1, Strategic Plan 2014-2017.
56 UNDP, 'Strategy for Inclusive and Sustainable Growth', 2017.
57 UNDP, 'Youth Strategy, 2014-2017', 2014.
58 UNDP has five regional programmes. The regional programme for Europe and the Commonwealth of Independent States is not included here since there are no LDCs in that region.

have a complementary mandate to facilitate UNDP's engagement in policy debates at global and regional levels. The programmes aimed to position UNDP as a thought leader in enabling global public goods; provide technical support and policy advice to UNDP country offices to enable them to better respond to development challenges; and promote catalytic programme ideas. While a significant component of the global and regional programmes is the policy and advisory staff to facilitate the policy function of the Strategic Plan, there are also global efforts such as the MAPS approach, adopted by the UN Development Group.

The Regional Programme Strategy is based on five mutually reinforcing regionality principles, which define the added value of regional or subregional approaches to addressing development challenges. They include promoting regional public goods based on strengthened regional cooperation and integration, management of cross-border externalities, advocacy on regional development issues that are sensitive for country offices to address, promotion of innovation, and knowledge facilitation. Innovative programming ideas on issues that are specific to their region were piloted as cross-country projects, including in LDCs.

UNDP programmes in the LDCs are not distinct programmatically in terms of broad areas, but the level of policy support varied compared to middle- and high-income countries. Poverty reduction is a key area of support for all the LDCs. Key programme areas of poverty support in the 47 LDCs are presented in Table 5. The Strategic Plan 2014-2017 acknowledges that sustainable human development cannot be fully achieved unless and until women and girls can contribute on an equal basis with men and boys in their societies. The Strategic Plan 2014-2017 has a stand-alone outcome on gender equality and women's empowerment (GEWE) and considers GEWE as a cross-cutting theme. The corporate Gender Equality Strategy for 2014–2017, a companion document to the Strategic Plan, aims to ensure that GEWE is integrated into every aspect of UNDP's work. [59] The strategy includes accountability measures to track implementation of GEWE and mandatory financial and human resource requirements.

SCOPE AND SCALE OF UNDP POVERTY REDUCTION SUPPORT IN THE LDCS

Over the 2014-2017 period, UNDP programme expenditure averaged $4.3 billion a year with an increase to $4.5 billion in 2017. UNDP programmes relied heavily on non-core resources averaging approximately $3.8 billion per year (mobilized from host country governments, donors and other partners); regular resources (core resources mobilized centrally by the organization) comprised about 9 percent ($1.5 billion) of overall programme expenditure. Over that period, UNDP experienced a continuing erosion of regular resources, declining from $466 million in 2014 to $347 million in 2017. There was also a decline in non-core funding for 2014-2017 (see Table 3). Sources of funding that have seen an increase are global 'vertical' funding mechanisms, particularly the GEF, GCF and the Global Fund to Fight AIDS, Tuberculosis and Malaria (known as the Global Fund), and government cost-sharing.

UNDP has allocated a significant proportion of its regular resources to the LDCs. Of the $1.5 billion in regular resources received by UNDP over the period 2014-2017, 60 percent was assigned to the LDCs, of which 51 percent was allocated to poverty reduction. Expenditure on poverty reduction in LDCs is $2.17 billion over the period 2014-2017, which accounts for 41 percent of the overall LDC portfolio ($474 million in regular resources and $1.7 billion in non-core resources). In terms of regional distribution, Africa had the highest spending (62 percent of the $2.17 billion) (see Figure 3), followed by Asia and the Pacific (24 percent), and the Arab States (12 percent). Regular and non-core resources were reduced until 2016, but increased in 2017. Overall, regular resources represent 9 percent of programme expenditure. However,

59 UNDP, 'UNDP Gender Equality Strategy, 2014-2017', 2014.

in LDCs, regular resources represent 13 percent of programme expenditure; in non-LDCs, that share is only 6 percent.

Table 3. Overall budget and expenditure and allocations to LDCs for 2014-2017 (regular and non-core resources) (US$ millions)

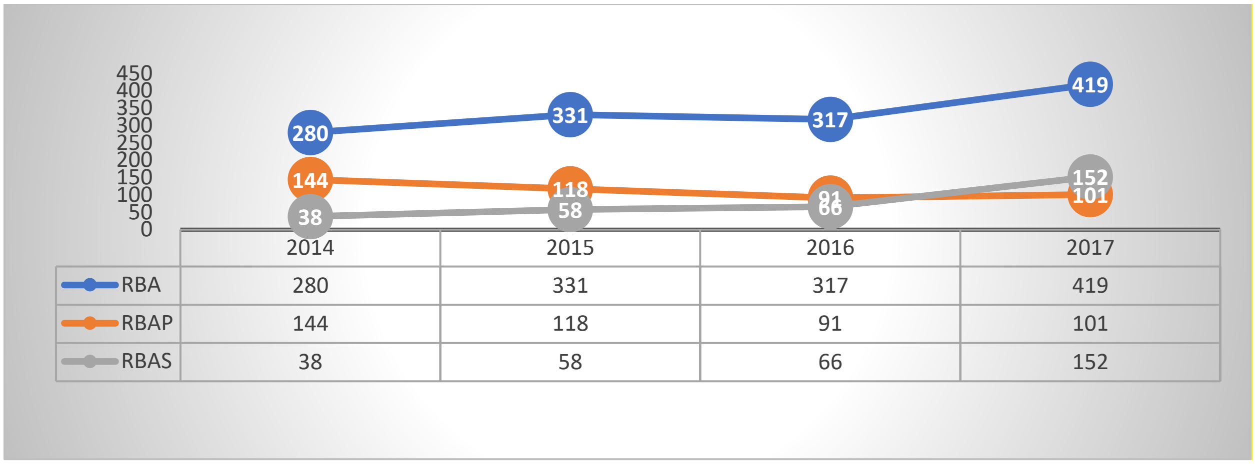
<table>
<tr><th>Year</th><th>Overall programme expenditure</th><th>Overall expenditure in LDCs (% overall expenditure in parentheses)</th><th colspan="2">Poverty expenditure in the LDCs (% overall expenditure in parentheses)</th></tr>
<tr><td rowspan="2">2014</td><td rowspan="2">4,308</td><td rowspan="2">1,916
(44%)</td><td rowspan="2">478
(11%)</td><td>131 (regular resources)</td></tr>
<tr><td>346 (non-core)</td></tr>
<tr><td rowspan="2">2015</td><td rowspan="2">4,254</td><td rowspan="2">1,756
(41%)</td><td rowspan="2">519
(12%)</td><td>123 (regular resources)</td></tr>
<tr><td>396 (non-core)</td></tr>
<tr><td rowspan="2">2016</td><td rowspan="2">3,948</td><td rowspan="2">1,584
(40%)</td><td rowspan="2">488
(12%)</td><td>112 (regular resources)</td></tr>
<tr><td>376 (non-core)</td></tr>
<tr><td rowspan="2">2017</td><td rowspan="2">4,501</td><td rowspan="2">1,846
(41%)</td><td rowspan="2">687
(15%)</td><td>108 (regular resources)</td></tr>
<tr><td>579 (non-core)</td></tr>
<tr><td>Total</td><td>17,011</td><td>7,103
(5,254 without the Law and Order Trust Fund for Afghanistan)</td><td colspan="2">2,172</td></tr>
<tr><td colspan="5">Source: Based on data provided by the Development Impact Group, UNDP Bureau for Policy and Programme Support</td></tr>
</table>

Across work areas, there was no significant difference between resources spent on upstream policy support and local- and community-level programmes, although the expenditure on the latter was comparatively higher. The evaluation assessed five key streams of UNDP's poverty reduction support (expenditures are presented in Table 4) and countries in which these programmes are sizable (see Annex 1). Economic revitalization in conflict-affected countries is the largest area of poverty reduction, receiving 32 percent of the expenditure, followed by the sustainable livelihoods stream (as part of the vertical funds on the environment and natural resources management, energy and adaptation programmes), with 29 percent expenditure. It should be pointed out that in the case of green and climate vertical funds, the evaluation only included projects that had a strong livelihoods component. Inclusive growth, employment and social protection received 15 percent of the expenditure, and with some overlapping programme elements, local economic development initiatives comprised 19 percent of programme spending, with a combination of inclusive finance, infrastructure development (which entailed short-term work) and service interventions. MDG and SDG mainstreaming, along with aid management, is a small area of support (6 percent of expenditure).

Besides Bangladesh, Ethiopia and the United Republic of Tanzania, LDCs that are conflict-affected (Afghanistan, Central African Republic, Democratic Republic of the Congo, South Sudan and Yemen) have comparatively higher spending. Resources for economic revitalization show a decline if the funding to

Yemen is excluded. The reduction is also seen in Common Humanitarian Funds where UNDP plays a fiduciary role. Of the economic revitalization expenditure, over 40 percent ($305 million out of $697 million) is the fiduciary role UNDP played in the Central African Republic, South Sudan and Sudan.

Figure 3. Regional distribution of poverty reduction programme support in LDCs (US$ millions)



Source: IEO's computation based on UNDP finance data

Table 4. Expenditure by key streams of poverty reduction support (US$ millions)

Key streams of poverty reduction programmes	2014	2015	2016	2017	Total	% Expenditure
Inclusive growth, employment and social protection	82	84	78	80	324	15%
Local economic development and basic services	55	65	93	195	408	19%
Sustainable livelihoods (as a component of environment, climate change adaptation, disaster risk reduction and energy programmes)	142	139	158	182	620	29%
Early economic revitalization	161	192	135	210	697	32%
MDGs/SDGs, aid effectiveness, results-based management	37	40	26	21	123	6%
Total	**478**	**520**	**488**	**687**	**2,172**	
Note: Local economic development and service delivery include community development projects in Nepal, Myanmar, Senegal and Togo as well as an urban poverty project in Bangladesh. The MDGs/SDGs, aid effectiveness and results-based management stream does not include expenditures related to national development strategies and policy support.						

Source: IEO's computation based on UNDP finance data

Table 5. Sub-thematic expenditure

Thematic areas	Sub-thematic areas		In US$ millions				
		Number of countries with programmes	2014	2015	2016	2017	Total
Inclusive growth, employment, and social protection	**National development plans**	20	17	17	18	30	83
	Private sector development, trade and industry	17	29	31	25	22	107
	Agricultural productivity and food security*	10	16	17	14	11	58
	Access to finance**	7	5	4	3	1	13
	Social protection	6	3	6	7	4	20
	Vocational training	8	5	6	8	9	28
	Women's economic empowerment	6	6	3	3	4	17
Local economic development and basic services		22	55	65	93	195	408
Sustainable livelihoods	**Climate change adaptation and disaster risk reduction**	34	75	80	81	101	337
	Environment and natural resources management	30	51	48	54	60	214
	Energy	16	16	11	22	20	69
Early economic revitalization		19	161	192	135	210	697
MDGs/SDGs, aid effectiveness and results-based management	**MDGs/SDGs**	21	12	5	7	3	27
	Aid effectiveness	18	15	16	12	12	55
	Results-based management	14	11	18	6	6	41
Total			478	519	488	687	2,172

*Many projects related to food security are also part of the climate change adaptation portfolio.

** Access to finance is a component of many local economic development and vocational training projects. This list includes those projects where access to finance is the primary objective.

Source: IEO's computation based on UNDP finance data

Non-core resources were also reduced across LDC country programmes in development as well as post-conflict contexts, except in Gambia, Niger, Sierra Leone, Somalia, Sudan and Yemen. The decline in funding was steeper for the Asia region (see Figure 3). The reduction in regular resources impacted UNDP programming, considering that government cost-sharing is low in the LDCs (5 percent compared to 74 percent in middle- and high-income countries).[60] Some LDCs received a better share of bilateral resources (for example, Bangladesh, Ethiopia and Rwanda), while others, despite development challenges and multiple fragilities, were less successful in attracting development aid.

While the decrease in programme funding to UNDP reflects an overall trend of decline in bilateral development assistance, there were other factors related to organizational management that also impacted funding, in particular, the institutional restructuring of UNDP during the last Strategic Plan period. Economic revitalization programmes in conflict and post-conflict contexts is an area where UNDP over the years has built a strong portfolio and a steady stream of funding. The abrupt closing of the policy bureau supporting crisis programming (Bureau for Crisis Prevention and Recovery), without strong structures to replace it, contributed to a decrease in the funding for crisis-related initiatives. Considering that most conflict-affected countries are also LDCs, the decrease is steep if the funding for Afghanistan and Yemen (outliers) are excluded.

UNDP's gender-marker data show a steady increase in programmes that included gender equality and women's empowerment as a significant objective (see Annex 1). Programmes in inclusive growth, local development and early economic revitalization performed better in terms of including GEWE as a key objective. Environment, climate change adaptation, disaster risk reduction and energy programmes showed a comparatively lower rating in terms of attention to GEWE. While there are limitations in the computation of the gender marker, overall there has been more attention to women-centric issues than to gender equality considerations.

1.3. LDC PROGRAMMING CONSIDERATIONS

The Strategic Plan notes that the vision, outcomes and areas of work are relevant for all programme countries where UNDP works, though in different combinations and various degrees of emphasis. Therefore, programme areas designed as a 'global offer' also enable UNDP to adopt an issues-based rather than a practice-based approach to development needs and priorities. UNDP has programmes in all 47 LDCs (both development and conflict-affected countries), and the country programmes respond to LDC priorities. The ongoing IPoA has outlined specific tasks for some of the UN agencies, including UNDP, and most of these tasks coincide with UNDP areas of support.

3.3. WHAT CHANGED IN THE STRATEGIC PLAN 2018-2021

At the time of this evaluation, the Strategic Plan 2018-2021 had commenced implementation, and UNDP is in the process of rolling out programme modalities and processes and management arrangements. The Strategic Plan 2018-2021 prioritizes development actions to be undertaken across three diverse development contexts that form the three outcomes of the plan: a context where a) eradicating poverty in all its forms and dimensions is a primary focus, b) accelerating structural transformations for sustainable

60 While government cost-sharing accounted for 16 percent of the poverty portfolio ($350 million), a large share of this declined to 5 percent without the Emergency Community Development Programmes in Senegal and Togo.

development is prioritized, and (c) building resilience to shocks and crises is needed.[61] There are six signature solutions that are intended to provide intersecting solutions according to different development settings. These are: keeping people out of poverty through addressing interconnected social, economic, and environmental challenges faced by the poor and vulnerable; strengthening effective, inclusive and accountable governance; enhancing national prevention and recovery capacities for resilient societies; promoting nature-based solutions for a sustainable planet; closing the energy gap; and strengthening gender equality and the empowerment of women and girls. The overarching emphasis of the Strategic Plan 2018-2021 and programme prioritization in three contexts are relevant for LDCs as well. Details of what each of them entails in practice will be critical for programming in LDCs as well as other country categories.

The Strategic Plan 2018-2021 emphasizes 'exiting' poverty through access to basic services, jobs and livelihoods and stopping countries from 'falling back' into poverty through asset creation, social protection and security. The other solutions also target poverty through equal access to services, community resilience, gender equality and women's empowerment, and a human rights approach. The accompanying Gender Equality Strategy (2018-2021)[62] provides entry points for achieving the gender equality targets across the three development settings of the Strategic Plan. It focuses on interventions that tackle structural changes that accelerate GEWE rather than focusing on programmes that target women as main beneficiaries.

61 Executive Board of UNDP,'UNDP Strategic Plan 2014-2017', 2017.
62 UNDP, 'Gender Equality Strategy, 2018-2021', draft, July 2018.

CHAPTER 4: ASSESSMENT OF UNDP CONTRIBUTION TO POVERTY REDUCTION

The analysis of findings of UNDP's contribution to poverty reduction is presented under eight sections. Section 4.1 describes support to LDC graduation-related issues. Section 4.2 analyses UNDP's support to policy and institutional capacities. Section 4.3 examines UNDP support to mainstreaming MDGs and SDGs and advocacy on human development and multidimensional poverty. Section 4.4. to 4.7 offers an analysis of contributions in the areas of inclusive growth, employment, social protection, local development, sustainable livelihoods, and economic recovery and revitalization. The chapter concludes with section 4.8, on the prominence given to programming principles, such as attention to inequality (through a pro-poor focus as well as gender equality) and promoting integrated approaches to sustainable development. UNDP's contribution to gender equality and women's empowerment is addressed across programme areas, as well as in a separate section. Issues such as partnerships and the convening role of UNDP is addressed as part of the analysis of programme support in sections 4.4 to 4.7.

The evaluation acknowledges the diversity of LDCs and the wide range of issues on which UNDP programme responses are sought. For the purposes of this analysis, a distinction is made between programme responses in the LDC countries that are fragile and conflict-affected, those that are resource-rich, fast-growing economies with social vulnerabilities, and small island developing states. Also, a distinction is made between countries that are more advanced in the graduation process versus those that have not yet commenced the process.

Given the difficulties attributing poverty reduction outcomes at the national level to UNDP programme support, the evaluation does not quantify poverty reduction benefits of UNDP initiatives in terms of the number of people benefiting, nor does it attempt to validate UNDP's results reporting on the same. The country-level results reporting of UNDP support to livelihoods, and its global aggregation, has serious limitations. The interpretation, extrapolations and aggregations are misleading for most job-creation initiatives, especially since they rarely differentiate between long- and short-term job creation, and there is little in the way of post-programme follow up to document long-term retention of skills and employment. The analysis also takes into consideration the financial resource constraints of UNDP. The findings were drawn after taking note of this challenge.

1.4. SUPPORT TO LDC GRADUATION

The various UN action plans discussed in chapter 2 aimed to address the structural impediments and accelerate graduation of the LDCs to MIC status. The ongoing programme of action developed in Istanbul has outlined specific tasks for some of the UN agencies, and this includes UNDP. Therefore, UNDP has a specific role in the implementation of the IPoA, in addition to graduation-related support outlined in the country programmes. This section examines the specific role of UNDP in graduation-related processes and the implementation of the IPoA.

Finding 1. UNDP does not follow an explicit graduation-based strategy and rightly considers graduation as one of numerous milestones in the trajectory of poverty reduction and sustainable development.

UNDP has programmes in all 47 LDCs (31 in Africa, 12 in Asia and the Pacific, 3 in the Arab States, and 1 in the Caribbean). The thematic areas of UNDP's Strategic Plan collectively seek to address the key drivers of poverty and inequality and are relevant across programme countries, including LDCs. This is reflected in a range of programme support to employment, income generation and sustainable livelihoods. The contents in several UNDP country programmes demonstrate contributions to IPoA deliverables, such as crisis mitigation and resilience-building strategies, climate change adaptation, resource mobilization for the Green Climate Fund, good governance, and gender equality and women's empowerment. IPoA priorities are specifically included in country programmes of Bangladesh, Djibouti, Guinea-Bissau, Lao PDR, Lesotho, Mali, Myanmar, Nepal, Sierra Leone and Sudan, and UNDP supported countries in the preparation of IPoA plans. UNDP could not play a frontal role linked to areas of its comparative advantage in IPoA implementation and review arrangements, with lead roles in implementation and review assigned to other agencies, including some without a country presence.

UNDP subsumes national development plan priorities and SDG priorities under its sustainable development approach and country programmes. National plans give emphasis to addressing structural challenges (human assets potential and economic vulnerability) through SDG implementation strategies. These considerations have led UNDP to incorporate IPoA priorities under its sustainable development approach.

The IPoA roadmap charts out the international community's vision and strategy for the sustainable development of LDCs. While analysis, monitoring and reporting roles were assigned to UN Secretariat bodies (UNCTAD, OHRLLS and the Economic and Social Commission for Asia and the Pacific [ESCAP], among others), responsibilities of UN funds, programmes and independent agencies were not established under a formal implementation structure. UN agencies were, however, expected to be on board with the IPoA and contribute to the eight broad priority areas based on their respective mandates and comparative advantage. The IPoA midterm progress report noted that several UN agencies did not apply LDC categorization in their programming and resource allocation considerations, and the Committee on Development Policy was asked to investigate the reasons and consequences thereof. [63] Although the review does not mention UN agencies that are contributing, UNDP has allocated 60 percent of its regular resources ($1.5 billion a year) to LDCs.

An Inter-agency task force on graduation was established in 2017 under the leadership of OHRLLS, with a view to better coordinate UN support to graduating countries. UNDP's role and participation in the inter-agency task force has been critical to efforts to provide more coherent support to graduation-related issues. There was scope for a greater role for UNDP in the IPoA roadmap implementation. UNDP is not identified as a lead agency in providing support under the IPoA, including in areas where it has a comparative advantage and has the potential to contribute to IPoA outcomes. UNDP does not have a specified role in the various stages of the graduation preparatory process. Vulnerability profiles and ex-ante impact assessments are carried out under the IPoA, and UNDP is well positioned to provide support to countries and development partners in calibrating strategies based on the results of these profiling and assessment exercises. Currently this is not UNDP's responsibility under the IPoA. Suboptimal use of UNDP's field footprint by the IPoA's lead agencies also undermined the extent of UNDP's country-level support to graduation, especially in Asia. An additional issue, which is reducing the potential to inform graduation-related discussions at the country level, including UNDPs efforts, is uncoordinated engagement among UN agencies.

UNDP support to graduation processes and an assessment of the implications of graduation were generated through country requests. In Angola, UNDP participated in a joint mission with OHRLLS and the UN Economic Commission for Africa (UNECA) to assess graduation implications, challenges and strategies.

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63 UN-OHRLLS, 'Mid-term review of IPoA Implementation', para 118, 2016.

A Graduation Road Map is under formulation and consultations have been initiated with stakeholders on lessons and implications of graduation. Angola merged its National Consultative Committee for LDC Graduation with the Committee on Sustainable Development Goals to align the LDC Graduation Roadmap and SDGs into the national plan. In Lao PDR, UNDP supported the National Institute of Economic Research to enhance understanding of the human-assets requirements of LDC graduation and provided technical assistance to the government's mid-term reporting on the IPoA. In partnership with ESCAP and OHRLLS, a ministerial conference of LDCs in Asia and the Pacific on graduation and the post-2015 development agenda, held in Nepal, was organized to integrate the graduation agenda and processes into national development strategies and development cooperation frameworks. In collaboration with UNCTAD and ESCAP, an analysis of the implications of graduation was conducted in Bhutan and the Solomon Islands, and with Committee for Development Policy (CDP) and UNCTAD in Myanmar.

The IPoA period has seen a spurt in graduation rates; three of the five LDCs that have graduated over the past 45 years have done so during the IPoA.[64] But a majority of graduating or soon-to-graduate countries will continue to be economically vulnerable. The graduation of countries based primarily on income-related criteria, without achieving graduation thresholds in human assets and economic vulnerability, is an issue, especially in countries narrowly dependent on volatile commodity sectors (Angola and Equatorial Guinea, for example, have a per capita GNI that is more than twice the income criterion threshold). At the same time, countries remaining in the LDC category after considerable growth is also an anomaly – one that points to the need for sustainable graduation policies. One of the most common patterns is for countries to achieve two criteria, the income criterion and human asset criterion (examples include Kiribati, Lao PDR, Myanmar, Sao Tome and Principe, Solomon Islands, Timor-Leste, Tuvalu and Vanuatu) or the human asset criterion and the economic vulnerability criterion (Nepal). Currently, it is very rare for countries to meet all three criteria, as is the case for Bangladesh.

Further efforts are needed to address challenges in economic vulnerability. Countries that graduate primarily on the basis of income criteria or do not address economic vulnerabilities can witness a difficult transition, especially if they are dependent on a single sector, such as extractive industries or tourism, unless investments in other productive sectors (including services) and human assets are in place to sustain and diversify economic growth. Countries pursuing a more balanced, diversified path towards economic growth and development (Bangladesh, for example), are more likely to experience stable transitions to MIC status.

Moreover, the loss of LDC concessions can induce economic shocks in narrowly diversified graduating LDCs. LDC exports remained concentrated in a few tariff lines but lost tariff preference advantages gradually in the wake of overall tariff liberalization, and tighter rules of origin conditions. For instance, Cabo Verde and Maldives, which built their economies on duty-free, quota-free exports to the European Union, became vulnerable to tariff increases on fishery product exports (by 29 percent) upon graduation. Their scalability and structural diversification were constrained by geographic and physical resource limitations associated with their small geographic and population size – structural constraints that make it difficult to compete on the same terms as larger and better-resourced countries. Cambodia faces a similar challenge, having built its bicycle exports based on cumulative rules of origin, sourcing ASEAN (Association of Southeast Asian Nations) components (70-100 percent) and exporting to the European Union. When the European Union withdrew cumulative rules of origin benefits to ASEAN MICs, the domestic value addition in Cambodia fell below the qualifying threshold for the country of origin. Thus, graduation has very real market-access implications, and graduated countries need support in

64 LDC IV, 2016, pre-eligible: Bangladesh, Bhutan, Kiribati, Nepal, Sao Tome and Principe, Solomon Islands, Timor-Leste and Tuvalu.

internationally competitive sectors to withstand the impact of market access and tariff preference erosion.

1.5. POLICY FORMULATION AND INSTITUTIONAL CAPACITY DEVELOPMENT

UNDP has assisted 20 LDCs in formulating national development policies and plans, embedding inclusive and equitable growth approaches in national situation analyses and objectives. Policy support and measures to strengthen capacities was a cross-cutting area of support across different programme streams in all LDCs. The overall expenditure for this stream of support was $87 million for 2014-2017, which represents direct support and excludes some of the policy work as part of programme support. In addition, expenditure on support related to national results-based management was $41 million, and spending on aid effectiveness processes totalled $55 million for 2014-2017.

Finding 2. While UNDP's policy engagement was demand driven and often determined by the extent of the absorption capacity of national institutions, there are areas where UNDP could have been more proactive in informing national policies drawing from its community projects.

Policy engagement covered a broad span of policies, plans and strategies directed towards pro-poor enhancement of productive capacities and structural transformation. This included national development strategies, poverty reduction strategies, macroeconomic policy, inclusive value chains and market development, employment promotion, green growth, industrial small- and medium-sized enterprise sector development, and social protection policies, among others. UNDP support for policy analysis in several LDCs enabled formulation of appropriate strategies underpinned by a people- and livelihoods-centred inclusive approach (see Box 2).[65] UNDP developed a range of knowledge products and tools to assist in formulating inclusive business practices and sustainable livelihoods initiatives. UNDP knowledge products and publications provided organizational positioning and were useful for informing regional and global debates and advocacy. This section analyses key areas of UNDP's policy and institutional support, and factors in such support.

UNDP’s contribution is more evident in creating apex institutions and strengthening institutional capacities that enabled the bridging of critical functioning gaps. Needs assessment, programme formulation and implementation, and resource mobilization have been strong characteristics of UNDP support. Government counterparts valued UNDP’s ability to respond effectively to a wide array of institutional capacity support needs, sourcing specialist international expertise to augment staff capacities, mobilizing multi-year donor funding for operations and commissioning analytical studies. There are several examples where UNDP contributed to the capacity development of key institutions having direct roles in shaping pro-poor policies and actions. Institutional capacity development was evident in 26 of the 47 LDCs, including, for example, in Malawi (creation of the National Planning Commission), Rwanda (Ministry of Finance and Economic Planning), Uganda (inter-ministerial capacity building: economy-wide modelling tools for sustainable development), Djibouti (National Agency for the Promotion of Investment and the Ministry of Women and Family); and Sudan (Central Bureau of Statistics’ five-year action plan and Human Resource Development Plan). Support in Ethiopia demonstrates the

65 UNDP supported national policies and flagship programmes for economic diversification and structural transformation in 20 of the 47 LDCs (including Djibouti, Ethiopia, Lao PDR, Malawi and Rwanda) and national development strategies with an inclusive growth and sustainable development focus in nine countries (including Djibouti, Ethiopia and Lao PDR). Formulation of policies and frameworks for employment and entrepreneurship development, especially youth employment, was another key area of support in 11 countries. Social protection policies and implementation plans were provided in six countries (including Bangladesh, Gambia and the United Republic of Tanzania).

range of policy engagement by UNDP in an enabling policy environment (see Box 2). Such examples highlight UNDP's core strength in policy and institutional support as an integrator and coordinator rather than as a domain technical expert. While this role provided UNDP several opportunities to respond to government needs and immediate priorities, it has also led to UNDP positioning itself as a 'generalist' rather than a specialized agency. Even when UNDP played a strong technical support role in shaping pro-poor policies and actions, the generalist image is becoming a predominant one.

Partnerships enabled UNDP to provide technical policy support in some areas. UNDP and UNCDF supported microfinance policy and strategy in several LDCs, establishing frameworks for regulation to improve governance of microfinance institutions. A significant aspect of this partnership is using the technical capacity of UNCDF in the areas of inclusive financing and microfinance to provide tested models to countries, with significant policy impact and scaling up. The other examples are partnerships with UNCTAD, the UN Industrial Development Organization (UNIDO) and the Food and Agriculture Organization of the UN (FAO), although not as widely prevalent as that with UNCDF, in value chain support and strategies on agriculture-based industry and food security. However, partnerships with UNCTAD, UNIDO and FAO are not formalized at the corporate level, undermining the potential of the contribution to national policies and programmes of all agencies concerned.

Box 2. Development context and enabling environment determined the role and outcome of policy support

As support to Ethiopia and Sudan demonstrates, variations in UNDP's policy role and support were also determined by the development context and policy environment. In Ethiopia, UNDP assisted in the establishment of the Agriculture Transformation Agency, the Ethiopian Commodities Exchange and, more recently, the Ethiopian Tourism Agency (currently under establishment). The Agriculture Transformation Agency and the Ethiopian Commodities Exchange have grown into authoritative bodies with technical leadership in their domains and are progressing towards financial self-sustainability. Upstream support for macroeconomic planning included assistance to formulate the 15-year perspective plan aligned to the 2030 Agenda, with implementation targets under three consecutive Growth and Transformation Plans. UNDP also bridged expertise gaps in institutions through recruitment of short- and medium-term experts at the National Planning Commission and the training of Commission staff. Assistance was provided for the preparation of six sector studies for priority sectors identified in Ethiopia's Growth and Transformation Plan II, which shaped policies in those areas. A critical area of UNDP support was the Logistics Strategy in 2015, which informs the trade and export promotion components of the Growth and Transformation Plan. The strategy has informed large World Bank infrastructure projects to boost private sector competitiveness.

Strong government ownership and a record of accomplishment in implementing large-scale programmes and maintaining high growth have attracted sustained donor support to Ethiopia, which enabled UNDP to assist in several policy areas. UNDP has been a partner of choice for formulation and seed capital toward larger transformative initiatives.

In contrast, in Sudan, which is a leading example of UNDP's work in protracted crisis settings, there have been limited opportunities for macroeconomic policy engagement for UNDP. Sudan's classification as a 'humanitarian assistance' case has limited donor engagement in multi-year programming for poverty reduction and sustainable development. Under these conditions, UNDP's role has been to advocate the merits of the humanitarian-development-peace nexus and to prepare the ground for the transition from humanitarian to development assistance modalities. The circumstances under which South Sudan started out as an independent country included substantially reduced oil revenues and a high external debt burden. The International Monetary Fund (IMF), World Bank and African Development Bank (AfDB) are the major players shaping the actions under Sudan's Interim Poverty Reduction Strategy Paper and the Salvation Economic Programme 2012-2014. There is a heavy emphasis on fiscal reforms and addressing the implications of oil revenue loss amidst continuing international sanctions.

Strategic extractive sector (oil and gas) revenues management for pro-poor development, an area UNDP identified for support, has been limited in mineral-rich LDCs. Sustainable management of extractive sector revenues to support long-term development investments in human capital and economic diversification/specialization has been a key factor in the development successes of several LDCs and holds important lessons for economies reliant on the mining and minerals sector. LDCs such as Angola, Equatorial Guinea and Timor-Leste, whose economies were dependent on the global demand for minerals, are now approaching graduation. However, they have not progressed on other graduation criteria and remain economically vulnerable and weak in human assets potential. UNDP's contributions in oil and gas, with exceptions, were not sufficient for informing public policy in this area.[66] UNDP's opportunities remained limited in part given the critical implications of these sectors for monetary policy and macroeconomic stability and external debt and exchange rate management, with the IMF, World Bank and OECD playing major roles in strategic mineral revenue management.

The results from policy support are difficult to establish in isolation, since its success depended on complementing sector action plans and resource allocations to give effect to policies, which was often beyond the scope of UNDP's support. In many instances, policies formulated are relevant and fitting, but were not implemented by the government. Where support was confined only to the development of national policy or strategy, it was difficult to assess effectiveness in terms of poverty reduction outcomes or enhancement of livelihoods and employment. There were integrated interventions combining policy formulation with downstream demand-supply interventions in specific sectors, such as the agricultural transformation projects in Ethiopia and youth empowerment and microfinance programmes in Rwanda, or local development strategies in Bangladesh and Lao PDR, which had better development outcomes. While this could be argued as a funding constraint issue, the evaluation also noted a lack of sequencing on the part of UNDP, in complementing policy support with downstream elements in subsequent or related programmes. Also, there were several instances of downstream support that remained without upstream policy engagement to build the enabling environment (enterprise development programme in Ethiopia, youth skills initiatives in Sudan, for instance). These are covered in greater detail in other sections of this report.

UNDP's efforts to promote the SDGs has prompted greater sensitivity to themes such as social protection, private sector financing, and responsible production and consumption. UNDP engagement through its regional platforms provided guidance and enabled the exchange of ideas and approaches around these emerging themes. Regional work on impact financing, extractive industries and social protection has been promising and getting traction from countries. In Africa, where a formalized working relationship with the African Union exists, there is a comparatively wider regional focus to the work of UNDP on these themes. Although not a limitation of UNDP programming, the engagement in the Asia and Pacific region is characterized more by subregional rather than regional affiliations.

In Africa, the UNDP Regional Office, along with the African Union, UNECA and other partners, assisted in the African, Caribbean and Pacific Group of States' (ACP)-European Union (EU) Minerals Development Programme.[67] The objective was to translate the Africa Mining Vision 2009 into national development plans for development minerals having local economic importance. The initiative drew upon UNDP's corporate Strategy for Supporting Sustainable and Equitable Management of Extractive Industries. The training programmes that were part of the ACP-EU initiative benefited regulators, private sector staff and others from about 40 countries. Furthermore, six countries (including Cameroon, Guinea, Uganda and

66 For example, *Natural Resource Revenue Sharing* (published with the Natural Resource Governance Institute), and *Mapping the Oil and Gas Industry to the Sustainable Development Goals: An Atlas* (published with the International Finance Corporation and IPIECA).

67 This support was under the ACP-EU Minerals Development Programme, which operates in 45 countries, of which 30 are in Africa.

Zambia) have benefited from specific country-level projects, promoting policy reforms, value chain development and skills-building, including of women, in the industrial minerals sector. UNDP has supported selected LDCs in conducting gap analyses of their extractive industry policy frameworks vis-à-vis the regional Africa Mining Vision (including in Mozambique, Uganda and Zambia). Based on this work, UNDP has provided findings and recommendations to governments and other stakeholders to encourage and inform policy reforms.

In impact finance, UNDP promoted the first Public-Private Dialogue on Impact Investment in 2015 in Cape Town, a successful effort that is discussed further in the section of this report focusing on private sector support. In Asia, UNDP is facilitating UN SDG Impact Finance initiatives in the region. Successes in Bangladesh include Bangladesh's Impress Capital, which aims to raise $100 million from private investors for affordable housing for urban migrants. In Cambodia, UN SDG Impact Finance (UNSIF) and UNDP Cambodia will support the design and investment facilitation of an SDG-aligned affordable housing project within a well-established special economic zone. This initiative seeks to transform special economic zones into sustainable economic zones.

Finding 3. There is considerable scope for greater policy engagement in promoting sustainable livelihoods. UNDP's sustainable development approach and local-level programmes have not been leveraged to sufficiently embed sustainable livelihoods in national policies and government flagship programmes.

Combining sustainable environment (including natural resources management), climate change adaptation-related support, and inclusive growth and employment programmes into a single portfolio positioned UNDP to better address key and interlinked pathways to sustainable development and equality. In its strategies, UNDP strongly acknowledges that building synergies among its various streams of support is critical for contributing to the structural transformation of productive capacities, sustainable management of natural resources and livelihoods, and lowering shocks from economic and climate risks.

Contribution to policy discourse on sustainable livelihoods was evident in UNDP's engagement in the shaping of the SDGs and integration for climate change adaption issues in the Sendai Framework for Disaster Risk Reduction. UNDP remains a leading United Nations provider of environmental protection support at national and local levels and has been a significant provider of technical support to the government during global and regional negotiations on environmental issues such as climate change, biodiversity loss and water pollution. UNDP advocated for environmental budgeting by supporting efforts to engage parliament, creating committees on poverty-environment issues and engaging high-ranking government officials in poverty-environment projects. Most importantly, tracking budgets and expenditures by analysing budget data according to special issues, poverty-environment concerns and climate change adaptation has enabled better advocacy aimed at increasing budget allocations for poverty-environment mainstreaming, as well as to raise awareness on related issues. With a wide-ranging climate change programme in place, UNDP has played a prominent role in regional and global policy debates on global climate change in support of countries preparing for and responding to the 2015 Paris Agreement.

Flagship programmes, such as the Poverty-Environment Initiative (PEI), Small Grants Programme and the Equator Initiative, explicitly underscore the critical importance of the poverty-environment nexus and adaptation for national policies and processes on livelihoods and development. Regional or global programmes have been catalytic in bringing together national stakeholders, resulting in shared experiences and South-South knowledge transfer (for example, the Poverty-Environment Facility in Africa, promoting innovative tools such as the Climate Public Expenditures and Institutional Review).

With regards to its environmental protection and climate change adaptation work, UNDP is well positioned to inform integrated approaches for sustainable livelihoods at the country level, in collaboration with multilateral and bilateral agencies. Examples can be found where UNDP facilitated UN agencies in mainstreaming environment and disaster risk reduction into their work in a country. There are also instances where UNDP, the UN Environment Programme (UNEP) and FAO have set common goals in the environment, climate change and food security areas (for example, in Uganda). However, the scope exists for further strengthening such partnerships. In Uganda, UNDP supported national efforts towards sustainable management of natural resources while creating employment and income opportunities. This includes a framework to encourage conservation – compatible investments in Uganda's biodiversity-rich tourism areas and the establishment of an inclusive ecosystem business platform for tourism as well as a strategy for protection of shea nut trees in the Karamoja landscape.

UNDP's initiatives in climate change adaptation have been critical for reducing the vulnerability of LDCs to climate change shocks, strengthening their resilience, and mainstreaming sustainable development into national development policies and strategies. Managing over one third of GEF, GCF and other vertical green funds, UNDP is well situated to enable a national focus on factors that facilitate sustainable livelihoods. Environment and climate change adaptation programmes have consistently incorporated or promoted a sustainable approach to the environment as well as livelihoods by linking community income generation and natural resource management interventions. UNDP has had some success pursuing a greater consideration of poverty and livelihoods within the framework of its support to UN conventions. UNDP can and should do more to leverage this work for a greater global policy role on sustainable livelihoods.

Finding 4. The reduction in the economists' portfolio may impact support for development economics to the LDCs.

The value of UNDP engagement in the macroeconomic space is in bringing inclusion and sustainable development dimensions into policy discourse alongside economic growth, and this is widely acknowledged by government representatives in several countries. UNDP is seen as a partner of choice by some LDCs. However, in several LDCs, the demand for macroeconomic policy support has increased with the adoption of the SDGs, as countries are struggling to integrate inclusive approaches into economic growth-oriented policies. Currently, UNDP is not adequately positioned to respond to this need.

Limited human resource capacities constrain UNDP's engagement and influence across a wide range of macroeconomic policy support needs and priorities. A large share of funding for macroeconomic policy support comes from regular resources, and there have been significant cuts in staff supporting this portfolio. The number of economists in Africa funded by the African Economist Programme has also decreased, from 45 to the current 26 (who support 28 countries). In Asia, the hollowing out is almost total, reduced from 14 economists to 2 in the regional office. These staff cuts have come at a time when there is a greater need to bring sustainable development orientation to economic policies. Country offices are constrained in their ability to effectively engage in an increasing array of needs and respond to the growing pace and urgency of policy support requests. The work of UNDP in this regard is overshadowed by other organizations – in particular, the World Bank, which invests many more resources, both in number and specialist expertise – to engage in national economic policy discourse.

UNDP's prioritization of different areas of poverty reduction support is ad hoc, with limited clarity on the reasons and justification for de-prioritizing areas of support or staff positions. Budget cuts and staff recruitment freezes have reduced capacities in headquarters and regional offices. In the regional office in Bangkok, the themes of poverty and inclusive growth has the smallest team, even though poverty, inequality and exclusion are the highest development priorities; the entire region is supported by only two macroeconomists. In the Addis Regional Office, massive budget cuts in 2016 and recruitment freezes have left 40 percent of staff positions vacant, severely limiting the prospects for thought leadership and backstopping support to the country offices. While the reduction in core financing is a key factor in the de-prioritization of poverty areas as well as staff positions, UNDP lacked a robust corporate-level thematic fund mobilization strategy to overcome excessive reliance on core funding and sustain areas of support critical for poverty reduction.

With an increasing number of national and international service providers, and development information readily available, the perception of UNDP as a leading global development service provider of poverty reduction and sustainable livelihoods solutions depends on its ability to demonstrate technical expertise in these core support areas.

UNDPs own technical capacities are more critical in LDCs than in MICs and higher-MICs, where UNDP can facilitate local technical expertise in specialist areas; UNDP therefore needs a strong cadre of in-house talent. Historically, UNDP has been considered by its government partners and donors working in LDCs to be a leading provider of policy and programme support on poverty reduction and sustainable livelihoods; UNDP needs to ensure that it has the necessary in-house talent to credibly retain this confidence. UNDP's use of 'generalist' staff for poverty-related programming in many LDCs compares unfavourably to the specialized talent deployed by other agencies in areas such as employment, youth and jobs, trade and value chain development. UNDP has not built up sufficient in-country technical expertise to move from ad hoc poverty alleviation and job creation efforts to more strategic national policy setting. Whether the future UNDP profile is that of technical experts or 'facilitators of development services/facilitators of technical assistance' is an important question that has huge implications for the future of UNDP's role and influence on poverty and sustainable livelihoods programming in LDCs. This evaluation points out that the latter will have negative implications for the organization in the long run unless attention is paid to developing expertise in select areas. UNDP's environment portfolio is an exception to its generalist image, and UNDP's success and stature in this domain is strong proof of the benefits of specialization.

1.6. MDG AND SDG INTEGRATION

The evaluation period 2014-2017 spans the transition from the MDG framework to the 2030 Agenda for Sustainable Development, adopted in 2015. UNDP played an active role during the MDG phase, facilitating national MDG reporting, and during the later stages supporting efforts to accelerate progress on the MDGs through the MDG Acceleration Framework (MAF). Building on this, UNDP conceptualized the Mainstreaming, Acceleration and Policy Support (MAPS) framework to support SDG integration. While the expenditure on MDG- and SDG-related support was $27 million for 2014-2017, this was an area similar to national policy support, which cannot be fully disaggregated. Also, this expenditure does not include indices work.

Finding 5. UNDP played a key role as champion and scorekeeper of the MDGs, providing technical support and policy assistance toward MDG-based strategies. The roll-out of the MDG Acceleration Framework created opportunities for cross-practice collaboration to accelerate MDG fulfilment and positioned UNDP well to help countries in the roll-out of the SDGs.

UNDP established trust funds, regional initiatives and various institutional tools to support partner countries to fulfil their MDG commitments. A 2015 evaluation of this support indicated that, early in the implementation of the MDGs, UNDP developed an impressive set of tools to support countries in aligning the MDGs with national development strategies.[68] UNDP fostered inclusive multi-stakeholder participatory processes at regional, national and subnational levels during the MDG period. This was accomplished through numerous forums using UNDP's convening power with governments, civil society, the private sector, academia and foundations.

UNDP, with technical inputs and collaboration from other UN agencies, developed the MAF to speed progress at the country level on those MDGs that were unlikely to be reached by 2015. MAF Action Plans were formulated in 23 LDCs to facilitate targeting of aid flows and to identify bottlenecks in the achievement of the MDGs. Successful engagement of MAFs required consensus and collaboration among development actors and a shared understanding of the purpose of MAFs and localizing the goals. There were a few successes in resourcing and implementing the action plans. However, the MAF exercise was challenging since government counterparts perceived it as a resource mobilization tool rather than a process to address bottlenecks in the sector that would enable progress on the MDGs. Partnerships with governments, donors and other UN agencies were critical to addressing the bottlenecks identified. A larger issue beyond UNDP and the UN has been that MDG plans could not be fully translated into action since they remained grossly underfunded. In most LDCs, more than three fourths of the reviewed planning initiatives related to the MDGs remained unfunded.

With the adoption of the Agenda for Sustainable Development in 2015 and the formulation of SDG framework, MAF implementation and the unmet MDGs have been subsumed into the SDG framework. Some LDCs consider the transition to SDGs as too fast and abrupt. Some government officials, as well as development actors, perceived a need for a transition phase, given that the SDGs are inherently interconnected and require multisectoral approaches for their attainment, with specific attention to vulnerability and risk-informed development approaches. Also, the universality and 'leave no one behind' principles warrant greater attention to those furthest behind in development and excluded groups and regions and require significantly higher resource mobilization than the MDGs.

Finding 6. UNDP has played an important role in the conceptualization of the Mainstreaming, Acceleration and Policy Support framework and its promotion as a UN system-wide tool. Sufficient thrust on MAPS will be critical to keep up momentum on SDG integration. Adequate technical composition, engagement of relevant UN agencies and other development actors will be critical in providing solutions that can be adopted by countries.

As a co-chair of the UN Post-2015 Task Team, UNDP played a proactive role in crafting the post-2015 development framework, bringing into the discussion views from extensive national consultations. The process of SDG consultations was more inclusive and extensive compared to the MDGs and ensured the participation of diverse development stakeholder groups. Lessons learned from MDG implementation informed the design of a bigger and more ambitious 2030 Agenda for Sustainable Development, with a more consultative approach than the MDGs, and the integration of economic, social and environmental dimensions of sustainable development and a range of universal aspirations.

The adoption of the SDGs provided opportunities for countries to review national development plans and adopt SDG-based planning and results-monitoring frameworks, linked to nationally prioritized SDG targets. As the UN Development Group chair and the administrator of the resident coordinator system (until December 2018), UNDP played a lead role in conceptualizing and facilitating MAPS to enable SDG integration and implementation. Conceived as a UN Common Approach, MAPS is intended to support

68 UNDP IEO, 'Evaluation of the Role of UNDP in Supporting National Achievement of the Millennium Development Goals', May 2015.

country-level efforts in SDG mainstreaming, acceleration, policy development, data, partnerships and accountability. UNDP led the development of the Common Approach, the launching of national consultations for adopting and articulating national SDG plans, and the organization of multi-agency MAPS missions that resulted in the identification of priorities and 'accelerators', with a potential to influence multiple SDGs. Guidance and tools to elaborate on MAPS have facilitated a harmonized approach to national consultations.[69]

UNDP facilitated multi-agency MAPS missions in 26 countries, of which 11 are LDCs. The mainstreaming exercises focused on analysing the alignment of national development plans and sector strategies with the SDGs, integrating the SDGs in national development planning frameworks, and examining policy areas and sectors with the greatest multiplier effects. SDG diagnostics were carried out to inform policy options on the national response to the SDGs, with renewed poverty eradication commitments and targets. Eight LDCs have adopted action plans to transition to the implementation of the SDGs and are also using updated and disaggregated data to monitor progress on national development goals aligned with the SDGs.[70] Sudan, for example, identified three SDG acceleration drivers for agricultural transformation, reaping the peace dividend, and social development focusing on the reduction of poverty, inequality and gender asymmetries. In Djibouti, following a pilot MAPS mission in 2016, UNDP, in collaboration with the UN results group, is supporting the mid-term review of the national plan (known as SCAPE) towards a greater integration of the SDGs, including development of a roadmap for an integrated SCAPE SDG monitoring and evaluation framework, which foresees use of the Multidimensional Poverty Index.

An issue that needs to be addressed in the conduct of MAPS is providing context-specific expert solutions rather than an array of options. Also, it is critical to engage UN agencies and ensure MAPS missions have adequate technical expertise. Some of the countries where MAPS was conducted considered that UNDP teams were not well prepared and were not specific in their assessments. Similar to MAFs (although led by the government), the MAPS exercise is still confined to UNDP and the UN and is not positioned as a larger SDG prioritization exercise, relevant beyond the UN.

A Rapid Integrated Assessment (RIA) tool[71] was developed by UNDP to support countries in assessing their readiness for SDG implementation by reviewing national plans against the SDGs. The RIA is evolving into a key instrument for assisting programme countries in policy review work to mainstream the SDGs and indicators into national planning and monitoring frameworks. The tool aided in identifying gaps in SDG targets that are not addressed in current plans and targets and that need to be addressed by multiple ministries. The RIA has been applied in 20 LDCs.[72] In Bhutan, Cabo Verde and Guinea, where the RIA tool was used, it enabled the identification of policy areas with the greatest multiplier effects on the SDGs. In Bhutan, the RIA showed a high degree of alignment between the country's 11th Five-Year Plan and the SDGs (134 aligned targets) and identified critical gaps in alignment in the areas of financial inclusion, migration, gender and social protection. The Government of Bhutan is considering the results of the RIA

69 For example, 'Mainstreaming the 2030 Agenda for Sustainable Development – Reference Guide to UN Country Teams', 'UNITAR-UNDG Preparing for Action National Briefing Package: The 2030 Agenda and SDGs', and 'Guidelines to Support Country Reporting on the Sustainable Development Goals'.

70 Bhutan, Cambodia, Democratic Republic of the Congo, Madagascar, Rwanda, Sierra Leone, Uganda and United Republic of Tanzania.

71 Rapid Integrated Assessment Tool. See: http://www.undp.org/content/undp/en/home/librarypage/sustainable-development-goals/rapid-integrated-assessment---mainstreaming-sdgs-into-national-a.html The tool helps countries assess their level of preparedness for the implementation of the SDGs. The assessment constitutes the first step in building a country roadmap or action plan, reviewing national planning documents to: determine the relevance of the SDGs to the country context; provide an indicative overview of the level of alignment between plans/strategies for the implementation of the SDGs; identify the interconnections between the SDG targets and sectoral areas of coordination; and identify the sufficiency of data sources for systematic monitoring of the SDGs.

72 In Angola, Benin, Bhutan, Burkina Faso, Burundi, Cambodia, Central African Republic, Comoros, Democratic Republic of the Congo, Gambia, Guinea, Guinea-Bissau, Haiti, Liberia, Madagascar, Mali, Mauritania, Niger, Rwanda and Zambia.

for further technical engagement in drafting the country’s new 12th Five-Year Plan, which will integrate both Gross National Happiness and 2030 Agenda principles.

SDG-mainstreamed plans have led to improved financial assessments and budgetary allocations indexed to national SDG targets. For instance, in Ethiopia, the SDGs have been integrated (with targets and indicators incorporated) into the Growth Transformation Plan II and the long-term (15-year) perspective plan 2030, which is now being finalized. Priority sectors have been identified and studies have been commissioned, supported by UNDP, to arrive at SDG-financing needs, capacity challenges and measures required. In Bangladesh, with the identification of financing needs, a resource mobilization strategy is being formulated to explore the potential of foreign direct investment and remittances, besides innovative means such as impact financing.

The number of countries conducting a review of SDG progress to share on a voluntary basis at the annual High-Level Political Forums has increased. In 2017, 43 countries presented their Voluntary National Reviews (VNRs). Of these, 15 were countries in special situations (LDCs, landlocked developing countries and SIDS).[73] UNDP supported these countries through technical inputs or financial assistance to prepare these reviews. UNDP also supported countries in preparing ‘Leaving no one behind assessments’. The VNR highlights the national ownership of SDGs at the highest level (parliament), which has the potential to make SDG implementation an enforceable commitment.[74] Besides reaffirming and reviewing national commitment and progress in implementation, VNRs collectively provide useful insights and opportunities to address common challenges, understand best practices, and prioritize technical support needs from the development system. The VNRs presented in 2017 suggest that countries are increasingly addressing the multidimensionality of poverty and examining poverty through the lens of social inequality and the marginalization and exclusion of some groups.[75] Underfunding of social programmes, the challenges of youth unemployment, the pivotal role of strong partnerships, including the private sector, and the importance of policy coherence and multisectoral coordination are themes that are increasingly raised by countries.

An area that has yet to receive sufficient attention is data and statistics for SDG monitoring. Across LDCs there remain significant data gaps on several key SDG targets. UNDP has been more engaged in supporting the assessment of SDG data and indicators ecosystem and capacities in LDCs. In Africa and Asia and the Pacific, UNDP undertook a systematic analysis of such ecosystems and capacities in LDCs. Initial work on assessing data ecosystems in six countries provided the foundation for subsequent work in the Africa region. UNDP teamed up with the UNECA, International Development Research Centre and World Wide Web Foundation to pioneer a biennial *Africa Data Revolution Report* (2017) comprising in-depth case studies of national data ecosystems in 10 countries, including five LDCs.[76] While such support is useful, UNDP was engaged to a lesser degree in efforts to strengthen institutional capacities in data management. Demand is increasing for support in data collection and statistics and the strengthening of related institutional capacities. This is also an area for which non-core resource mobilization has been challenging for UNDP. Coordination among UN agencies on data-related support remains weak.

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73 As reported in the ‘2017 Voluntary National Reviews Synthesis Report’: six LDCs, seven landlocked developing countries and two SIDS. See: https://sustainabledevelopment.un.org/content/documents/17109Synthesis_Report_VNRs_2017.pdf

74 For example, to mobilize the necessary resources, Ethiopia has proposed increasing the allocation for sectors (health, education, clean water and sanitation, agriculture and rural roads) with higher impact on poverty alleviation, from the current 70 percent to 75 percent of the national budget.

75 As reported in the ‘2017 Voluntary National Reviews Synthesis Report’.

76 UNDP, *Africa Data Revolution Report 2016*. See: http://www.africa.undp.org/content/rba/en/home/library/reports/the_africa_data_revolution_report_2016.html

Finding 7. UNDP developed and promoted indices that highlighted human development and multidimensional poverty at the global and country level. These indices assume further importance in the SDG programming context. The recognition of the global Multidimensional Poverty Index (MPI) as a core indicator for SDG targets has endorsed the importance of coordinated multisectoral approaches to poverty reduction and created demand for national MPI measurements. The growing acceptance of the MPI at the national level is a significant accomplishment for UNDP. Adequate efforts are needed for consolidating UNDP's indices work.

In addition to the Human Development Index, since 2010, four additional composite human development indices have been devised – the inequality-adjusted HDI, the Gender Inequality Index and the Multidimensional Poverty Index for developing countries. The 2014 *Human Development Report* introduced the gender-adjusted HDI, which compares the HDI calculated separately for women and men.[77] UNDP has been at the forefront of conceptualizing multidimensional measures of poverty and has reinforced the global MPI as an evidence base for the *Human Development Reports,* and subsequently supported its national application and use. UNDP annually publishes the global MPI. The production and application of MPIs at national and subnational levels is in itself a channel that can help drive national action and coordination, strengthen key capacities and improve accountability and policy outcomes. The global MPI has been the basis for national MPIs in several countries and South-South collaborations. The latter includes the Multidimensional Poverty Peer Network of senior government officials championing the use of multidimensional poverty measures alongside traditional income measures. There have been efforts by UNDP to improve the MPI, for example, by incorporating environmental variables in national MPIs.[78]

UNDP recognizes that the MPI has limitations since it is calculated at the household level rather than at the individual level, and that data challenges exist. For more robust analysis, further research would be needed to clarify the relationship among different dimensions of poverty. Despite data quality challenges, MPIs highlight some of the systematic patterns of deprivation. Over time, there has been growing acceptance of the importance of deprivations not captured by income and consumption dimensions of poverty. Governments have led national MPI development to shape weights and indicators to their particular contexts; in practice, this is an intensive, participatory, analytical and capacity building exercise. UNDP has made efforts to improve the MPI, for example, by incorporating environmental variables in national MPIs.[79] The process of developing an MPI itself contributed to more attention to some of the drivers of multidimensional poverty. Closer linkages have also been acknowledged between public actions and immediate reductions in some deprivations – related, for example, to water, sanitation, road access, school attendance and undernutrition – which may not be immediately reflected in monetary poverty. The MPIs have a cross-sectoral dimension and the potential to identify disparities across regions and populations, address multiple deprivations and track progress. While there is a recognition in UNDP on the critical importance of MPI-related work, more sustained efforts by UNDP are needed to harness this potential.

UNDP has played an important role in advocating the need to take a multidimensional approach to poverty at the country level and facilitating discussions on the MPI. Given the close cooperation of UNDP with national governments and their ability to work on sensitive issues, UNDP facilitated other actors, such as the Oxford Poverty and Human Development Initiative (OPHI), which supports the MPI at the country level. While there are examples of UNDP support to developing national MPIs, for example, in Djibouti and Uganda, UNDP's decreasing engagement in the computation of the national MPI contrasts

77 See the Human Development Report Office website for details about the indices: http://hdr.undp.org/en/data
78 See: https://wedocs.unep.org/handle/20.500.11822/25387
79 See: https://wedocs.unep.org/handle/20.500.11822/25387

with its continued assistance to governments in national human development reports and compilation of national and subnational HDIs. A key issue is that UNDP's engagement in the national MPI is critical for ensuring the credibility of the index and follow up with the government. UNDP's positioning on indices at the country level is also critical for its SDG-related support.

UNDP has potential to support countries in adopting, developing, estimating, applying and utilizing national MPIs. With other multidimensional poverty measures emerging (the World Bank has recently released its own to complement its monetary poverty lines), there is a need for coordination among various actors. UNDP recently has taken a lead role in supporting the multidimensional poverty indicator (SDG 1.2.2), initiating and facilitating a joint programme with UNICEF, OPHI and the World Bank (with guidance from UN DESA statistics division) to roll out scaled-up support for countries to monitor and report on progress. Joint principles will guide the subsequent work of each to improve SDG reporting and policies. Such efforts assume significance to enhance much needed coordination among agencies working on indices and supporting national data management. Also, UNDP and OPHI are unifying methodologies to evolve a joint global MPI. While this is a positive step forward, UNDP should invest in updating the indices and strengthening its thought leadership in this area. In the past five years there has been a decrease in the number of national human development reports, which are important policy advocacy tools at the country level. While a reduction in funding is one of the reasons why this is occurring, the scaling down comes at a crucial time when advocacy for SDG principles and priorities should be in sharp focus.

1.7. INCLUSIVE GROWTH AND EMPLOYMENT GENERATION

Overall, the expenditure on the inclusive growth, employment and social protection stream comprised $324 million for the period 2014-2017, of which private sector-related support was $107 million and social protection was $20 million. Employment and productive capacities are central to these initiatives. The sections below analyse this area of work.

A. INCLUSIVE BUSINESS AND MARKETS

UNDP works with the private sector at multiple levels, as a transformative partner in poverty reduction, sustainable management of natural resources, and attainment of the SDGs. A dedicated Private Sector and Foundations Strategy for the SDGs 2016-2020 guides UNDP's work.[80] The strategy does not have differentiated, context-specific approaches and thus does not have an LDC-differentiated focus. This limitation is addressed in a new private sector strategy under formulation that recognizes and responds to different development contexts. Private sector engagement is led by UNDP’s Istanbul International Centre for Private Sector Development, which operates several global initiatives and has a special mandate focusing on the private sector as a transformative partner for sustainable development.

Finding 8. UNDP has shown a strong commitment to foster transformative partnerships with the private sector. UNDP engagement has evolved from providing ad hoc support to the private sector (small- and medium-sized enterprises) in value chains and supplier development, to a more systematic partnership strategy to harness private sector potential for inclusive and sustainable growth initiatives.

80 This is the second iteration of the private sector strategy first adopted in 2007. UNDP, ‘Private Sector and Foundations Strategy for the Sustainable Development Goals (2016-2020)’, 2016. See: http://www.besnet.world/undps-private-sector-and-foundations-strategy-sustainable-development-goals-2016-2020

UNDP's engagement in policy support, programme implementation and institutional entry points as well as its country presence, networks and convening power have been key elements of and a formidable value proposition in attracting the private sector into inclusive market development initiatives. UNDP not only facilitated public-private connections but also brought in complementing resources to address policy and institutional bottlenecks to value enhancement for private actors while ensuring inclusion and the beneficial participation of poorer sections. These are investments that private sector actors would not undertake on their own and represented significant and tangible benefits to partnering with UNDP.

Increasing emphasis is being placed on partnerships around the themes of innovation, inclusive business and inclusive finance. UNDP private sector engagements followed a principle-based approach, especially the Global Compact Principles and UNDP's social and environmental standards. UNDP's Istanbul International Centre for Private Sector Development hosts the secretariat of the multi-donor Business Call to Action. The Business Call to Action works with over 200 partners – from multinationals to social enterprises – to demonstrate successful, profitable and scalable models for reaching poor communities and improving access to markets, financial services and affordable social services. The Connect Business Initiative has mobilized private sector support networks in emergency response and resilience building in 13 countries, including Haiti, Myanmar and Vanuatu.

UNDP has prioritized inclusive business and markets to integrate bottom-of-pyramid segments of the population as consumers, suppliers, employees and business holders in value chains and markets. However, UNDP is yet to use its comparative advantage of country presence and credibility to scale up work in this area. The African Facility for Inclusive Markets (AFIM) was a regional project (2010-2014) with tangible outcomes in promoting inclusive market development approaches. It consisted of regional- and country-level interventions to build capacities and conducive environments for private sector participation in inclusive market development initiatives. Given the potential for pro-poor outcomes, agriculture value chains were the main focus, although interventions were made in other sectors too, for example, tourism in Uganda, mobile payments in Lesotho, and solar energy in Senegal. Notable successes in livelihoods support, as highlighted in the AFIM mid-term evaluation, include work in the sorghum value chain in East Africa (linking private enterprise Africa Harvest with 20,000 households with an offtake agreement for sorghum, and catalytic funding for 1,000 households to expand income opportunities).[81] The model has enormous upscaling potential given the shortage of sorghum in the region. The project also balanced the conflicting expectations of large breweries wanting to buy the entire output and the food security needs of growers, through consultations. In West Africa, a market aggregator in Ghana (not an LDC) and Burkina Faso was assisted in expanding onion value chains across borders to Benin, Mali and Niger, through interventions in post-harvesting techniques and intermediate storage infrastructure to enable entry into distant markets. Overall, AFIM interventions supported 11,000 farmers in joining private sector partnerships.

In Uganda, it was recognized that there was a need for integrated and well sequenced interventions at all levels (micro, meso and macro) in support of the development of the tourism sector. Collaboration with the UN World Tourism Organization (the UN specialized agency for tourism) was not only crucial but yielded successful results. The support was implemented through two related interventions: 1) Support for the Development of Inclusive Markets in Tourism, largely focusing on micro (enterprise level) and meso (capacity of associations, linkages, etc.) and 2) Improving Policies and Regulations to Support the Development of Markets in Tourism, focusing on meso (coordination) and macro (policy and legal frameworks). The two interventions were highly integrated and closely implemented using a multi-stakeholder approach (involving the private sector, government, civil society and academia). Another

81 Imani Development, 'UNDP African Facility for Inclusive Markets: Regional Project Mid-term Evaluation', UNDP, 2013.

lesson to draw is that to achieve impact and sustainability, this integrated approach may require more time beyond one programme cycle, depending on the specific context and bottlenecks to be addressed. For instance, under the policy interventions mentioned above, UNDP supported 1) the development of the tourism policy 2015, which was adopted by the Cabinet and is operational, 2) the preparation of a 10-year Tourism Development Master Plan to operationalize the policy, and 3) the establishment of a tourism sector coordination mechanism. However, the project ended before the coordination mechanism was strengthened sufficiently to be self-sustaining and before alignment of the legal framework with the new policy and planning framework for the tourism sector was completed.

Although the AFIM was initiated before the Strategic Plan 2014-2017, it continued through 2014 and evolved into a new initiative, supporting the efforts of the African Union to set up the Africa Inclusive Markets Excellence Centre, a pan-African regional platform for thought leadership and promoting the development of more inclusive markets and businesses. There are other complementary private-sector regional projects in Africa on agribusiness and resilient agri-food value chains. They are in initial stages of consideration for assessment, but nevertheless are indications of more sustained engagement by UNDP.

UNDP has been adding in-house expertise in private capital modalities: investment banking, venture finance, social entrepreneurship and business incubation; current experts in the Addis Ababa and Bangkok regional hubs have this profile. This expertise complements the social development strengths of the organization and has led to the design of business and market-based approaches. The strengthening of private sector expertise has helped expand partnerships with leading corporations and foundations. In Africa, a dedicated Private Sector Unit implements regional initiatives and provides country offices with support on private sector engagement.

Considerable scope exists for expanding initiatives such as Green Commodities Programme in the LDCs. The programme, a partnership with GEF, UN REDD+ and major multinationals, is an illustration of the adoption of responsible production and trade. The programme addressed sustainability challenges of global value chains in commercially important commodities such as palm oil, cocoa, coffee, pineapple, fisheries, soy and beef in MICs. These commodities, practices and lessons are relevant for LDCs to facilitate market access in shorter value chains.

UNDP value chain interventions that are scattered and small in scale face challenges in balancing micro, meso and macro aspects and achieve limited results. Inclusive market development initiatives need to operate at the micro (small-scale producers); meso (value chain linkages) and macro (policy, infrastructure and incentives) levels. Combining downstream support with upstream policy and fiscal incentive components is key to the sustainable development of value chains in key sectors. Also, micro, meso and macro interventions cannot be pursued in isolation or in parallel and need to be sequenced properly to achieve results. These are best addressed under well formulated and resourced sector-level strategies and action plans. Linking its interventions to a well-coordinated strategy spanning the full range of value chains has been difficult for UNDP, in large measure due to the crowded space with multiple donors and numerous implementation arrangements.

Lack of funding for the full spectrum of value chain activities is a factor in reduced outcomes. Even for the flagship African Facility for Inclusive Markets, more than half the budget came from UNDP's regular resources. Besides bilateral technical cooperation agencies, several UN agencies – FAO, UNIDO, ILO, the International Trade Centre (ITC) and UNCTAD – offer value chain support, which has fragmented donor funding even further. While it is logical for relevant UN agencies to formulate joint approaches, this has been a challenge in general within the UN system. There are a few illustrations of joint programming (for example, with FAO-ILO in Ethiopia and Rwanda), but these have been the exception rather than the norm.

Agencies such as UNCTAD or UNIDO with limited country presence are more forthcoming in partnering with UNDP. Also, an issue beyond UNDP support is the lack of adequate regional value chain development. While there is recognition of the need for programmatic partnerships, this has yet to be pursued.

Value chain approaches involving the private sector have been pursued in several country programmes, often involving similar or related products, but with the limited mixing of ideas and experience sharing. There are further opportunities for a market-driven approach to livelihoods. The involvement of private sector partners is an important element for success, but a meaningful role for private sector entities has too often been omitted, even in agriculture commodities value chains, where there is ample opportunity for private sector engagement. Private sector-focused inclusive business approaches begin with efforts to de-bottleneck value chains linking to the poor and thus offer several entry points for the private sector and better success and sustainability prospects.

Finding 9. De-prioritization of trade-related support in UNDP since 2013 and absence of joint approaches and insufficient efforts to build partnerships reduced UNDP's contribution to trade-related efforts in LDCs. Lack of engagement in trade-related issues is a missed opportunity since LDCs are seeking assistance to become more competitive and further integrated into regional and global markets.

UNDP’s role in trade-related technical assistance and financing for development have particular connotations in LDCs. The principal cooperation instruments for LDCs to overcome structural constraints and special needs are a combination of international support measures, especially trade (market access and tariff) preferences, predictable and priority allocations of ODA, and earmarked trade-related technical assistance to build productive capacities and integration into the global market. Increasing trade opportunities is especially important for LDCs with limited domestic markets. While trade support is not a major aspect of the UNDP service offering to LDCs, the organization has contributed to LDC efforts to build and sustain external market access.

UNDP has channelled its trade-related support primarily through the Enhanced Integrated Framework (EIF), the principal multilateral mechanism for trade-related technical assistance exclusively for LDCs. UNDP is one of the six core implementing partner agencies (others are the IMF, World Bank, UNCTAD, ITC and WTO). Under the EIF, UNDP supported trade diagnostics and needs assessments (in Bhutan, Cambodia, Chad, Comoros, Guinea-Bissau, Kiribati, South Sudan, Tuvalu, Uganda and Yemen); undertook institutional capacity assessments of trade-related institutions (in Chad, Lesotho, Malawi, Samoa, Sao Tome and Principe, Sierra Leone and South Sudan); and addressed supply-side constraints and agricultural product competitiveness (in Cambodia and Comoros). A dedicated unit in Geneva led engagement in the trade area and coordination on EIF and the UN System Chief Executives Board for Coordination trade and productive cluster, led by UNCTAD, and implemented joint projects for trade-related assistance.

An increasing body of UNDP’s work on value chain development spans both production and market development aspects. Country-level presence, strong partnerships with the government, and entry points with a number of ministries are UNDP’s biggest strengths and the basis for its positioning in trade-related assistance. Also, the non-resident status of specialist agencies UNCTAD and ITC provides a natural space for UNDP support in the country-level implementation of EIF projects. UNDP’s partnerships with UNCTAD and ITC have been instrumental in implementing trade-support projects in some countries. In Comoros, a partnership with ITC facilitated the creation of export-centric value chains of cash crops – vanilla, ylang-ylang and clove. Similarly, in Cabo Verde, a partnership with UNCTAD contributed to the development of a service sector strategy. While there are efforts to strengthen formalized partnerships, country-level evidence indicates that partnerships are more driven by interpersonal relationships rather than institutional arrangements with specified roles and responsibilities.

Despite recognition of the role UNDP can play in trade-related support and work at the country level, UNDP no longer has a corporate trade portfolio. Under the Strategic Plan 2014-2017, trade-related technical expertise has been de-prioritized in the regional offices in Africa and Asia, and trade specialist positions have been replaced with other areas. This restructuring and reduced resources in regional offices and in Geneva are weakening response capabilities at a time when regional trade is becoming an important dimension in both the regions and when the WTO Trade Facilitation Agreement is entering into force, providing new avenues for technical support for Category C commitments.[82]

There is a void in the UN system's response in addressing market access and competitiveness issues in LDCs through policy responses towards value chain integration, trade and investment facilitation, and building economic specialization. None of the key agencies associated with graduation support – UN Department of Economic and Social Affairs (UN DESA), UNCTAD and ESCAP in Asia – have country presence, which limits their ability to undertake country-level assessments and provide graduation-related technical assistance to the LDCs. Also, governments want more hands-on support, which is not possible for non-resident agencies, although they may be supporting countries in some areas. In Asia and the Pacific, ESCAP has been more actively engaged in LDC graduation support issues at the regional level, and ESCAP's mandate does not lend itself to providing technical support to individual countries. Structured collaborations between UNDP and ESCAP at the country level on trade-related technical assistance are not yet evident. Similarly, technical collaboration with UNCTAD is critical for more comprehensive support. The de-prioritization of trade as an active area of work at UNDP is a major factor in why these partnerships are not being explored.

Finding 10. UNDP piloted several financial inclusion and access to finance initiatives, with some degree of success in integrating them into national programmes.

Access to financial services is one of the keys to alleviating poverty and achieving sustainable economic growth. It is also a powerful instrument for self-empowerment by enabling the poor, especially women, to become economic agents of change. UNDP's livelihood portfolio includes several financial inclusion and access-related interventions in a diversity of LDC settings. The main interventions have been in the establishment and strengthening of microfinance sectors and institutional mechanisms.

As the examples in Box 3 illustrate, establishing linkages with ongoing government programmes and policies is not only key to the success of community-level access to finance initiatives but also a requirement. UNDP was less successful in this regard in several other countries, and even initiatives with good project-level outputs were not scaled up, partly due to poor programme design or lack of government willingness. Another issue is the proliferation of similar initiatives by various agencies at the community level by different donors and the lack of an action plan to which all actors contributed. In several of the countries assessed for this evaluation, similar community-level access to finance programmes were implemented by at least 10 donors. Moreover, efforts to provide policy coherence and to coordinate various initiatives were lacking on the part of governments; such government engagement was present in the more successful initiatives.

Closer cooperation with UNCDF in employment-generation support programming would strengthen UNDP responses at the country level. UNCDF has specialized expertise in financial inclusion and last-mile

82 The Trade Facilitation Agreement entails commitments under three categories. Category C denotes commitments for which technical support is solicited, thus informs the identified priority areas for technical cooperation.

finance models,[83] which can complement UNDP's pro-poor employment and livelihoods support programmes. UNCDF can, on the other hand, leverage UNDP's inclusive growth and local development programmes, regional and national footprint, multiple counterparts and entry points, and networks. UNDP and UNCDF have collaborated in several instances successfully, and their strengths and offerings are highly complementary in implementing financial inclusion components. Despite productive partnerships, the opportunities for collaboration are far bigger than the scope and nature of current engagement.

Box 3. Inclusive financial sector support: Going beyond pilots

A programme called Building an Inclusive Financial Sector in Rwanda (BIFSIR) (2010-2015)[84] supported the implementation of the Rwandan Microfinance Policy Strategy (2013-2018) and frameworks for regulation to improve governance of microfinance institutions. The programme was implemented by UNDP and UNCDF and was instrumental in rebuilding confidence in microfinance institutions. (The deposits of the Savings and Credit Cooperative, 'Umurenge SACCO', had grown to $79 million and represented 55 percent of all deposits in microfinance institutions; SACCO membership had reached 2 million Rwandans). The BIFSIR programme also promoted outreach through support to a mobile agent banking system to provide branchless banking and last-mile point of sale systems for assisted transactions. Both initiatives have contributed significantly to expanding the outreach of formal financial services in Rwanda. Over 38,000 beneficiaries (67 percent women) were registered, and 311 banking agents were recruited and equipped with point of sale devices.

In the Pacific region, the Pacific Financial Inclusion Programme (PFIP), a regional flagship programme of UNDP and UNCDF, is in its second phase. The programme supports policy frameworks and regulatory services and facilitates access to financing by low-income households, in addition to increasing financial literacy. Targeting 1 million beneficiaries by 2018, the programme has already attained coverage of close to 800,000. To fill last mile access gaps in formal banking channels, the programme is promoting innovative delivery models, such as mobile-based life and health insurance products for 70,000 people.

B. DEVELOPMENT FINANCING

An emerging area of UNDP support is promoting the use of Development Finance Assessments (DFAs), Climate Public Expenditure and Institutional Reviews (CPEIRs), and Biodiversity Expenditure Reviews. Given the potential of such support, this section assesses the extent of UNDP's engagement and programming thrust.

Finding 11. Use of DFAs and CPEIRs have been promoted to assist the formulation of integrated national financing frameworks and to explore various development financing options. It is too early to assess the extent to which these reviews and assessments will be used to plan SDG resource mobilization and national allocations, but there are examples that indicate their positive potential.

The financial resource requirements for SDGs are far bigger than for the MDGs and call for substantial diversification and innovation in financing options. UNDP is promoting the use of DFAs and CPEIRs. Their purpose is to assist in the formulation of integrated national financing frameworks (recommended under the Addis Ababa Action Agenda) that combine conventional development finance, climate financing and other sources in budgeting frameworks and provide government with a comprehensive overview of

83 Such as Access to Finance (A2F), MicroLead, CleanStart, YouthStart and Making Access Possible.

84 BIFSIR was funded by the Republic of Korea-UNDP MDG Trust Fund and implemented by UNDP and UNCDF under the leadership of the country's Ministry of Finance and Economic Planning.

various entry points and options available for development financing. UNDP has stepped up its engagement with faith-based and philanthropic giving, especially the application of Islamic Finance aligned to poverty alleviation and human development targets under the SDGs. These initiatives are work in progress, with the potential to inform development financing options.

DFAs were under way in six LDCs in the Asia and the Pacific region and CPEIRs in five countries; Tax Inspectors Without Borders in 10 LDCs; and Biodiversity Finance Initiative in five LDCs. Bangladesh (Climate Fiscal Framework) and Cambodia (Climate Change Financing Framework) have demonstrated leadership in reforming climate financing approaches and institutional arrangements, with indications of improved interministerial coordination and an increasing role for and importance of ministries of finance in climate financing arrangements. In Bangladesh, based on the DFAs, the government has reformed the institutional set-up for managing development cooperation and drafted a National Policy on Development Cooperation; financing needs for the SDGs have also been estimated.[85] Drawing upon lessons learned from Bangladesh and Cambodia on the Climate Fiscal Framework, other countries in the Asia region are developing climate financing frameworks.

UNDP also established the Asia Pacific Development Effectiveness Facility, a regional platform that facilitates South-South dialogue and cooperation and shares information on issues related to development effectiveness and development financing. This facility is the natural focal point for sharing tools, information and lessons learned from the DFAs. Also, UNDP's Governance of Climate Change Finance programme has initiated a regional learning and knowledge exchange platform for climate change finance among countries in Asia and the Pacific.

In Africa and the Arab States, the DFAs have been included in UN Development Assistance Framework guidelines as a tool to support the Funding to Financing strategy outlined by the UN Development Group (UNDG) to address the funding gap for the SDGs. DFAs have been finalized in the Gambia and Mozambique, and are currently under way in Benin, Cameroon, Comoros, Ethiopia, Lesotho, Malawi, Namibia and Sierra Leone; they are also under consideration in several other countries. In the Arab States, UNDP assisted Sudan in preparing a DFA, which is being used by the government to negotiate with donors and IFIs to transit from humanitarian assistance to a more enduring development cooperation approach.

UNDP is also supporting the establishment and operation of Aid Management Platforms and processes, a UNDG effort, to improve development cooperation tracking, a key priority for several LDCs. While the purpose of such platforms is to facilitate the formulation of effective aid management approaches and improve the transparency of development assistance and budgetary flows, this was not achieved in most instances. The success of the platform is determined by the willingness of government and donors to post data. However, in the majority of cases, information is only partial at best. The success of the platforms and aid management mechanisms, as seen in countries that were more effective in using them advantageously, shows the importance of government readiness to make transparent disclosures and use such tools for better development financing management.

C. PRIVATE FINANCE AND IMPACT INVESTMENTS

Impact investment, an emerging concept at UNDP, rests on the premise that the private sector is crucial to fill SDG financing gaps. UNDP is taking steps to strengthen and innovate its support for the development

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85 Bangladesh has assessed SDG implementation costs at $928.48 billion spanning 2017-2030. Of this amount, 85.1 percent is to be raised from domestic resources, of which 42 percent is from the private sector. See: Bangladesh Planning Commission (General Economics Division), SDGs Financing Strategy, 2017, presented at the Bangladesh Development Forum, February 2018.

finance agenda, which is critical for the attainment of the SDGs. Thus, increasing emphasis is being placed on new approaches to financing, especially in Asia and the Pacific, which is experiencing a trend of LDCs approaching graduation. UNDP's regional programme has been proactive in pursuing other forms of development financing (beyond ODA) and is developing and testing out innovative methodologies.

Finding 12. UNDP's impact investment instruments and modalities with the private sector are critical for poverty reduction, but the pace of expansion in this area is slow. In the LDCs, alternative and impact financing from the private sector, although conceptually relevant, is still on the fringe, and nascent in its prospects.

UNDP promoted UNSIF[86] to leverage UN development expertise to channel private sector investments into social enterprise ventures and address key financing gaps. UNSIF brings together diverse investor partners to create a collaborative financing model towards social and human development goals and provides a mix of finance (up to $5 million). The mix includes grants, debt, equity, technical assistance and business development support for social enterprises with potential for blended returns (economic, social and environmental outcomes) that focus on green technologies and value chains. UNSIF funding acts as seed capital to de-risk larger investments of private partners. Launched in 2017, UNSIF has seen success in two LDCs. Build Bangladesh-UNSIF partnered with Impress Capital, a national conglomerate, aiming to raise $100 million from private investors, initially towards affordable housing for urban migrants, with future plans in agriculture, information technology, renewable energy, health care and education.

In Africa, UNDP promoted the first Public-Private Dialogue on Impact Investment in 2015 based on an analysis of the state of the impact investment landscape in Africa.[87] This led to the African Union's adoption of the Cape Town Declaration on Impact Investment in Africa and Action Plan (prepared by UNDP) and the formation of the Africa Impact Investment Coordinating Network. UNDP facilitated forums, for example, at the Climate Parliament in Abidjan (2017) to explore synergies between renewable energy project promoters and impact investors, including both private firms and development finance institutions. One of the outcomes of this event is that private sector commitments were made to install solar pump systems and solar mini-grids with a cumulative capacity of 74 megawatts. The Government of Senegal also announced a commitment to procure 10,000 solar energy pumps for off-grid rural electrification.[88]

Private sector financing successes are mostly in non-LDCs, given their more mature financial sectors and capital markets. UNDP's efforts to build a portfolio in alternative finance is in line with the Addis Ababa Action Agenda and SDG 17; however, this is a new area of work globally, with few results yet to demonstrate the effectiveness and transformative potential. While the private sector accounts for nearly 80 percent of global GDP, private capital contributes only 10 percent of current infrastructure and investments in public goods.[89] Unlike traditional development finance, especially grant finance, private sector-led impact investment (also termed blended finance, since it involves a combination of debt, equity, collateral guarantees and other forms of financial support) seeks triple bottom line returns and is predicated on commercial viability besides social and environmental outcomes. While blended finance models have found traction in OECD countries, Central Asia and Latin America, all of which have well-

86 See: http://undp.socialimpact.fund/
87 UNDP, 'Impact Investment in Africa: Trends, Constraints and Opportunities', 2016.
88 Climate Parliament, 'Abidjan Hearing Report', Abidjan, May 2017 (funded by EuropeAid and the Swiss Agency for Development and Cooperation).
89 A report of the Business & Sustainable Development Commission cites the impact of achieving the SDGs as a $12 trillion market in food, health, energy and materials, and 380 million new jobs by 2030. See: Business & Sustainable Development Commission, 'Better Business, Better World', 2017.

developed financial sectors and capital markets, they are evolving slowly in other regions, especially LDCs. The trend is changing in Asia, but more so in middle-income countries.

UNDP is pursuing a self-sustaining model more appropriate to LDCs, especially the use of 'challenge funds' as incentives to de-risk private sector investment. The success of the Malawi Innovation Challenge Fund, which attracted a high level of private sector co-financing, has led to proposing the idea of a 'convertible grant' corpus, which includes a conditional refund linked to the success of funded enterprises, thus circulating the grants to other beneficiaries. In light of such initiatives, UNDP is well positioned to expand the range of contracting instruments to engage the private sector and to equip itself with the tools it needs to scale up and de-risk innovative financial and business partnerships.

UNDP has recently launched SDG impact management (principles, frameworks and standards to help investors channel capital towards SDG achievement) and SDG impact intelligence (which will provide investors insight into local industries, entrepreneurs and projects that advance the SDGs). While these initiatives are in the early stages and not yet ready for assessment, they are indicative of the momentum in UNDP's necessary engagement in promoting impact investment.

Private sector funding to UNDP, while minuscule, is not by itself an indicator of performance. UNDP is rightly focusing on the facilitation of private sector investments to bridge the huge financing gap for the SDGs instead of seeking private sector funding for its own programmes. Contributions from the private sector, foundations and non-governmental organizations (NGOs) (about $49 million) represented 1 percent of UNDP's non-core resources ($4.866 billion) in 2016.[90] At one level, this could reflect challenges in aligning the incentives of the private sector and development agencies. Opinions remain mixed on whether UNDP's private sector strategy should focus on raising private sector resources for its programmes. On one hand, growing resource constraints from bilateral sources demand diversification of funding avenues for UNDP programmes. On the other hand, a measure of UNDP's effective advocacy with the private sector should be its effective facilitation of private sector investments to bridge the huge financing gap for the SDGs. In this regard, UNDP's promotion of SDG impact investment and philanthropic platforms and supporting the private sector to design triple bottom line initiatives and monitor impact assessment offer huge value, compared to resource mobilization for UNDP programmes.

D. SOCIAL PROTECTION

Social protection is a small area of UNDP work compared to other flagship themes.[91] UNDP considers social protection as a key tool to help countries achieve the simultaneous eradication of poverty and significant reduction of inequalities and exclusion. While the scale of the portfolio is limited, various levels of support have been provided in 11 LDCs. Expenditure on social protection was $20 million for the period 2014-2017.

Finding 13. Inconsistencies remain between aspirations and actual resource investments in social protection programming, reducing the role and contribution of UNDP in this area.

UNDP's support to policy, through the formulation of national social protection frameworks and implementation plans, were evident in a few countries (for example, the United Republic of Tanzania).

90 Private sector contributions fell from $93 million in 2012 to $46 million in 2014; by 2018 they had recovered slightly.

91 Within the UN system, the ILO (the lead agency on social protection and custodian of relevant SDG indicators), UNICEF and the World Health Organization are more readily recognized as major players in social protection.

Some tangible outcomes are apparent in efforts to improve assets and food security for women.[92] Most initiatives were collective efforts of the UN country team's social protection teams, providing one-off support such as cash or food for work. While these are relevant, they do not represent illustrations of UNDP's systematic programmatic support role.

In Africa, at the regional level, UNDP, together with the African Union, organized an African regional conference in Senegal to highlight the importance of social protection for achieving the SDGs and the eradication of extreme poverty. A Protocol to the African Charter on Human and Peoples' Rights on the Rights of Citizens to Social Protection and Social Security was drafted. However, Africa has several regional agreements that need implementation, and agreements by themselves are only part of the process of commitment of countries to the social protection agenda. Publications were also produced that analysed regional social protection in Asia and Africa, such as a regional joint publication on the state of social protection in Africa, which is under preparation – an inter-agency collaboration with the UN Children's Fund (UNICEF), ILO, UNECA and the African Union – with a country-wide database of legal frameworks and institutional mechanisms to inform regional and national advocacy.

UNDP's comparative advantage in social protection support, as perceived by development actors at the country level, is its ability to address social protection at a cross-sectoral level compared to the sectoral focus of other UN agencies (such as the ILO, which has the lead mandate in this area). With well-established institutional networks in multiple ministries and its convening role in post-crisis and conflict settings, UNDP is well positioned to engage in this area. The Unified Beneficiary Registry in Malawi, which serves as a national social registry, is an example where UNDP is well positioned to leverage its role in the national identification system to improve targeting and information systems for social protection. The other example, although not in an LDC, is the Mauritius Marshall Plan, which demonstrates the role UNDP can play in social protection policy support.[93] The Marshall Plan aims to combat poverty and social exclusion in Mauritius and Rodrigues. Since 2015, UNDP undertook an in-depth analysis of the causes of poverty in the country and made recommendations for action. With the support of UNDP, the government established a social register of those living in impoverished conditions and who require targeted measures and assistance. Such cross-sectoral social protection efforts are not evident in the LDCs where they are most needed.

Whether UNDP will enhance or scale down its social protection offerings under the Strategic Plan 2018-2021, which does not explicitly state social protection as a specific area of support, was not clear at the time of the evaluation. There is a lack of concrete differentiation of what UNDP has to offer in the LDCs that is distinct from other organizations.[94] In a highly competitive development funding environment – and the formidable lead and expertise that other agencies have already built in this area – how UNDP would seek to distinguish itself and articulate its strengths becomes important to its future engagement. UNDP has an opportunity to differentiate its role in social protection support in LDCs. Considering that domestic resource mobilization will remain a challenge in low-income countries, social protection initiatives targeting the 'poorest of the poor' will remain critical for the achievement of the SDGs. Based on UNDP's experience in formulating and implementing livelihood programmes in many countries, potential remains for UNDP to focus on productive inclusion aspects linked to social protection

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92 For example, Strengthening Women's Ability for Productive New Opportunities (SWAPNO) Project in Bangladesh, implemented by the Local Government Division with technical support from UNDP, is considered among the first adaptive social protection projects, targeting locations that are adversely influenced by the ecological dynamic of river erosion and salinity intrusion.

93 For more information on the Mauritius Marshall Plan, see: https://gadebate.un.org/sites/default/files/gastatements/71/71_MU_en.pdf

94 There are only three social protection specialists in the whole of UNDP, and none in Asia and the Pacific, a region that is ramping up social protection investments.

programmes. While this was optimized in a few countries, for example, the Productive Safety Net Programme in Ethiopia, UNDP did not explore synergies in other related areas of support.

For LDCs, the key challenge lies in the design and implementation of national social protection systems that can be financed sustainably through an enabling fiscal space, besides highly targeted external capital. There is emerging evidence from several studies that universal social protection floors are affordable even in low-income countries where fiscal space can be created. [95] Studies also point out that promoting social protection is a public policy choice and should be viewed as an investment in building long-term human capital and resilience rather than a contender for public expenditure allocations. UNDP is well positioned to engage in advocacy for social protection as a viable long-term investment and support domestic resource mobilization for both contributory instruments (contributory pensions) and those that are non-contributory (such as cash transfers and non-contributory pensions).

E. YOUTH ECONOMIC EMPOWERMENT

In the LDCs, given the increasing youth population, youth employment and empowerment are key to poverty reduction. UNDP proactively engaged in youth empowerment issues at the global level, contributing to UN resolutions. Youth employment and empowerment are emerging as crucial elements of UNDP programme approach and support. This area received additional thrust following global and UN system-wide recognition of the role of youth towards the reduction of poverty and inequality and maintenance and promotion of international peace and security. [96]

At the global level, UNDP supports the UN Secretary-General's Action Agenda under the World Programme of Action for Youth and the Global Initiative on Jobs for Youth. UNDP leads the UN system's youth engagement in fragile states and co-leads the UN System-Wide Action Plan (SWAP) on Youth and the Inter-Agency Network on Youth Development.[97] UNDP co-convened and contributed to the First Global Forum on Youth Policies (2014, Azerbaijan), which informed UN agency initiatives on national youth policies; it also co-organized the First Global Forum on Youth, Peace and Security, which led to UN Security Council resolution 2250 on youth, peace and security (2015).[98] With a dedicated trust fund to promote youth volunteerism under the UN Volunteers Programme, UNDP facilitated youth participation in the UNDG consultations on the post-2015 Agenda, including the online My World Survey.

Finding 14. Youth-related support at the country level consisted largely of stand-alone initiatives that were not well integrated with UNDP's diverse employment and livelihood initiatives. Barring a few

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95 A recent ILO study in 57 low-income countries showed that universal social protection floors are affordable even in low-income countries: universal cash transfers for children, the disabled and older persons, covering everyone at the national poverty line, along with maternity benefits, will cost on average 4.2 percent of GDP and range from 0.3 percent for Mongolia to 9.8 percent for Sierra Leone (ILO 2015).

96 Youth issues have received attention at the highest levels in the UN system and this is evident in the growing UN system engagement in youth empowerment, especially after the adoption of the UN Security Council resolution 2250 (2015), the appointment of the UN Secretary-General's Envoy on Youth, and rising recognition of the importance of empowering young people as rights holders, change agents and torchbearers to attain the SDGs. UN Security Council resolution 2250 (2015) resolved that young people play an important and positive role in the maintenance and promotion of international peace and security and identified five pillars of action: participation, protection, partnerships, prevention, disengagement and reintegration.

97 The Youth-SWAP has five overarching goals related to the thematic areas: employment and entrepreneurship, protection of rights and civic engagement, political inclusion, education and health. See: https://www.unsceb.org/content/un-system-wide-action-plan-youth. The Inter-Agency Network on Youth Development also contributes to increasing the understanding and visibility of the UN system's work on youth development. See https://www.un.org/development/desa/youth/what-we-do/un-inter-agency-network-on-youth-development.html

98 Youth issues have received attention at the highest levels in the UN system, evident in the growing UN system engagement in youth empowerment, especially after the adoption of the UN Security resolution 2250 (2015) and the appointment of the UN Secretary-General's Envoy on Youth. UN Security Council resolution 2250 (2015) resolved that young people play an important and positive role in the maintenance and promotion of international peace and security and identified five pillars of action: participation, protection, partnerships, prevention, disengagement and reintegration.

exceptions, most youth-focused interventions remained fragmented without sufficient integration with sector strategies and plans. Lack of post-programme follow-up and feedback mechanisms led to the ineffective tracking of programme outcomes and constraints.

UNDP's work in youth economic empowerment is predominantly at the national level through upstream support to national policy formulation, strategies promoting youth employment, and strengthening information and networking platforms for youth engagement. A diversity of youth-oriented initiatives are found in the LDCs, for example, skills development programmes (Bangladesh, Cambodia, Equatorial Guinea, which graduated to MIC status in 2017, Ethiopia, Lao PDR, Nepal, Rwanda and Vanuatu); youth employment policies (Djibouti, the Pacific, Timor-Leste and Rwanda); engagement in value chains (Bhutan, Ethiopia, Malawi and Vanuatu); and in rehabilitation programmes (Afghanistan, Nepal, Sudan). In the absence of predictable and adequate multi-year finance, the downstream engagements were often small in scale and lacked integrated interventions combining policy aspects and downstream demand-supply interventions in specific sectors or value chains. While this could be seen as a sequencing issue, interventions remained isolated and narrowly focused, without linkages to complementing areas of government programmes, which reduced their outcomes. Where support covered only the development of a national policy or strategy, the absence of complementing sector-level strategies with youth issues mainstreamed made it difficult to assess the effectiveness of the intervention.

A large share of the youth economic empowerment portfolio consists of skills development initiatives that delivered livelihoods skills training to hundreds of youth beneficiaries. For example, in Benin, Equatorial Guinea, Ethiopia, Rwanda and Sudan, over 10,000 youth were trained in entrepreneurship development, technical and employable skills, which resulted in the creation of new jobs and productive capacities.[99] Uganda adopted the Songhai model in empowering people and communities to become entrepreneurs. The initiative has been established on a 100-acre piece of land and is empowering rural communities, particularly farmers, young women and men, as well as other vulnerable groups to become entrepreneurs, sustainably using natural resources to improve their livelihoods and taking into consideration the local situation and context. Going beyond the scale of such initiatives, the approach followed needs to be revisited, particularly in enabling linkages among sector initiatives. In some countries, the number of youths reached is sizeable, which further makes a case for integrated approaches and establishing critical linkages with ongoing national initiatives, reinforced in the Rwanda example (see Box 4).

While efforts are under way to create linkages with larger government processes, significant gaps remain in using existing opportunities. For instance, Ethiopia's Growth and Transformation Plan envisages the creation of over one million jobs annually in agri-food, textiles, leather and light manufacturing, of which a large share is in special industrial parks. UNDP's Enterprise Development Programme did not explore linking beneficiaries to opportunities in several donor-funded programmes (Japan, Republic of Korea, Switzerland, United Kingdom, United States) for industrial workers skills and supplier programmes to meet the requirements in Ethiopia's industrial parks. In Equatorial Guinea, while information and communication technology (ICT) training centres for youth have generated huge waiting lists, no formal

99 The Promotion of Entrepreneurship in Agriculture Project in Benin (implemented with Songhai Centres) trained over 450 youth farm managers and 130 local producers and provided business start-up support to 120 proposals. In Ethiopia, the Enterprise Development Programme created a cadre of more than 200 trainers and 500 business advisory service providers and resulted in 16,800 jobs. In Equatorial Guinea, ICT centres trained over 1,000 people for employable ICT skills. In Rwanda, the YouthConnekt initiative trained 4,650 youth in entrepreneurship. In Sudan, the Labour-Intensive Programme funded by India, Brazil and South Africa trained over 2,000 marginalized urban youth in technical employable skills in engineering and construction services, maintenance and urban waste management.

mapping, analysis and identification of employment-generating sectors and activities was undertaken to guide sector-specific skills development to boost employability.

Box 4. Joint Youth and Women Employment Programme in Rwanda: An integrated approach

UNDP's engagement in Rwanda and Sudan is an illustration of an integrated approach and building synergies across programmes and partnerships. In Rwanda, YouthConnekt, a joint UN Youth and Women Employment Programme (UNDP, ILO, UNCDF) created about 100 new companies, 150 small- and medium-sized enterprises and over 3,000 off-farm jobs; in addition, the programme supported the training of 4,650 youth in entrepreneurship. In 2015 alone, 146,000 off-farm jobs were created (up from 99,000 in 2008), largely due to financial access of previously excluded groups. The YouthConnekt dialogue platform reached out to more than 4 million youth. A youth empowerment endowment fund from Alibaba provided opportunities for young African entrepreneurs to work on digital e-commerce and artificial intelligence projects. YouthConnekt received the UN Innovation Award in 2013 and has been replicated in the Democratic Republic of the Congo, Guinea, Lesotho, Sierra Leone and Uganda, among other countries.

A closer analysis of the Rwanda success reveals that alignment of the programmes with government strategies, close collaboration with the government and use of upstream interventions (policy advisory activities, institutional capacity-building), forging partnerships and leveraging synergies with other actors enabled UNDP to maximize its impact despite investing limited resources. Key contributing factors included: the benefit of a dedicated single project implementation unit to coordinate and establish synergies among all youth initiatives; mainstreaming of youth employment objectives in development plans in low-employment districts; the convening power of the UNV volunteering platform to sensitize youth, establish district youth networks and the construction of youth-friendly centres; and active mobilization of youth for employment in public works and environment conservation projects (National Environment and Youth Project). Also, partnering with UNCDF under Micro Lead and BIFSIR in Rwanda was an enabling factor that increased access to finance at the national level and helped establish a national financial services ecosystem to deliver microcredit.

The financial sustainability of donor-funded institutions and initiatives is a challenge even in successful interventions unless various efforts are well coordinated. The scale of resources and extent of government ownership played a key part in scalability and continuation. The experience in Rwanda demonstrates the benefit of scale from coordination of several donor interventions: Rwanda had sizeable resources of more than $60 million in donor-funded projects (US Agency for International Development, Swiss Agency for Development Cooperation and the AfDB) for youth employment, and was strongly owned by the government, with the Ministry of Youth and ICT's success in bringing the youth agenda to the centre stage through large-scale national debate.

Linking youth to short-term income generating activities has been easier in economic recovery and rehabilitation contexts with the availability of humanitarian funding. In Afghanistan, by the end of 2019, the Support to Afghanistan Livelihoods and Alternatives to Migration (SALAM) project plans to train and offer job placements to 1,500 people (under vocational and on-the-job training). Nepal's post-disaster rehabilitation efforts contributed to hundreds of thousands of short-term jobs. UNDP reports large numbers of people benefiting from employment and livelihoods promotion in humanitarian operations, but these do not constitute mainstream employment and livelihood approaches and hence are not considered in this assessment. An exception is the Youth for Peace programme components in the Darfur Livelihoods and Recovery Project and the Darfur Community Peace Stabilization Fund, which was successful in enabling productive capacities and linkages to competitive grants.

The low profile and weak capacities of ministries of youth in most countries has limited UNDP's engagement and opportunities for effective mainstreaming of youth issues in sectoral policies and programmes. The First Global Forum on Youth Policy recognized the key role of the ministry of youth in overall coordination and in establishing clear accountability of youth-specific programmes implemented in sectoral ministries, aligned to the objectives of national youth policies. This calls for the development of sector-level action plans, interministerial cooperation, and stakeholder consultation mechanisms with youth. UNDP's engagement with ministries of youth has remained limited in general, due to the weak linkages between such ministries and line ministries in sectors with large employment potential. Across countries, youth employment interventions form a small fringe within livelihood support programmes of sector/line ministries, without linkages to national youth plans and targets. Often the ministry in charge of youth affairs tends to be a low-profile agency, coupled with other tasks such as sports and culture. These ministries tend to be under-resourced and operate in isolation from other line ministries that have greater policy influence on employment creation, enterprise and skills development. Unlike gender, no international human rights convention exists to push a normative agenda for youth in mainstreaming of youth issues in sector policies.

There is scope for exploring collaborations with large regional youth-based programmes of the IFIs. Efforts to upscale or link UNDP's field initiatives with youth employment programmes, especially multi-country World Bank and AfDB programmes, were either not given adequate attention in country portfolios or did not receive sufficient traction (though there were a few successes, such as the cash for work scheme in Yemen with the World Bank). These missed opportunities also highlight the potential for regional office engagement to supplement country-level efforts under broader regional cooperation or partnerships. Considering that UNDP has strong institutional relationships with AfDB, region-wide or multi-country engagement with the AfDB's ENABLE Youth Programme (which is being rolled out in 25 countries and targeting 1.25 million jobs by 2023) were not explicitly evident. Also, UNDP's engagement with the ministry of agriculture and closer cooperation with specialized agencies, such as FAO and UNIDO, are important to implement rural and agriculture-related youth employment and livelihoods initiatives. These have been pursued on an ad hoc basis with little impact, rather than systematic inter-agency partnerships.

Finding 15. The absence of collateral, a crucial gap in bankability and financing of youth enterprise initiatives, has not been systematically addressed. Entrepreneurship is offered as a standard option to unemployment without recognizing the importance of individual propensities towards entrepreneurial risks.

A major constraint in promoting youth-owned enterprises is the lack of collateral (especially for the poor), which limits or denies access to commercial finance. Inheritance remains the most important asset of those who are young and poor. However, in many countries, especially in Africa, increasing longevity on one hand and the growing numbers of youth on the other delays and reduces the prospects of asset inheritance and collateral capacities, and curtails prospects for self-employment and entrepreneurship. This has been identified as a challenge in funding youth enterprise across Africa and parts of Asia. Financial sector policies are yet to recognize these demographics and treat youth funding differently, although within prudent funding norms. This recognition already exists in regional IFIs, which have set aside specific fund lines for youth enterprise. There is merit in testing multiple solutions to recognize and unlock the value of collaterals in financing private enterprise and start-up support. UNDP has not addressed this constraint at the upstream level. Some projects have overcome this constraint through grant-finance or revolving-loan components built into the design and financing of livelihood support cost, but their sustainability has been low (as seen in the recycling ratios in Ethiopia and Sudan).

UNDP's support for enterprise development makes an inherent assumption of the substitutability of wage employment and self-employment as choices. Wage skills and entrepreneurship skills are very distinct and lend themselves to different forms of livelihoods. Therefore, several donor-funded programmes are focused on technical industrial work skills to suit manufacturing; whereas the microenterprise model, which UNDP often uses, is less technical and has a more generalized self-employment orientation. In Djibouti, using internships in the private sector, with funding from Japan and in collaboration with the Chamber of Commerce of Djibouti and private enterprises, was to a certain extent a challenge of employment after training. This represented a better alignment of opportunities and aspirations for job seekers.

The country studies point out that for most of the poor, assured decent wage employment is the preferred option to a riskier and uncertain state of enterprise ownership. However, participation in entrepreneurship programmes remains high because these are seen as no-cost opportunities while waiting for a wage employment opportunity. This sets up enterprise programmes for high failure rates, even though the selection criteria in programmes includes screening for business aptitudes.

UNDP has piloted youth-led social enterprises funded by impact-investments such as the Youth Leadership, Innovation and Entrepreneurship project (Youth Co: Lab). Launched in 2017 in 18 countries, including LDCs such as Bhutan, Nepal, Solomon Islands and Vanuatu, Youth Co: Lab launches social innovation, similar to start-up hackathons. The programme aims to identify innovative ideas and solutions to tackle global social challenges and to provide incubation, mentoring and start-up funding for winning ideas. While it is too early to assess this initiative, the idea is timely for contexts with a thriving private sector, although its prospects for upscaling may be weaker in LDCs with nascent private sector finance markets. From a pro-poor perspective, the design seems more of an add-on initiative without linkages to large-scale employment creation and poverty reduction efforts at the country level. UNDP’s involvement and financial contributions under Youth Co-Lab necessitate due consideration of the arrangements for ownership and distribution of benefits from successful and transformative ideas, whether they be public goods or assets of a private enterprise. These aspects, while premature given the early stages of the programme, warrant further consideration in line with the corporate guidance on private sector engagement.

F. WOMEN’S ECONOMIC EMPOWERMENT

UNDP’s approach to women’s economic empowerment has been to support national governments in their efforts to develop gender-responsive economic plans, policies and systems. This section discusses specific country-level efforts pertaining to women’s economic empowerment, while section 4.8 (B) on GEWE discusses overall attention paid to gender equality and mainstreaming. The expenditure on specific projects for women’s economic empowerment was $17 million for the period 2014-2017.

Finding 16. UNDP interventions included a mix of policy support for gender-responsive frameworks and women-targeted interventions to address the expansion of income opportunities and access to finance. Synergies between policy support and local-level demonstration interventions were not evident.

The inclusion of women beneficiaries is ensured in all income-generation, employment and sustainable livelihood programmes, in line with UNDP gender equality policies and practices. At the policy and institutional level, UNDP’s partnerships with UNCDF and UN Women in the Inclusive Economic Local Development Initiative and the Gender and Economic Policy Management Initiative involved multi-country support to gender-responsive policies and programmes. UNDP also supported reforms in discriminatory labour policies and the establishment of gender-inclusive workplaces (Bhutan and Nepal) and facilitated access to finance and markets (in Fiji, Rwanda, Solomon Islands and Vanuatu).

The Gender and Economic Policy Management Initiative, a global training programme in gender-responsive economic policymaking, is a joint UNDP-UN Women initiative designed to enable government officials to incorporate gender perspectives into national development frameworks. It has trained policymakers in 17 LDCs since 2010. The impact of such efforts to improve the capacities of government staff in carrying out sound gender analysis, or to use gender-disaggregated data to develop or implement gender-sensitive policies and budgeting processes, is hard to discern. The same can be said about the Gender Equality Seal, a flagship initiative of UNDP that is a certification programme for public and private enterprises committed to implementing gender equality and women-friendly workplace environments. Very few examples of this programme were found in LDCs. Uganda in 2016 became the first country in Africa to endorse the Gender Equality Seal for private enterprises by signing up the Private Sector Foundation in Uganda to implement it among members. In Rwanda, 36 private sector companies and two public companies have signed on to the gender seal.

The Inclusive Economic Local Development Initiative, a partnership between UNDP, UNCDF and UN Women, works with local development programmes to unlock private finance for affirmative programmes and policies to identify structural hurdles to women's full participation in labour markets and to facilitate entrepreneurship and integration into the labour market. The initiative has been piloted in Bangladesh and the United Republic of Tanzania and is being extended to other countries. In the United Republic of Tanzania, the Inclusive Economic Local Development Initiative provided seed capital and technical support; it also mobilized a $7.6 million commercial loan from the Tanzania Investment Bank to support a modern district market for women. In addition, it supported a small hydropower-based rural electrification project, targeting electricity access to over 1,300 households. UNDP and UNCDF are also exploring opportunities for joint initiatives that address gender-related issues in specific energy-related value chains, agriculture value chains, and digital financial platforms to deliver government social assistance transfers and small-scale credit products, which have untapped potential for poverty reduction. The initiative has significant potential and needs measures to ensure scaling up by the government or other agencies.

The impact of one-off small-scale initiatives targeted to women remains unclear. Such initiatives, especially when carried out in a disconnected fashion, are usually without linkages to upstream policy processes or government upscaling, or to other development assistance programmes. Moreover, well-intended studies typically had limited impact on national-level strategies due to limited follow-up. In the absence of enabling policy processes, even successful projects targeting women had limited outcomes. The evaluation found very few examples of interventions targeted to women that established linkages with other inclusive growth initiatives of UNDP for better sustainability of outputs achieved.

There are instances, as in Afghanistan, where UNDP provided both upstream and downstream support, with better opportunities for establishing linkages. UNDP supported Afghanistan's Women's Policy and Planning Directorate in the Ministry of Women Affairs in carrying out policy reviews and frameworks for monitoring and evaluation of the National Action Plan for the Women of Afghanistan; it also supported capacity development of government staff on gender mainstreaming. Simultaneously, downstream support focused on income-generation activities – saffron cultivation, jewellery making, food processing, and provision of business development services training to women entrepreneurs. An increase in the income of the members of micro-enterprises was a result of addressing issues related to the value chain and market access, leveraging on UNDP's upstream support.

1.8. LOCAL DEVELOPMENT

Support for local governance and local development (LGLD) is a strong area of UNDP engagement in 22 LDCs. Programmes are tailored to a given local context and focus on any or all of the core dimensions of local government systems (political, financial, administrative, legislative and functional, among others). Local services, territorial development, infrastructure and job opportunities are key focus areas along with upward and downward accountability links and public engagement in local governance. Programmes explicitly target local community livelihoods and crisis response. In crisis-affected and fragile countries, where government authorities may not have a local presence, projects operated more directly with local communities and non-government actors. Local economic development and service delivery expenditure was $408 million for the period 2014-2017.

Finding 17. UNDP, sometimes in collaboration with UNCDF, has contributed to a more holistic strategic framework for local governance and local development support, which addresses poverty reduction and the 2030 Agenda. The overall impact at national and local levels cannot yet be assessed. UNDP's role in urban poverty reduction support still needs to be clarified.

UNDP has launched several new joint strategic frameworks and global partnerships in recent years with UNCDF and UNV, which establish a combined, updated framework for support to local government-facilitated local development.[100] The Integrated Framework to Support Local Governance and Local Development is one such long-term endeavour, expected to evolve according to national contexts and the upscaling of local pilots. This and other new global strategies build on national-level engagement in local development and poverty reduction and are relevant for generating joint responses with UN partner agencies and other key actors. The new framework will take time to inform country-level responses, and it is too early to see strategic footprints at the national and subnational level.

Most of the outcomes from these global LGLD initiatives are focused on localizing the SDGs at the subnational level, as significant international support has been promised in translating the 2030 Agenda into national and local objectives and activities. The more challenging aspect is to empower local governments as SDG integrators and linking the 2030 Agenda to broader local governance reforms. While the objective of local governments as SDG integrators is relevant, the evaluation did not find much evidence of this in the Voluntary National Reviews, which link the 2030 Agenda to accelerated and concrete local government reform initiatives. Rather, the voluntary reviews along with national socio-economic development plans often apply a generic, non-committing language of the close involvement of local authorities in SDG localization, which could just mean business as usual and perpetuation of siloed approaches.

Overall, the implementation of UNDP's Sustainable Urbanization Strategy needs to be clarified. The strategy was a direct response to the 2030 Agenda and the challenges posed by rapid urban migration in many developing countries. UNDP arrived in this field after the adoption of the SDGs, with other agencies having more established approaches and programmes, such as the World Bank and regional banks. There are country programmes such as the one in Bangladesh, which helped the government achieve significant urban poverty reduction results and improved livelihoods and living conditions of three million urban poor and extremely poor people in 23 townships and cities. This programme advocated pro-poor urban development approaches and forged broad partnerships with the UK's Department for International Development, UN-Habitat, ILO, UNICEF and CARE International as well as targeted municipalities.[101] While the scale of this and other such initiatives is noteworthy, there has been some concern that such income-generation projects compete with similar existing work being carried out by civil society organizations. In

100 'The Integrated Framework for Support to Local Governance and Local Development' (2016), the SDG localization tools (2015), the Sustainable Urbanization Strategy (2016), the 'UNDP How-to-Guide on Local Governance in Fragile and Conflict Settings' (2016) and the joint UNDP-UNCDF 'Getting to the Last Mile in Least Developed Countries' (2016).

101 See 'Independent Mid-term Outcome Evaluation of the [Bangladesh] Country Programme Document (CPD) (2012-2016), Outcome 2.1 (Poverty reduction)', 2016, p. 20.

addition, these programmes have had limited success achieving upstream impacts on local government poverty and income-generation policies.[102]

Instead of pursuing comprehensive engagement, UNDP often gravitates towards one-off interventions that are readily funded. This issue needs to be addressed, since it potentially diverts attention away from more strategic urban LGLD engagement in the LDCs. Local government reforms that widen the functional, cross-sectoral and fiscal space need sustained political backing across consecutive election cycles. UNDP's role as a strategic reform adviser for national governments is essential for the management and coordination of such reforms.

At the regional and global level, UNDP convenes SDG conferences on sustainable urbanization and local service delivery in partnership with development partners, regional and global institutions and networks such as ASEAN, United Cities and Local Governments, the private sector, and countries such as China and Japan. SDG data tools are also offered for countries and municipalities. UNDP convenes regional and national conferences on 'smart cities' initiatives in collaboration with ASEAN and the private sector, but it is too early to gauge the national impact of these conferences in strategizing urban service delivery frameworks.

Despite the increased strategic focus on gender equality and women's empowerment, attention to gender mainstreaming remains a challenge in local development support and needs to be strengthened in programme design and implementation. While there are examples such as Rwanda where gender mainstreaming in planning and budget preparation was adopted as a resolution, in other countries the enabling environment was not as positive. The other issue was that gender analyses were limited to sex-disaggregation of data, rather than informing programme strategies and priorities in resource allocation. Gender outcomes were reduced due to the poor integration of gender into the activities supported by UNDP in this area.

Poverty reduction is the ultimate objective of LGLD support, but this focus often moves to the background as wider stakeholder engagement and complex technicalities of local government reforms command greater attention. Poverty reduction priorities frequently get lost in the complexity of LGLD support projects, and poverty reduction perspectives at the local level often blur in the face of conflicting policy priorities. A lack of coordination in government reform efforts further hampers attention to poverty reduction outcomes in LGLD support programmes.

Fidning 18. Where LGLD support achieved the most impact, mutual partnerships enhanced intervention models and upscaling efforts. Further partnership engagement can improve the effectiveness, sustainability and impact of LGLD support and strengthen UNDP's strategic role in local government reforms and poverty reduction.

LDCs host numerous area-based, rural development projects, engaging in various degrees with local governments. In countries that are not fragile states or post-conflict countries, such projects are often conceived of as 'pilots' and are similar to other areas of UNDP support, even if most pilots do not graduate from pilot status to upstream policy impact and nationwide upscale. Where UNDP has achieved most impact is in linking downstream and upstream LGLD support. Critical partnerships have been instrumental in the successful upscaling of pilot approaches.

102 Ibid. See p. 36 for more details on poverty alleviation impacts.

UNDP-UNCDF collaborations in LGLD support have demonstrated best results when embedding UNCDF's local development funds approach in LGLD programmes. Projects piloting local government-facilitated local economic development still need to demonstrate upstream impact, which can link local development mandates with conducive frameworks and capacity.[103] In Bangladesh, LGLD initiatives were able to achieve significant results in poverty reduction in target areas. At the same time, they were able to link up with upstream policies with some success, upscaling local governance and budgeting innovations into the subnational legal framework and demonstrating local government capacity to manage fiscal transfers and increase their own revenues. The projects achieved significant upscaling when the World Bank and the Japan International Cooperation Agency, respectively, adopted the intervention models in their loan-based nationwide support programmes. Another successful example where a similar upscaling is likely is the District Development Fund model in Lao PDR. Here, funds are channelled directly to the district administration, which is in the process of becoming the standard intergovernmental fiscal transfer mechanism for district operational and investment grants. The District Development Fund is already embedded in the intergovernmental fiscal transfers applied by the Ministry of Home Affairs and the Ministry of Finance, and the World Bank-funded nationwide Poverty Reduction Fund may well be in the process of allocating funds through the government system, applying the District Development Fund approach.

UNCDF offers other local development finance models, which may complement UNDP LGLD approaches, such as municipal bonds, IFI mobilization of private sector financing for local economic development, and local government climate change adaptation grants. Most models are still at various pilot stages, testing their global applicability. While the evaluation did not look at the efficacy of these models, there are comparable initiatives by UNDP, which when combined have the potential to produce better outcomes. For example, the UNCDF Local Climate Adaptive Living Facility is similar to the climate change adaptation support of UNDP.

With the vast number of area-based development projects implemented by multilateral and bilateral donors, international NGOs and national civil society organizations, it is evident that UNDP partnerships with other development partners need to be addressed, both at the design and implementation stages of LGLD programmes. The evaluation also found duplication in support to identical policy studies. UNDP is in a potentially favourable position to explore mutual partnerships. As a key partner of the government, UNDP engagement in strategic planning provides a platform to explore synergies and complementarities and minimize overlap. Beyond coordination of support in the LGLD area, successful upscale of local development innovations are also about the introduction of simple, locally adapted, but centrally coordinated tools, which are easy for local governments to implement yet effective in achieving their objectives. Even in successful initiatives such as the one in Bangladesh, it was found that numerous partnerships were possible, but not utilized.

LGLD support seeks to improve the lives of the poor and disadvantaged groups and regions within a country. Therefore, the focus on human development, voice and equitable service delivery need to be maintained. Poorer areas of a country need additional support over and above the general reform package and the financial allocations generated by block grant formulas. Again, partnerships with other agencies could assist UNDP in ensuring that the poorest segments of the society are targeted effectively and sustainably while building democratic subnational government systems for the country. In Bangladesh,

103 A recent evaluation of the joint UNDP and UNCDF Local Government Economic Development Project in Sierra Leone identified weaknesses in linking local economic development pilots with upstream policy frameworks. See Final Evaluation of the Local Government Economic Development Project, commissioned by UNDP Sierra Leone.

local governments located in poor districts were performing above average in terms of fiscal absorption capacity and engaging with local communities. In other countries, poor fiscal absorption capacity resulted in a reallocation of grants in favour of local governments with higher absorption capacity and higher investment needs due to high economic activity (and employment opportunities).

UNDP support to innovation as a programmatic approach, while important, should be linked to ongoing LGLD programmes rather than remain as a stand-alone effort. LDCs already host an abundance of pilots in governance, participatory methodologies and pro-poor income-generating activities. Many of these approaches can be tapped into through strategic partnerships (or South-South Cooperation/Triangular Cooperation) and may offer locally adapted approaches that stand a good chance of being sustained if upscaled. This is already being practised in the case of UNDP's promotion of the Korean Saemaul Undong or New Village Movement concept in countries such as Lao PDR, Myanmar, Rwanda and Uganda.

Finidng 19. UNDP played a key role in the implementation of national projects contributing to local economic development and the capacities of local government institutions.

UNDP supported the implementation of large national projects aimed at poverty reduction and strengthening local government capacities to identify and prioritize local needs in the context of national development planning and available financial resources. Community Development Emergency Programmes (PUDC) have been launched in West African countries, including in Senegal and Togo, where UNDP serves as an implementing partner. These projects aimed at the development of basic socio-economic infrastructure, the strengthening of institutional capacities of national and local actors, the development of rural entrepreneurship, and the setting up of GPS systems. The initiatives have different outcomes. The example of Senegal points to the value addition of UNDP in the effective implementation of national programmes (see Box 5) and highlights the importance of ensuring that appropriate national and local agencies are engaged fully.

Box 5. UNDP support to the implementation of Community Development Emergency Programmes

The Senegal PUDC is currently in the second phase. It is a flagship government programme aimed at promoting integrated and sustained economic growth, reducing inequalities in access to basic social services and disparities between rural and urban areas. UNDP supported the government in the formulation of the programme, its management and nationwide implementation. UNDP also established a national programme unit equipped with technical staff, identified programme needs and beneficiaries in 8 out of the 14 administrative regions, implemented various interventions, and put in place a monitoring and evaluation system in cooperation with national research units. While the outcomes of this PUDC cannot fully be attributed to UNDP, there have been tangible results. The programme generated 6,600 jobs, 70 percent of which are longer-term employment. Support was provided to community-level diversification of the rural economy, strengthening farming infrastructure and market linkages. UNDP's organizational strength in terms of bringing technical capacities and the ability to work at various levels of the government, coupled with programme management capacities to oversee implementation of a large national project, were considered key factors by the government for partnering with UNDP. UNDP's fast and transparent accounting and management procedures were considered critical to programme implementation.

In contrast, facilitating PUDC outcomes in Togo was a challenge for UNDP because of operational delays. In contrast to the approach followed in Senegal, involvement of key government institutions for specific components of the programme falling under their areas of competence was limited. This resulted in government institutions losing the opportunity to engage and gain experience in implementing large projects.

1.9. SUSTAINABLE LIVELIHOODS

This section analyses the contribution of environment (including natural resource management), energy, and climate change adaptation initiatives to sustainable livelihoods. It also looks at the extent to which such practices informed national policies and practices as well as inclusive growth and local development initiatives of UNDP. The evaluation recognizes that support to actions related to biodiversity, conservation, land degradation and sustainable forest management must deliver global environmental benefits as a primary objective, in addition to sustainable livelihoods contributions. The focus of this evaluation is, however, not on the former but on the latter. Similarly, in the analysis of climate change adaptation programmes, the evaluation focused its contribution on sustainable livelihood practices and outcomes, and the extent to which such practices informed policies of the government and programmes of other development agencies. The expenditure on sustainable livelihoods programmes was $620 million for the period 2014-2017.

Finding 20. Integrated livelihood approaches as part of environment, energy and climate change adaptation initiatives at the community level had tangible outcomes.

Community-level livelihood initiatives have been an effective tool for mainstreaming environment within community systems, demonstrating linkages to reducing poverty, creating awareness and empowering communities, and providing models that can be replicated. UNDP's community-level interventions had concrete outcomes in enabling adoption of sustainable agriculture and livestock practices, integrated water resources management, improved biodiversity and climate resilient livelihoods and risk management. Addressing the unsustainable use of natural resources causing widespread degradation of ecosystems, which is primarily linked to rural poverty, has been central to most interventions. Rehabilitation of small-scale infrastructures such as tertiary canals and other watersheds, and small dams, enabled farmers to produce two crops, and in a few cases even three crops (for example, in Cambodia). Improvements in livelihoods and resource bases, and capacities to manage climate-related risks are factors that retained the interest of participating communities. Integrated interventions by UNDP also contributed to local administrative capacities in land and forest management and biodiversity and ecosystems management. Mechanisms to improve common resources and governance at the community level and the enabling policy environment was key to maintaining the momentum in LDCs where such initiatives are taking root.

UNDP assisted several LDCs to mobilize domestic finance for biodiversity conservation, which underpins rural economic development and livelihoods and proved to be transformative at the ecosystem level. Payments for ecosystem services and the value chain approach under biodiversity initiatives contributed to tourism and economic development, positively impacting livelihoods (Cameroon, Gambia and Lesotho) at the household and community level. Although comparatively not a large portfolio of UNDP support, energy efficiency and access resulted in enhancing community livelihoods, especially those in isolated and off-grid areas. Examples such as micro hydro-generators in Haiti, wind and solar energy for crop irrigation in Sudan (see Box 6), and renewable energy for rural livelihoods in Nepal significantly improved the livelihoods of communities. UNDP adopted the 2014 UN Small Island Developing States Accelerated Modalities of Action pathway supporting numerous microprojects in SIDS through its Small Grants Programmes, exploring green economy approaches and renewable energy options.

In several LDCs, climate impacts have increased the frequency of droughts, floods and cyclones, and the national policy response does not reflect the severity of the issue. Promoting approaches to improve food security and sustainable development linkages through adaptation strategies contributed to livelihoods change processes at the subnational level. Climate-related disaster risk reduction initiatives that have livelihood resilience components were aligned with adaptation efforts, complementing government priorities to reduce poverty and vulnerability to risks and improving food security (for example, in Mozambique). Cash for work activities supported by UNDP provided income during disaster recovery on a short-term basis (Haiti and Nepal). While debris removal provided employment immediately after disasters, solid waste management in post-disaster situations was critical, with consequences for enhancing community income and living conditions.

UNDP initiatives that addressed drought had mixed outcomes given that they were implemented in mostly severe water scarcity contexts, and water management or drought resilient agriculture needed time to be absorbed by the community. Despite such complexities, there are examples of drought-resistant agriculture pilots that increased the yield of the household, which is a best proxy for whether the initiatives worked. Sustainable watershed management initiatives to improve pastoral livelihoods in Lesotho and building up communities' resilience using natural infrastructures in Cambodia indicate the potential of comprehensive approaches to rural livelihoods. In Uganda, drought-resistant crops supported by agronomic techniques produced high-demand crops with good market returns, and that were less water-demanding or labour intensive to cultivate. Also, investment in a catchment-based approach to water resources management has proved a sustainable way to provide water for livestock and domestic use, especially in the cattle corridor.

Engagement of communities, including women and poor households, has been high, particularly those with claims on natural resources such as the indigenous communities. The interest and commitment of communities were also closely related to the immediate economic benefits they see, such as jobs created and community-development activities. This contributed to a positive impact in the adoption of sustainable livelihood practices by the communities, acknowledging the importance of linkages with protection and conservation of the environment, and the need for their appropriate engagement and action. Instances where initiatives are scaled up by the government or other international agencies, or adopted by other communities, remain few.

The participation of women in income-generation activities and community-based risk reduction was generally high, with decision-taking mechanisms established that involved women. Measures were in place for increasing women's access to environmental goods and services (for example, ownership and sustainable management of ecosystem goods and services) to ensure gender-responsive governance of natural resource management. Partnerships with civil society organizations were forged and practical, as local NGOs with specialization were used for community-level project implementation. Such partnerships proved to be beneficial for both the NGOs and UNDP, with mutual learning.

Finding 21. UNDP has yet to effectively leverage its community-level programmes to inform national approaches and policies on sustainable livelihoods. UNDP has an underutilized opportunity to maximize impact in contributing to the sustainable livelihoods agenda through programmes financed by vertical funds.

In Africa and Asia, UNDP is a key implementing agency of the GEF and GCF. However, UNDP's environment and adaptation support has not fully used its contribution to sustainable livelihoods approaches at the community level to inform national policy. Fragmentation of the UNDP initiatives in the environment and adaptation portfolio, implemented individually instead of pursuing a more programmatic approach to sustainable environment and livelihoods, undermined the potential of UNDP's contribution to government strategies. While individual environment and adaptation projects are part of the sustainable development framework, limited interface was observed among various projects. While the requirements of vertical funds need a more projectized approach, UNDP did not walk the extra mile to build on these initiatives to engage in public policy processes on sustainable livelihoods. Country studies also show that successive projects that approach the same issue through several different entry points failed to have a policy impact. A more concerted integrated framework and a better targeting of key sectoral issues instead of a wide range of smaller interconnected interventions produced better results. While it could be argued that the GEF and GCF programmes have a specific focus, opportunities to build on these initiatives are immense, and are currently underutilized by UNDP.

Despite some successes, challenges remain in the uptake of the programmes and their approaches. A larger part of UNDP's climate change adaptation support is demonstration projects, with the potential to inform programming and enhance capacities of national institutions. Demonstration projects require the closer engagement of government entities to absorb lessons and partnerships with agencies that are likely to use the models to develop a critical mass. In practice, however, the success of the demonstration projects in informing national programmes across the range of activities among the country and desk studies, is less than 20 percent. In some areas, for example, including the Poverty-Environment Initiative,[104] scaling-up interventions are designed as second-generation interventions that take advantage of lessons learned from previous programmes, but not all second-generation initiatives were successful in this regard. When pilots could institutionalize policy linkages or were established within national and subnational programmes, the impact was greater, but such examples are few. Institutional arrangements, senior-level engagement and careful location of the project in a relevant government entity are key to success, which was not always the case. In areas such as energy, lack of outreach to the private sector was evident when compared with other actors, such as IFIs, which are also increasingly supporting smaller-scale energy interventions. This is also attributable to the limitations in the financial instruments UNDP can deploy (only grants) in the private sector.

UNDP's adaptation initiatives are not necessarily unique beyond their value in advocating sustainable livelihood approaches and enabling multiple financial streams, as many agencies at the local level use similar models. While there are examples of UNDP’s adaptation portfolio providing entry points for decision-making at subnational and local levels, such examples are not sufficient for informing policy practices. Therefore, consolidation and coordination of community-level initiatives become critical under a broader government framework. While governments recognize the value of adaptation pilots, and there is latent learning, such learning does not necessarily inform or transfer to government programmes. This is a problem in most countries regardless of their economic level. It is very hard to get commitment – and devote finances – to making changes in the short term for long-term gain. Most countries are in denial about climate change and are unwilling to make the social and economic changes needed to adapt. In LDCs it is even more of an issue – since there are other immediate social and economic hardships to resolve.

Given the magnitude of the problem, the scale of adaptation initiatives, particularly drought-related initiatives, was often too small even at the community level, despite enabling community response and engagement. The duration of initiatives often fell too short for the practices to take root. Appropriate local-level partnerships, which did not receive the attention they deserved, would have eased the situation, in ensuring the coping capacities of the communities are strengthened. Strengthening drought management capacities could not be sustained and lack of policy linkages made even successful pilots stand-alone efforts. Disseminating lessons from successful practices in a more structured way to inform the policies and practices of other agencies was not always strong.

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104 The Poverty-Environment Initiative of UNDP and UNEP is a global programme that supports country-led efforts to mainstream poverty-environment objectives into national development and subnational development planning, from policymaking to budgeting, implementation and monitoring. See: http://www.unpei.org/

National policies, plans and frameworks to address climate change risks and enhance climate information services are in nascent stages of adoption or implementation in the LDCs, so their impact on resilient livelihoods, therefore, cannot be immediately discerned. UNDP-supported national policy frameworks on climate change adaptation in the LDCs show that there are poverty elements, although with variation (at a higher level in some LDCs in Africa, such as Malawi and the United Republic of Tanzania), but stronger policy thrust on addressing climate-related issues in poverty reduction efforts is not evident. Also, a majority of national development strategies or poverty reduction strategies do not consider adaptation issues as critical. UNDP has been responding to growing demand from countries, especially LDCs, for technical assistance and resource mobilization to integrate climate change risks and impacts into national- and subnational-level planning and budgeting processes. Although it takes time for internalization in national processes, mainstreaming environment-poverty linkages or adaptation is becoming a bureaucratic exercise. An issue that UNDP as well as agencies supporting environment and adaptation must address is how to harness many overlapping strands of support at the country level to reduce mainstreaming fatigue of national institutions and enhance adaptation concerns in poverty reduction strategies.

There are other inherent systemic issues constraining the scale up of interventions, for example, systematic underfunding of relevant ministries (often the ministry of environment) with insufficient budget allocations that limit co-financing. UNDP has made efforts to tackle this issue with some success through supporting Public Expenditure Reviews, resulting in increased cost-sharing commitments for some key subsectors (for example, a public-private partnership for sustainable land management capacity building in Malawi). Investment in the energy sector is impeded by a lack of access to affordable financing and capital scarcity due to lack of legal frameworks, underdeveloped economies and weak financial sectors. This presents a challenge for scaling up sustainable energy solutions, since even small-scale solutions require considerable resources. There have been efforts to support measures to develop an enabling environment, such as policy frameworks and support to regulators. Pilot initiatives aimed at attracting the private sector were also tried with limited success, often due to contextual factors. Evidence from both positive examples (such as Sudan) or not so successful ones (such as Haiti and Malawi) points out that public-private partnership engagement should be more systematically pursued by UNDP, rather than as an ad hoc approach.

Finding 22. While there are conducive organizational policies to promote resilience, intersecting elements of crises and their linkages are yet to be prioritized in implementation.

The LDCs have experienced natural and climate-related disasters (both rapid onset disasters and droughts), health pandemics and conflict. To better understand the scale of the problem, over half of the LDCs are subject to multiple crises, in addition to poverty, volatility of commodity prices and aid flows, and severe structural challenges. The macroeconomic impact of these episodes of extreme drought and flooding is not only significant by itself but exacerbates the impact on poverty in the context of conflict or early conflict recovery. At any given point in 10 to 12 LDCs, UNDP programmes are implemented in the context of multiple fragilities.[105] UNDP has programmes in the areas of climate-resilient agriculture and livelihoods, inclusive growth and income-generation initiatives, economic revitalization and peacebuilding; it is also progressively adopting ways to improve resilient development. Despite the range

105 A sizable percentage of major droughts during 2014-2018 globally occurred in Africa, impacting 15 LDCs severely. At least 13 LDCs in Africa are facing two consecutive droughts that will affect the livelihoods of over 30 million people: Angola, Burundi, Djibouti, Eritrea, Ethiopia, Lesotho, Madagascar, Mozambique, Rwanda, Somalia, Sudan, Uganda and the United Republic of Tanzania. In Asia, Cambodia, Myanmar and Timor-Leste have been affected by drought. Some of these countries also face other weather-related challenges, including floods in Mali, Mozambique, South Sudan and Sudan.

of support provided, opportunities were not used to enable an integrated approach to address intersecting linkages between drought and poverty or drought-conflict and poverty.

Poverty and drought can potentially become drivers of conflict when attention is not paid to nexus issues. In Mali, while each of UNDP's initiatives (in the areas of poverty, crisis and environment), are relevant individually for the development priorities of the country, opportunities were lost in enabling a focus on linkages between multiple fragilities, such as food security, resilience and vulnerability, and conflict. While the humanitarian situation is fragile, the socio-political instability in the northern region of the country, coupled with recurrent floods and pressures due to the events in the Central African Republic and northern Nigeria, have impacted the lives and livelihoods of over 3 million people. UNDP is better positioned to raise the importance of balancing development and crisis support and to advocate for more integrated policies, instead of getting subsumed in the larger conflict-centred development discourse at the country level.

UNDP's resilience approach aims to reduce development risks, prevent crises, avert major development setbacks and promote human security. This approach provided an impetus to closely align climate change adaptation and disaster risk reduction frameworks in livelihood support, and to position policy advice on these intersecting areas with a risk-sensitive approach to poverty reduction. Despite these policies, UNDP's poverty reduction efforts in the context of multiple crises are yet to address the combined effect of multiple crises and resulting vulnerabilities.

Finding 23. The UNDP-UNEP Poverty-Environment Initiative has enhanced understanding of the crucial linkages between environment and poverty for sustainable development. The PEI paid significant attention to the LDCs, and the outcomes of PEI for poverty reduction enabling policies and practices are growing. Poverty-environment linkages are increasingly finding their place in national policies and discourse, but the actual implementation of the national policies is not at the required pace. The scale of PEI projects is too small to enable scaling up.

The UNDP-UNEP PEI joint programme was implemented in 12 LDCs (of 29 countries it covered) in Africa and Asia, integrating the concept of pro-poor environmental sustainability into development plans and policies. The PEI programme approach, focusing on country-led poverty-environment mainstreaming, provided a flexible model that can be adapted to country situations. Although poverty-environment linkages are yet to become a mainstream national policy option, there is evidence of scaling up and mainstreaming in countries that received scale-up support. The independent evaluation of the PEI scale-up phase took positive note of PEI’s “undisputed niche in rural poverty and natural resources management” and as a very promising example of inter-agency cooperation that attracted continuing donor support.[106] There has been progress in institutionalizing poverty-environment nexus dimensions into national and subnational planning and budget processes (for example, in Bhutan, Malawi, Mali and Rwanda) and in addressing specific national development issues, such as creating the enabling conditions to increase the social and economic benefits of foreign direct investment while reducing its environmental impact (Lao PDR). Programme countries have started to increase their national budget allocations to address environmental and climate change issues important for poverty reduction and sustainable development. If these budgets are used effectively, the likelihood of poverty-environment nexus mainstreaming sustainability will be greater. Countries that were more successful in mainstreaming poverty-environment linkages in subnational planning and budget processes had a more conducive decentralization context that PEI initiatives used.

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106 Tavera, Carmen, et al., ‘Independent Evaluation of the Scale-up Phase (2008-2013) of the UNDP-UNEP Poverty-Environment Initiative. Final Report’, June 2016.

PEI's Public Environmental Expenditure Reviews and Climate Public Expenditure and Institutional Reviews provide guidance on expenditures for poverty-environment objectives and resource mobilization as part of the Development Finance Assessments being undertaken in an increasing number of LDCs. PEI has made effective use of economic valuation and analysis of specific sectors to provide evidence of the economic costs of environmental degradation, and the trade-offs and economic returns from treating the environment as productive natural capital.[107] Economic assessments have sensitized key ministries (finance and planning) and have shown trend increases in resource allocations for natural resource conservation in PEI-supported countries. Some of these efforts contributed to the increase in country allocations to address poverty-environment linkages. As a share of annual expenditure, such allocations have risen in Rwanda from 2.5 percent in 2012-2016 to 6 percent in 2016-2017, and in Nepal from 6.74 percent to 30.7 percent, with the inclusion of a climate change budget line. In the United Republic of Tanzania, budget allocations for the Department of Environment saw an eightfold increase between 2014 and 2016.

PEI influence on policy and planning is more evident in Bangladesh, Malawi and the United Republic of Tanzania than in other LDCs. In the United Republic of Tanzania, the apex national strategy MKUKUTA II (2011-2015) includes three environmental sustainability goals in its growth and poverty reduction priorities, and 15 of its 73 indicators are related to poverty and environment. A new environment statistics module was incorporated into the country's Social Economic Database, and household surveys are to include data relating to poverty-environment aspects. In Lao PDR, PEI assisted in the development of a provincial investment strategy incorporating poverty reduction and environmental sustainability considerations in agriculture, mining and forestry in private (including foreign) investment guidelines. The project was subsequently scaled up into the Sustainable Forestry and Land Management Project, a GEF initiative.

1.10. ECONOMIC RECOVERY AND REVITALIZATION

UNDP has a unique position and significant role in the delivery of humanitarian economic revitalization support in fragility- and conflict-affected settings. UNDP's presence on the ground and close cooperation with UN missions where they are deployed enabled effective delivery of employment and income stabilization efforts. UNDP is a key implementation agency of humanitarian assistance in conflict and disaster-affected countries and has a presence in all 20 g7+ countries,[108] of which all except one (Côte d'Ivoire) are LDCs. A factor in the choice of UNDP as the main implementing agency is its ability to gain the trust of conflict-affected communities, facilitate reintegration, and strengthen connections with the state while simultaneously working at the community and central levels. In some cases, the absence of trust between government and affected communities has meant that several donors preferred assistance pathways independent of the government. The fiduciary role of UNDP is significant in conflict-affected countries, although this evaluation did not assess the effectiveness of this role. This section analyses economic recovery support from the perspective of its implications for poverty reduction and addressing poverty and crisis nexus issues. The overall expenditure for economic recovery and revitalization was $697 million for the period 2014-2017, of which about 50 percent is the fiduciary role.

107 Thirty-one assessments have been conducted under the PEI since 2008 of which 11 are in LDCs (listed in PEI scale-up evaluation). The PEI also issued a flagship publication, 'Making the Economic Case: A Primer on the Economic Arguments for Mainstreaming Poverty-Environment Linkages into Development Planning'.

108 The g7+ is a grouping of fragile states, established in 2010, and currently consisting of 20 members.

Finding 24. The evaluation reinforces the critical importance of peacebuilding and development linkages; it also found that excessive focus only on the former can slow development. UNDP in Sudan has played a lead role in translating the humanitarian-development-peace nexus on the ground.

Humanitarian assistance and development cooperation modalities had challenges operating simultaneously in conflict and protracted crisis situations. Nevertheless, there is growing realization of the importance of graduated approaches that transcend the humanitarian-development divide and focus on context-specific collective outcomes (humanitarian and development) that reduce risk and vulnerability and pave the way to sustainable development, without compromising humanitarian principles.

UNDP has adopted the New Way of Working,[109] and its application and outcomes in Sudan provide insights for its use in crisis contexts. Linking economic revitalization and long-term development in Sudan had been constrained by the international position and classification of Sudan as a humanitarian assistance context rather than a development cooperation context. However, after 20 years of humanitarian support, there is donor fatigue, coupled with competing demands for support in the region (to South Sudan, the Syrian Arab Republic and Yemen). Operating under tough constraints and an absence of development cooperation modalities, UNDP has been innovative in leveraging funds from global programmes and environment vertical funds, while at the same time enabling bilateral humanitarian assistance to include economic recovery programmes.

UNDP in Sudan has played a lead role in translating the humanitarian-development-peace nexus on the ground. Although UNDP does not have a poverty reduction programme in Sudan, it has adopted a people- and community-centric approach, embedding livelihoods and economic recovery and stabilization components into humanitarian and peacebuilding programmes, besides reviving local development institutions for basic service delivery. Economic revitalization and livelihoods interventions are across flagship programmes, namely the Darfur Livelihoods Recovery Programme, the Darfur Community Stabilization Programme and the Community Security and Stabilization Programme. Through success in these initiatives, UNDP has been able to demonstrate to donors that they should revisit their rationale for not providing assistance to livelihoods promotion and creating an enabling environment for longer-term development linkages in Sudan.

All the flagship programmes in Sudan implement different degrees of value chain interventions, focusing on market linkages, product value addition, and access to finance and services. Some of these initiatives have secured private sector involvement in community-initiated ventures. UNDP also made strong use of the poverty-environment nexus to access GEF funds to build a strong pipeline of innovative 'environment-linked' solutions to livelihoods and poverty reduction. The GEF portfolio has increased from less than $1 million to more than $60 million in two programme cycles and has played a vital role in UNDP's poverty reduction programming. Among the most innovative is a solar power initiative that, besides substituting fossil fuels and emissions, has created an expansion of agricultural livelihoods, including the addition of a second (summer) cropping cycle in rain-water dependent areas (see Box 6).

109 New Way of Working evolved under the leadership of the UN Office for the Coordination of Humanitarian Affairs.

Box 6. Addressing poverty-conflict linkages in Sudan through persistent and innovative community engagement

Sudan's model for its Disarmament, Demobilization and Reintegration Strategy addresses poverty-conflict linkages through transformative livelihood initiatives by the community (comprising youth, ex-combatants and other groups). The results have been significant with over 55,000 fighters disarmed, 44,000 rehabilitated, 80,000 weapons collected, and 100 agriculture cooperatives supported with economic revitalization packages. More than 210 communities are actively engaged in community-based reconciliation, management of community infrastructure and implementation of customary mediation and reconciliation practices for peace and stability. The impact is far beyond these results in terms of the number of people whose lives have been normalized, for example, through the resumption of small trade, transport services, or reopening of schools. Women are involved extensively in these initiatives in the spirit of UN Security Council resolution 1325 and account for more than 40 percent of the membership of the community structures.

An example of an innovative use of vertical funds to catalyse livelihood outcomes is the solar power initiative (solar pumps for groundwater for irrigation). Aside from providing a substitute for fossil fuels and emissions, the programme has expanded agricultural livelihoods, including the addition of a second (summer) cropping cycle in rainwater-dependent areas. An implementation ecosystem has also been created to facilitate installation and maintenance of the systems. The impacts on food security and livelihoods have been significant, and the initiative is being upscaled in all rain-dependent areas of Sudan. To give farmers easy access to financing for the solar pumps, a Photovoltaic Fund has been instituted, in a tie-up with financial institutions and microfinance organizations. Solar energy has also been deployed in the healthcare service sector in Darfur.

A key feature of UNDP's approach has been the nurturing of traditional and customary institutions to ensure social cohesion and confidence among conflicting communities. Community Management Committees are recognized as model local institutions and have filled the vacuum in the absence of functioning state institutions in conflict-affected regions. Over time, there is an increasing recognition by government of the Community Management Committees as local institutional structures for settling interpersonal and inter-group disputes and resolving conflicts through mediation and dialogue.

A major factor in the success of economic revitalization initiatives in Sudan is the close engagement of the community in designing initiatives, and community ownership of assets that resulted in their maintenance and good condition, in contrast to many less successful interventions by other agencies. UNDP has a large field presence, which ensured effective implementation and timely troubleshooting.

Finding 25. Community-driven programmes have played a significant role in providing employment and quick economic recovery in post-conflict contexts. However, short-term income-generation support, in the absence of continuity and linkages to long-term employment initiatives, had limited poverty reduction dividends. With some exceptions, UNDP programmes have yet to transcend the humanitarian-development divide.

Economic recovery and revitalization initiatives in conflict settings were often short-term, quick-impact programmes meant to address widespread unemployment, and not designed for long-term sustainable employment creation. Cash for work, microfinance and small-scale enterprise support are among the most common elements in UNDP's economic revitalization efforts. While such initiatives serve to boost community-level stability and restoration of peace conditions, they are not designed with long-term sustainable employment or enterprise creation in mind. In post-conflict situations characterized by a collapse or exit of financial services and market service providers, these ecosystems need to be revitalized as well. These issues, however, did not receive adequate attention or consideration for funding in humanitarian assistance contexts, leading to sustainability challenges of even successful short-term interventions.

In conflict-affected countries, such as Afghanistan, the Democratic Republic of the Congo and Mali, UNDP supported programmes including, for example, the GEF-funded initiatives that had a long-term focus. These initiatives promoted diversification and sustainable agriculture practices, expanding rural income-generation and clean energy options. Such efforts needed better anchoring to bring a long-term poverty reduction focus into policy discourse.

In most post-conflict contexts, development support modalities are not possible until the country transitions to normal development assistance mode. Increasingly, however, as support in post-conflict contexts shows, there is a need to break the humanitarian-development divide since a combined approach is essential for longer-term development transition. Despite its organizational expertise, UNDP’s contributions to economic recovery often failed to take a long-term development perspective. While the 3x6 approach and New Way of Working addressed this limitation, the extent to which they were used, and the resulting outcomes, varied across crisis-affected countries. The 3x6 approach (a phased approach to stabilization, transition and sustainable development) is used in the Central African Republic, Democratic Republic of the Congo and Yemen for implementation of cash for work modalities in community-driven reconstruction, facilitating savings of beneficiaries and capacity development to launch income-generating activities. A common challenge is that the 3x6 approach implementation, in most cases, did not go beyond the first phase of stabilization.

Despite commonalities, post-conflict contexts had their own unique challenges. In Somalia, the top-heaviness of the programme cost structure, the high operational costs, and inconsistent engagement in microfinance, private sector development, and job creation resulted in limited outcomes. The reach of community financial services remains limited due to the small scale of the interventions. Often the scale was so small that the benefits, even where they materialized, were too small to set in motion change processes at the community level. UNDP in Yemen was able to advocate for a ‘resilience-based’ approach over a more conventional recovery approach, at a time when all the attention was on humanitarian issues. The Resilience Plan for Yemen, building on the 3x6 approach, enabled UNDP to put forth a corporate position for engaging in an ongoing humanitarian emergency within an environment of active conflict in which there was an absence of government counterparts. The plan was significant as it helped to re-position UNDP and consolidate partnerships in early revitalization support with the World Bank, European Union and other development partners. While the Yemen Plan enabled consolidation of emergency employment efforts, addressing the humanitarian-development nexus issues in terms of linkages with long-term development is still not evident. In the Central African Republic, the economic revitalization efforts focused on individual savings and facilitating private investments, but the short duration of the initiatives reduced the possibility of long-term linkages.

Whether it is the New Way of Working or 3x6 approach, partnerships and collective outcomes will be critical and the way forward. Programmes of longer duration, addressing multiple intersecting areas and building on the comparative advantage of a diverse range of actors, are critical. The UNDP experience in Yemen, although not concrete on humanitarian-development nexus issues, highlights the significance of collective action on the part of UNDP and the World Bank and European Union. Such programmatic partnerships remain rare in conflict settings.

Private sector microfinance institutions were supported in some countries with varied success. With large and dispersed microfinance programmes by international agencies, economic revitalization strategies need to aggressively address issues in formalizing microfinance institutions. Given UNDP's engagement in a wide range of institution building activities, there was scope for a more planned approach to supporting formal structures for a sustainable microfinance enabling environment. An issue that is beyond UNDP's programme is the stabilization of financial markets, which is critical for more structured microfinance and other financial transactions. However, there are areas where UNDP could have engaged more proactively, including through partnerships with UNCDF.

An evolving area of UNDP support is private sector engagement in post-conflict countries. While there have been successes in countries such as Sudan, the extent of private sector engagement does not correspond to UNDP's extensive presence and engagement in post-conflict contexts. UNDP, as well as other agencies, have been cautious about the opportunities and challenges that private sector engagement can pose in post-conflict reconstruction, employment generation and local economic development. While there is a rationale for caution, particularly for safeguarding local markets, the private sector is extensively present in conflict and post-conflict contexts, and agencies such as UNDP need well thought out programme models for engaging them in peacebuilding economic revitalization with long-term development linkages.

Although in its early stages, Support to Afghanistan Livelihoods and Alternatives to Migration (SALAM) project, a joint initiative of UNDP, the ILO and the Office of the UN High Commissioner for Refugees, is a good example of private sector engagement in a protracted conflict. As of 2018, the SALAM project has engaged the private sector through consultations with enterprises in Jalalabad. It is also engaging with host/hiring enterprises for on-the-job training placements and will begin assessing the scope for contracting out vocational training to the private sector under an innovative public-private partnership scheme.

1.11. PROMINENCE GIVEN TO PROGRAMMING PRINCIPLES

This section analyses UNDP’s efforts to further cross-cutting programming principles that are critical for contributing to development outcomes. These include measures to further a pro-poorest focus, gender equality and women’s empowerment, and integrated approaches to programming. All these areas received emphasis in the Strategic Plan 2014-2017.

A. EXPLICIT PRO-POOREST FOCUS

Finding 26. Consistent with the principles of leaving no one behind, different dimensions of exclusion such as economic and social inequalities and geographic disparities have been addressed towards more inclusive livelihood and employment initiatives.

Over the years, UNDP's human development focus has placed emphasis on inequality as a driving constraint in sustainable development. UNDP has been at the forefront of advocating for the focus on human development and multidimensional poverty in national programmes and strategies. UNDP developed global indices such as the Multidimensional Poverty Index, Human Development Index, Inequality-adjusted Human Development Index, and Gender Development Index to bring policy attention to inequality-development linkages. UNDP supported employment, social protection, and redistribution policies in several countries, including equal wages and benefits for women. While the adoption of such policies was itself significant, their implementation was beyond the scope of UNDP support, and the level of decline in inequality or improvement in social spending cannot be attributed to UNDP. Social protection being a small area of UNDP engagement, policy support was often demand driven.

UNDP's community-level programmes in different streams of poverty reduction support target sections of the population that face multiple disadvantages in accessing basic services and livelihood and employment opportunities. While the evaluation cannot attest if such opportunities have reduced inequalities at the community level, there are improvements at the individual and household level to better engage in accessing public benefits. Across LDCs, specific attention was given to regions and communities that have been marginalized, for example, least developed and drought-affected regions were prioritized for UNDP support. As discussed in different sections of this chapter, women as key actors in community livelihood initiatives were prioritized and processes to enable this have been institutionalized in three quarters of UNDP-funded programmes.

The Strategic Plan 2014-2017 places considerable emphasis on development inclusiveness across its interventions and advocacy. Across LDCs there is considerable interest in addressing multidimensional poverty, with at least 14 countries having developed or in the process of computing a Multidimensional Poverty Index. This interest did not always translate into policies or implementation of policies that would address growing inequalities. The impact of inequality has been greater for certain groups, for example, rural populations, indigenous and ethnic groups, women, and the landless or those who did not formalize their land rights, who are at the bottom of the pyramid in terms of employment opportunities, wages and social services. There is a need for more policy level engagement on some of these issues.

Given the high level of vertical (among individuals and households) and horizontal (among social groups) inequalities in the LDCs, coupled with low social spending, this is an area where more concerted policy focus is needed. Addressing structural challenges that would enhance equality, such as improved labour market access and conditions, land rights and productive capacities, are critical. This requires further measures on the part of UNDP to proactively engage on issues related to intersecting inequalities building on its local-level work. There is scope for more programming with an inclusiveness dimension, including for donor-supported infrastructure and economic corridors development.

B. GENDER EQUALITY AND WOMEN'S EMPOWERMENT

Finding 27. UNDP supported improvements in economic opportunities for women by assisting upstream policy reforms and promoting downstream microcredit schemes and employment opportunities. UNDP had more success when it worked on women-specific initiatives promoting access to finance, enterprise skills and markets. Opportunities for gender mainstreaming in programme designs and implementation remain underutilized.

Within community-level inclusive growth, employment and livelihood initiatives, women are central to interventions, which is important given the number of women in the labour force. UNDP has built a foundation for women's economic empowerment through support to institutional capacity strengthening within public and private institutions. A broad range of initiatives contributed to women's economic empowerment processes through micro and small enterprises, access to credit and other micro-scale interventions.

The evaluation finds that most of the results reported on gender pertain to gender mainstreaming rather than the impacts of mainstreaming on reducing gender inequality. UNDP has included women in various poverty reduction initiatives promoting the integration of gender-responsive approaches to income generation and natural resources management in local planning processes. Across interventions, women's participation was ensured, and women benefited from employment and livelihoods support. UNDP supported the integration of gender-responsive approaches to agriculture and water management as part of climate change adaptation and mitigation initiatives. While there are stronger efforts to better mainstream gender considerations, gender-specific development support within interventions is not yet systematic and varies among projects, mainly because gender analysis at the formulation stage is overlooked.

An analysis of country programmes shows a range of mechanisms used by UNDP in support of women's empowerment. In Bangladesh, Djibouti, Malawi and Nepal, policy support and institutional capacity building were provided in addition to downstream interventions that created opportunities for specific groups to expand their business. In Rwanda, a financial inclusion initiative supported by UNDP in partnership with UNCDF enabled women to benefit from financial services, financial education and entrepreneurship training, which in turn contributed to improved socio-economic status.[110] In Bangladesh, UNDP has worked to create synergies between its poverty programming and efforts to eliminate sexual and gender-based violence.

Attention to gender mainstreaming remains a challenge in country programmes. In the four areas of poverty reduction included in this evaluation, programmes were underutilized as entry points to mainstreaming gender equality. While women-specific outcomes were achieved, this was not informed by gender analysis, which is a missed opportunity given the interrelated nature of livelihoods and the gender structure of the communities.[111] Programme focus has been more on the number of women beneficiaries and less on the impact of interventions on public policies and process for a more sustainable, gender-equitable development. In the local development and decentralization area, gender and ethnicity analyses were limited to sex-disaggregation of data on participants in meetings, training, and on beneficiaries of infrastructure projects, rather than informing programme strategies and priorities in resource allocation. The Regional Programme for Asia and the Pacific has made efforts to mainstream gender across the sustainable development outcome area through two umbrella projects, namely, Advancing Inclusive and Sustainable Development in Asia and the Pacific, 2014-2017, and Achieving the Simultaneous Eradication of Poverty and a Significant Reduction of Inequalities and Exclusion in the Pacific, 2014-2017. The outcomes of such efforts are stand-alone and continue to be limited.

In general, UNDP has all the right corporate tools to support the GEWE agenda at the country level, but implementation continues to be a challenge. Mainstreaming GEWE is uneven across programme areas and resources allocated to gender-related activities have significantly declined during the Strategic Plan 2014-2017 period. The evaluation of the Strategic Plan 2014-2017 pointed out that institutional measures and guidance did not ensure implementation of the Gender Equality Strategy and gender-integrated programming. Although the UNDP finance tracker shows an increase in spending (self-reporting of gender-related expenditures by country offices), challenges remain in consistently mainstreaming GEWE across the organization. [112]

The Gender Equality Strategy 2014-2017 provides an enabling framework for positioning UNDP to contribute to GEWE development goals and structuring UNDP's response. The two-pronged approach to GEWE — with targeted initiatives in addition to mainstreaming GEWE across programme areas — aligns with UN commitments on gender equality, such as the SDGs and the Beijing Platform for Action. The

110 UNDP, UNCDF and Korea Agency for International Development, 'Building an Inclusive Financial Sector in Rwanda (2010-2016), Final Evaluation Report', June 2015.

111 GEF and UNDP, 'Joint GEF-UNDP Evaluation of the Small Grants Programme', July 2015.

112 The Gender Equality Strategy 2014-2017 provides an enabling framework for positioning UNDP to contribute to GEWE development goals and structuring UNDP's response. The two-pronged approach to GEWE – with targeted initiatives in addition to mainstreaming GEWE across programme areas – aligns with UN commitments on gender equality, such as the SDGs and the Beijing Platform for Action. The Gender Equality Strategy is also consistent with related international conventions and global frameworks, which include a commitment to moving towards allocating 15 percent of UN-managed funds to GEWE. Implementation of the Gender Equality Strategy was weak, and insufficient to enable consistent programming that would contribute to GEWE in a structured way. See: UNDP IEO, 'Evaluation of the UNDP Strategic Plan and Global and Regional Programmes', 2017.

Gender Equality Strategy is also consistent with related international conventions and global frameworks, which include a commitment to moving towards allocating 15 percent of UN-managed funds to GEWE. Implementation of the Gender Equality Strategy was weak, and insufficient to enable consistent programming that would contribute to GEWE in a structured way.

Several rounds of organizational restructuring have hampered gender capacities at global and regional levels, reducing the number of staff. The Gender Equality Strategy pledged approximately 70 gender advisers globally, located at headquarters and the regional bureaus and in all country offices with a budget of over $25 million, and this goal has not been met. Across the typology of countries, the percentage of country offices with gender focal persons (instead of gender advisers) increased from 45 percent in 2014 to 67 percent in 2015.[113] The expertise and time commitment of the gender focal persons and teams is low, making them a less effective mechanism.

C. INTEGRATED APPROACHES TO SUSTAINABLE DEVELOPMENT PROGRAMMING

Finding 28. An integrated approach to programming is evolving, but considerable gaps remain.

UNDP strategies recognize that compartmentalized programming is not suitable for contributing to poverty reduction and sustainable development in the SDG context. The sustainable development pathways area in the Strategic Plan 2014-2017 was intended to identify and strengthen the linkages between poverty reduction, resilient livelihoods and environment management. Although programme portfolios were reconfigured at the corporate and country levels in 2014 to pursue a sustainable development approach, UNDP has yet to make the programmatic leap to translate this approach into holistic programming. Often, there was retrofitting of existing programmes to align with the integrated approach of the Strategic Plan 2014-2017, rather than revisiting the programme framework and identifying and prioritizing intersecting targets.

In all the country programmes assessed there were projects that used sustainable development approaches, but such efforts were confined to the project level; programmatic and inter-thematic collaborations were not evident. The country programmes lacked a framework that would bring together intersecting areas of various initiatives. Although country programmes had four to seven streams of sustainable livelihood support under a combined Theory of Change, these remained fragmented and disconnected along funding lines, lacking synergies in implementation. UNDP's work on the poverty-climate change-environment-conflict nexus and the use of a people- and livelihoods-centric approach produced several successful interventions that contribute to peaceful and inclusive societies, and community resilience to disasters and pressures emanating from natural resource depletion. However, these successes have remained within individual projects due to the specificities associated with the funding streams, instead of a broader application for poverty alleviation programmes.

UNDP is uniquely positioned to respond to the demand for support in addressing the interlinked targets of the SDGs, but the country programmes are yet to engage in this. There is also an unmet demand at the country level for sustainable development models that can inform public strategies. National-level engagement with the SDGs is still at the stage of determining indicators and costing. What is lacking is the reframing of a transformative development agenda around the SDGs as a unifying aspiration. The signature solutions provide intersectoral technical offerings interlinked and adapted to each setting and much depends on the implementation. Despite recognition of the interconnected nature of issues, the

113 MOPAN, 'UNDP Institutional Assessment Report', 2017.

extent of inter-agency joint programming responses mapped to national SDG implementation remains low.

The complex nature of the SDGs and the Strategic Plan architecture call attention to the importance of improving technical expertise at the global and regional levels, which are already grappling with resource constraints. UNDP envisions implementation support for integrated solutions at two levels: global and country platforms. The country platforms are intended to help countries design and deliver integrated solutions to complex development problems that require multisectoral actions across economic, social and environmental issues. The global platform is to provide high-quality technical and policy advisory support to country platforms and UNDP country programmes, as well as to support global knowledge, innovation and partnerships. It is still too early to assess how these programming modalities will be implemented, considering that UNDP country teams are still working to apply the Strategic Plan 2018-2021 concepts and integrated solution approaches to key issues and challenges on the ground.

CHAPTER 5: CONCLUSIONS, RECOMMENDATIONS AND MANAGEMENT RESPONSE

This evaluation assessed UNDP's contribution to poverty reduction in the LDCs during the Strategic Plan period 2014-2017. Assessing five key streams of poverty reduction support, the evaluation looked at UNDP's approaches, coherence, attention to interlinking elements and inclusiveness, and partnerships that underpin sustainable approaches in the global and country programmes strategy. The evaluation took into consideration that the period under review has been challenging for UNDP on multiple fronts, with an extensive organizational restructuring and a significant reduction in regular resources. Building on the key findings set out in the previous chapter, the conclusions presented here focus on strategic issues and key dimensions of UNDP's role and contribution.

This evaluation was conducted at a time when UNDP is devising measures and programme and management change processes in the implementation of the Strategic Plan 2018-2021. The recommendations take into consideration the change processes now under way.

5.1. CONCLUSIONS

Conclusion 1. Poverty reduction programme approaches and areas prioritized by UNDP are highly relevant for the LDCs. Globally, UNDP's approach to addressing poverty has evolved, and new tools were introduced during the Strategic Plan period 2014-2017. Inclusive growth initiatives combined with environment and climate resilience support provided greater opportunities for demonstrating income-generation and sustainable livelihood models. In some LDCs, UNDP has been an organization of choice both in policy and implementation support.

UNDP has responded and adapted to changing contexts in its poverty reduction programmes, which has brought about a progressive evolution of conceptual understanding and approaches, especially those espousing multidimensional poverty reduction strategies and implementation of inclusive growth and sustainable livelihoods approaches. There was a strong focus on rural poverty reduction and livelihoods. Support for integrated planning and macroeconomic frameworks, green growth, expansion in productive capacities and value chains, and local development have positively contributed to policy improvements. Community approaches to sustainable livelihoods, natural resource management, and enhancing resilience to climate change are areas where UNDP engagement has helped generate tangible local-level impacts. Women's economic empowerment received sufficient attention across programmes with contributions at the project level. Urban poverty is an evolving area of UNDP programme support that merits greater attention.

Institutional capacity building and policy support provided by UNDP has contributed to LDCs' national development efforts to reduce poverty. UNDP was successful in providing policy support on a range of issues of importance for LDCs, including inclusive growth and livelihoods. UNDP has built a solid track record in raising financial resources for policy and institutional capacity development initiatives, and sourcing specialist expertise from its wide network.

UNDP was consistent in its support for the implementation of the MDGs until the adoption of the SDGs. With the adoption of the SDGs, UNDP has championed the UNDG's MAPS approach, designed to assist countries in incorporating the SDGs into national planning and processes. There is momentum and rising demand for tools and technical assistance to formulate and implement SDG plans. UNDP, using its integrated approach and the multidimensional concept of poverty and inequality, is well positioned to support countries in their efforts to implement the SDGs. UNDP can better leverage the indices work of the organization, which complements SDG-related advocacy.

Despite SDG plans prepared by the LDCs, an issue in most countries is their slow implementation and alignment with national policies. SDG integration has remained at a technocratic level and the operationalization of the transformative programming principles and interlinkages among SDGs is evolving slowly. MAPS created opportunities for governments to take stock of existing policies and resources and to identify processes to address development gaps. The value addition of MAPS as a tool for facilitating planning at the national level and applying integrated solutions to poverty reduction depends largely on its ability to provide context-specific and implementable solutions, as opposed to generalized assessments. Also, the success of MAPS, like its predecessor – the MDG Acceleration Framework – will depend on establishing effective partnerships beyond UN agencies.

Efforts to consolidate UNDP's global policy space in poverty reduction is underemphasized. UNDP pioneered several indices on human development, inequality, and multidimensional poverty, which have salience for measuring and reporting progress on the SDGs and for advocating transformative principles of equality and inclusiveness in development processes. This work lacked necessary attention at the global and country level in UNDP programme and advocacy work.

Conclusion 2. Recent efforts to partner with the private sector to harness market forces for positive social impact offer UNDP a potentially transformative way of working in the future. Some areas of private sector engagement (such as impact finance) are at a formative stage, but hold potential to expand productive capacities and reduce poverty. UNDP's low scale of engagement in this area and the slow pace of action is undermining its contribution to poverty reduction.

UNDP has played an important role in supporting resource mobilization in LDCs. Useful contributions have been made in areas such as sustainable livelihoods, while potential in areas such as employment and private sector contributions remains to be further explored. Successful partnerships with the private sector are an essential part of UNDP’s resource mobilization support for SDG fulfilment in LDCs.

UNDP has a dedicated strategy for private sector engagement that recognizes the role and transformative potential of the private sector as partners for development impact. Private sector engagement has broadened beyond small- and medium-sized enterprises and extended to conglomerates, impact finance providers and philanthropic foundations. UNDP’s commitment to an inclusive business and markets approach is demonstrated by the large share of core resources invested to catalyze an inclusive private sector ecosystem for transformative effects on livelihoods improvement and poverty reduction. But the scale of UNDP’s engagement continues to be low when compared to private sector engagement in the development sector. UNDP has the potential to bring to private sector partnerships its comparative advantage in policy development, programme implementation and on-the-ground convening power to complement private sector strengths. UNDP has yet to leverage its country support to scale up efforts to engage the private sector, particularly in the LDCs.

The enabling environment in LDCs for private investment is evolving and needs a more catalytic thrust to de-risk and troubleshoot efforts to blend local and foreign private capital with concessional funds. UNDP recognizes the importance of new and alternative financial instruments for facilitating development financing. But such instruments need to be fully supported by LDC governments in order to be successful. UNDP is well suited to facilitate greater private sector participation and galvanize key actors. It is critical that UNDP develops robust and appropriate tools to enable private sector engagement in the LDCs.

Conclusion 3. In conflict-affected and post-conflict countries, UNDP's role and contribution to economic revitalization have been important. Community-level income-generation initiatives played a vital role in enabling temporary benefits to affected populations. But while early conflict recovery contexts are conducive to stop-gap job-creation activities, sustainable long-term poverty reduction required medium- and longer-term income-generation efforts earlier in the crisis recovery cycle. In addition, the lack of adequate attention to addressing the interlinking dimensions of multiple fragilities and the challenges of income-generation capacities and investments reduced the contribution to poverty reduction processes in fragile contexts.

For poverty reduction outcomes, economic revitalization efforts need a phased approach linked to longer-term efforts to address structural challenges of employment and income-generation capacities and investments. In the absence of such efforts, UNDP's economic revitalization programmes in the conflict-affected LDCs have paid only limited poverty reduction dividends.

There are strong linkages between multiple fragilities such as poverty, drought and conflict that exacerbate one another, calling for a more integrated response. UNDP supported each of these areas individually, but did not address intersecting linkages among multiple fragilities. Instead of bringing attention to linkages among different fragilities in increasing poverty and conflict, UNDP was often co-opted into the funding mechanisms and their focus.

Fragmentation of funding sources and donor priorities posed challenges to the promotion of integrated initiatives and longer-term focus. Donors recognize the benefits of supporting programme strategies that are holistic and have a medium- to longer-term perspective in employment and livelihoods creation. However, funding in post-conflict contexts continues to be dominated by humanitarian assistance. To make a better contribution to addressing poverty drivers of conflict, UNDP needs larger, and more predictable, programme budgets within more balanced humanitarian-development initiatives.

Conclusion 4. Inclusive growth and employment projects in LDCs could not generate scalable and transformative solutions for enhancing productive capacities. Interventions such as micro-enterprise and value chain development necessitate multi-pronged initiatives, spanning from support to community-level enterprise development to market linkages to integration and upscaling. Most initiatives did not combine and integrate these multiple aspects, resulting in limited country-level outcomes.

UNDP programmes addressed pro-poor inclusive growth issues and targeted the most backward development regions in its programme support. UNDP was more successful in enabling short-term employment generation at the community level. However, establishing linkages between successful community-level work and upstream policy and programme processes was more challenging, reducing the sustainability of the outcomes achieved. Initiatives that are a small component of a set of initiatives needed for promoting employment opportunities or productive capacities have proved to have limited outcomes. UNDP has yet to utilize its cross-country experience, community-level insights and close partnership with government for a more strategic engagement in enabling sustainable income-generation solutions.

While UNDP resources are not sufficient to address the full range of issues, these were not supplemented by forging partnerships at the formative stage of programmes. UNDP was more successful when the appropriate programmatic partnerships were established to anchor the programme models in national or donor programmes. In the absence of this, even strong programme models remained one-off initiatives.

Conclusion 5. UNDP’s contribution to sustainable livelihoods is often insufficient to make a visible difference in many LDCs, due to the small scale of its work in relation to the magnitude of the problem. Also, UNDP did not pay sufficient attention to consolidating its community-level sustainable livelihoods activities in the environment and climate change adaptation areas. Although UNDP's integrated sustainable development approach, which brings together different elements of poverty reduction, is a well thought through strategy, it has to be fully translated into practice.

In UNDP, while there is greater recognition of the criticality of a programmatic approach addressing intersecting dimensions of sustainable development, this has yet to manifest into programming in the LDCs, particularly specific efforts to leverage the synergies between complementary areas of poverty reduction. Three years into the SDG period, initiatives under various themes of the sustainable development pathways area remain fragmented. UNDP did not build on its comparative advantage of having simultaneous and complementary programmes in inclusive growth and sustainable livelihoods to better position itself to inform national policies or other large donor initiatives. Siloed approaches are undermining UNDP's contribution and potential for greater policy influence. The emphasis on interlinking and transformative elements of the signature solutions in the ongoing Strategic Plan 2018-2021 seeks to address this limitation. However, country offices need practical programme models that would enable them to build on the synergies among different programmes areas.

Conclusion 6. A huge gap is often found between UNDP's corporate policy intent and actual programming and resources. Lack of selectivity in programme choices with regard to regular resources, inadequate resource mobilization to close programme funding gaps, and insufficient strategic programmatic partnerships have undermined UNDP's contribution. Domain expertise is critical for attracting non-core resources for programming, but UNDP has yet to make choices of areas in which it needs to strengthen its technical depth.

Since UNDP’s mandate is broad, the organization has programmes in a number of poverty reduction areas, a role dependent on the availability of adequate and consistent funding. UNDP’s current regular resources do not support such a role. Although UNDP supported a range of areas, its efforts have had poor traction due to the fragmentation of its initiatives and its engagement in low-end activities rather than a comprehensive response to address structural poverty reduction issues.

To enable sustainable solutions, it is critical to identify emerging areas where UNDP can be well positioned to support national efforts. UNDP has yet to go beyond broad areas it has identified to develop well thought through income-generation and sustainable livelihood solutions that can be applied with necessary country-specific adaptation. By responding to national needs and priorities in an open-ended way, UNDP is inadvertently conveying its lack of focus and specialization. The generalist image is undermining UNDP's contribution and thought leadership. The repositioning of UNDP in the Strategic Plan 2018-2021 to address structural challenges to poverty reduction and provide transformative solutions provides opportunities to further harness UNDP's country-level role and re-tool its technical capacities.

Conclusion 7. Resource investment towards gender equality and women's empowerment (GEWE) has been significantly reduced. This can undermine the effectiveness of UNDP's contributions to promote and enable gender equality in poverty reduction and sustainable development in the LDCs, particularly in Africa.

Over the years UNDP has made its intent stronger to GEWE in programme strategies and planning, but implementation is limited. UNDP's two-pronged strategy of targeted GEWE initiatives as well as mainstreaming GEWE across programme areas, while important, remains under-resourced. In LDCs, emphasis on mainstreaming gender equality across programme areas in practice did not translate into gender-informed programming. Women as beneficiaries in UNDP programmes often is considered a substitute for a contribution to gender equality. Given the severity of employment and income-generation challenges for women in the LDCs, there is more scope to inform gender-sensitive national programmes that address the barriers women face in engaging in productive activities and labour markets.

Conclusion 8. UNDP support to LDC graduation issues tends to be reactive and based on specific demands. Given the uneven prioritization of graduation-related development issues, there is considerable need for policy support and advocacy, especially in addressing non-income dimensions of graduation.

UNDP has provided poverty-related support to LDCs, which has contributed to their graduation efforts, and technical support to UN Secretariat units tasked with assisting LDCs in their transition to middle-income status. Nevertheless, UNDP has yet to play a more structured role in supporting graduating LDCs to transition smoothly and sustainably to middle-income status. It is not evident that UNDP was able to leverage its country programme presence to provide strategic support that accelerated graduation processes. As the LDC graduation process continues to accelerate, there is a need for policy support and advocacy, especially in addressing non-income dimensions of graduation.

Countries approaching graduation or in the post-graduation transition stages have special needs, which require further attention in country programmes. Loss of market access preferences calls for competitive progression and diversification of sectors and maintaining the growth trajectory without market preferences. Graduating LDCs need support for enhancing their productive capacities in employment and livelihoods creation and mobilizing adequate resources to compensate for the withdrawal of concessional finance.

5.2. RECOMMENDATIONS

The recommendations presented here are in keeping with the vision and expectations set out in the UNDP Strategic Plan 2018-2021.

Recommendation 1. UNDP should consider more consistent engagement in a set of poverty reduction sub-themes. While engaging in different types of programme support, UNDP country programmes should make a distinction been demand-driven services and programmatic engagement, with adequate emphasis on the latter.

At the corporate and country level, over the years, UNDP has engaged in a range of poverty reduction areas and approaches, some of which lacked consistency in prioritization and engagement. In the LDCs, country programmes should seek opportunities for more substantive programmatic engagement on poverty reduction, developing more realistic medium- to long-term frameworks for inclusive growth and employment. UNDP should undertake an analysis of areas that should receive priority for medium- to long-term engagement. Country offices should emphasize more substantive programmatic engagement with scaling potential.

Moving forward, UNDP should clarify its focus on the LDCs, and outline LDC-specific pro-poor solutions, particularly in Africa where poverty reduction has been the slowest. In the coming years, since most of the LDCs will be in Africa, UNDP needs well thought through programme priorities for its engagement in key inclusive growth and sustainable livelihood issues.

Recommendation 2. UNDP should better define for government counterparts the poverty reduction areas where it intends to stake out a strong technical support role; it also needs to detail the substantive tools and solutions it can provide towards sustainable income generation and livelihoods.

The poverty signature solution and emphasis on intersecting dimensions provide a much-needed impetus towards integrated programming. However, poverty reduction is a vast and complex area of support and UNDP needs to be more specific about the solutions with intersecting elements it can provide, and those specific to LDC contexts. Country offices need concrete and simplified integrated signature solutions for implementation and buy-in by governments.

Programme areas such as inclusive business and markets, private finance and impact investments, which enable structural transformation in income generation and employment, require UNDP to retain in-house technical proficiency. UNDP should accelerate the pace of action in these areas to enhance its role and contribution to poverty reduction.

Recommendation 3. UNDP should demonstrate global leadership in the development and use of multidimensional poverty indices.

UNDP has pioneered several indices on human development, inequality and multidimensional poverty. Efforts should be taken to further strengthen the work on indices at global and country levels, given their salience for measuring and reporting progress on the SDGs and advocating transformative principles of equality and human development. A related area, critical for SDG monitoring and reporting, is national statistics; UNDP should consider greater engagement in improving statistical capacities in countries deemed to have low average statistical capacity, especially in Africa.

Fewer countries are publishing national human development reports. UNDP should renew its emphasis on these reports as policy tools on critical SDG themes. Country offices should be provided with adequate guidance on coverage of SDG-related themes and principles.

Recommendation 4. UNDP should increase the pace and thrust of its support to private sector development and impact investment in LDCs. Given the structural constraints in harnessing market opportunities, innovative private sector finance tools should be improvised and promoted in LDC contexts.

UNDP has shown strong commitment in supporting private sector development and impact investment. LDCs require flexible tools that are appropriate for the purpose and can maximize the impact of partnerships in less enabling policy environments. UNDP should take concrete measures to adapt its tested private sector development and impact investment practices to LDC contexts, capacities and regulatory environments.

Instead of leaving the support open-ended, UNDP should present a concept of private sector development that targets specific gaps in inclusive growth and employment in sectors most prevalent in LDCs, for example, agriculture and agri-based sectors. With the establishment of country-level integrator platforms, UNDP should use a mix of tools – both financial and non-financial – to engage the private sector in poverty reduction. The potential of the private sector needs to be harnessed in crisis contexts as well. Sufficient measures are needed to engage investments to support reconstruction and long-term development, and to create sustainable opportunities for livelihood and employment.

UNDP should partner with financial intermediaries that are expanding their businesses in areas of UNDP support. UNDP should strategize to use its UN integrator role at the country level to facilitate impact investment.

Recommendation 5. Further emphasis is needed to enable linkages between UNDP's community-level sustainable livelihood programmes and rural poverty alleviation policies in LDCs. While fulfilling respective funding stream commitments, synergies among various sustainable livelihood interventions under the GEF and GCF in country programmes need to be strengthened. UNDP should take measures to leverage this important area of its work to better inform government policies and programmes.

UNDP should take sufficient measures to build synergies among various initiatives in its environment portfolio to better inform national policy processes. Opportunities to build on these initiatives are immense, and currently underutilized by UNDP. UNDP needs to walk the extra mile to build on these initiatives if it is to engage in public policy processes on sustainable livelihoods.

Recommendation 6. Bridging the humanitarian-development divide for more sustainable poverty reduction should be systematically pursued in crisis and post-crisis contexts. UNDP should also pay sufficient attention to intersecting vulnerabilities that can reverse efforts to reduce poverty.

For sustainable poverty reduction dividends, UNDP should systematize the New Way of Working in its post-conflict economic revitalization support to bridge the humanitarian-development divide.

Many post-conflict LDC contexts include fragilities such as droughts, floods and other recurring natural disasters, in addition to conflict, significant regional disparities, poverty and underdevelopment. These intersecting vulnerabilities in the context of multiple crises and fragilities must inform UNDP's poverty reduction and post-conflict programming.

Recommendation 7. Partnerships for poverty reduction at the global and country level should be pursued as a strategic programming option. UNDP should expand promising partnerships with UN and other development agencies that substantively and practically enhance its poverty-related programming in LDCs, especially to scale up pilot and community-level initiatives.

Across UNDP programme areas are examples of partnerships with UN agencies at the global and country levels, at times guided by a formal agreement. However, there is considerable scope for strengthening programmatic partnerships with UN agencies, in areas such as value chain support and food security. In productive capacity areas and value chain work, it is critical to partner: unless all areas of the value chain (production to marketing) are covered, the outcomes for sustainable income generation will be limited.

UNDP should proactively seek programmatic partnerships with bilateral donors in areas where it can complement their poverty reduction support. Similarly, where possible, UNDP should expand its efforts to forge partnerships with the World Bank and regional banks in areas such as sustainable livelihoods and employment.

Recommendation 8. UNDP should pay further attention to strengthening gender-responsive poverty reduction policy processes. More dedicated resources and commitment to GEWE are needed in the LDCs.

Considering UNDP's programme engagement across key development areas, GEWE should be prioritized, irrespective of initiatives by specialized agencies. Given the emphasis on mainstreaming, UNDP should have well clarified sectoral strategies for enhancing women's productive capacities and livelihoods to ensure GEWE is not exaggeratedly subsumed under a mainstreaming approach.

Recommendation 9. UNDP should take steps to improve its programming on youth employment and empowerment.

Considering the burgeoning youth population across LDCs, UNDP should consider a more strategic approach to mainstreaming youth employment issues in its poverty reduction support. As part of its signature solutions, UNDP should consider support to LDCs to address youth employment comprehensively. Youth employment should be considered as a strand of private sector engagement.

5.3. MANAGEMENT RESPONSE

ANNEXES

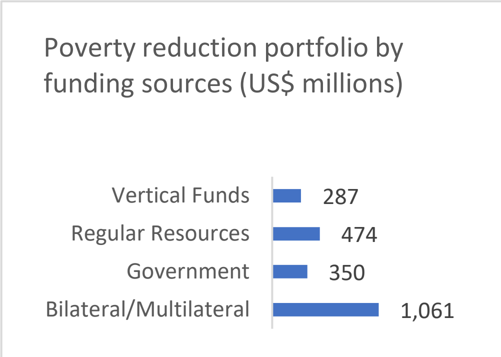
ANNEX 1: UNDP EXPENDITURES IN LDCs

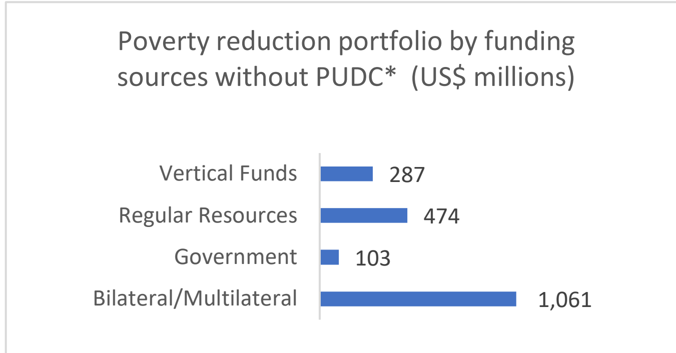
Table A: Strategic Plan outcomes expenditure 2014-2017

Outcome	Total Strategic Plan 2014-2017 expenditure (US$ millions)	Expenditure (percent)	Total LDC expenditure (US$ millions)	Expenditure (percent)
Outcome 1: Growth and development are inclusive and sustainable, incorporating productive capacities that create employment and livelihoods for the poor and excluded	4,477	26%	1,181	17%
Outcome 2: Citizen expectations for voice, development, the rule of law and accountability are met by stronger systems of democratic governance	2,067	12%	984	14%
Outcome 3: Countries have strengthened institutions to progressively deliver universal access to basic services	5,824	34%	3,153	44%
Outcome 4: Faster progress is achieved in reducing gender inequality and promoting women's empowerment	100	1%	54	1%
Outcome 5: Countries are able to reduce the likelihood of conflict and lower the risk of natural disasters, including from climate change	959	6%	375	5%
Outcome 6: Early recovery and rapid return to sustainable development pathways are achieved in post-conflict and post-disaster settings	1,700	10%	712	10%
Outcome 7: Development debates and actions at all levels prioritize poverty, inequality and exclusion, consistent with our engagement principles	719	4%	159	2%
Unlinked	1,166	7%	485	7%
Total	17,011		7,103	

Source: IEO's computation based on UNDP finance data

Figure A: Poverty portfolio expenditure by funding sources

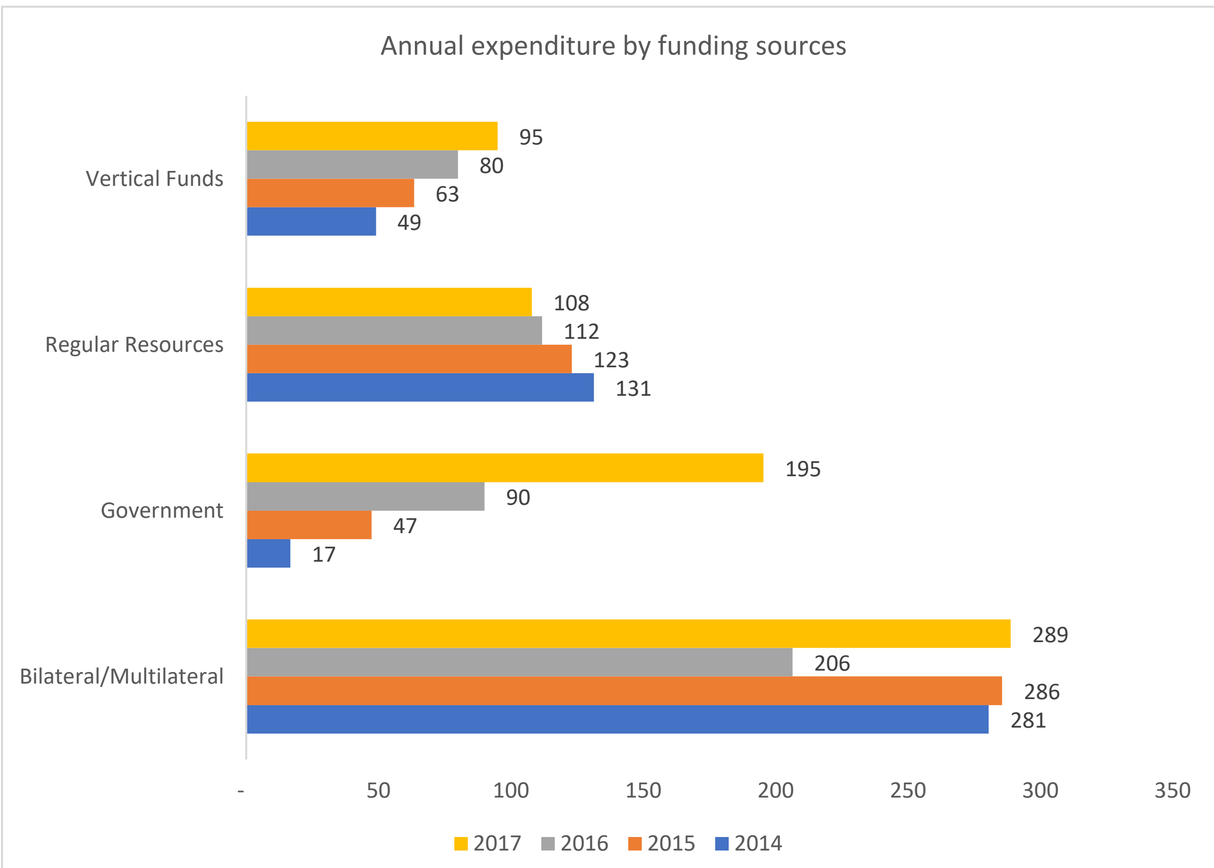




* Community Development Emergency Programmes

Source: IEO's computation based on UNDP finance data

Figure B: Annual expenditure by funding sources (US$ millions)



Source: IEO's computation based on UNDP finance data

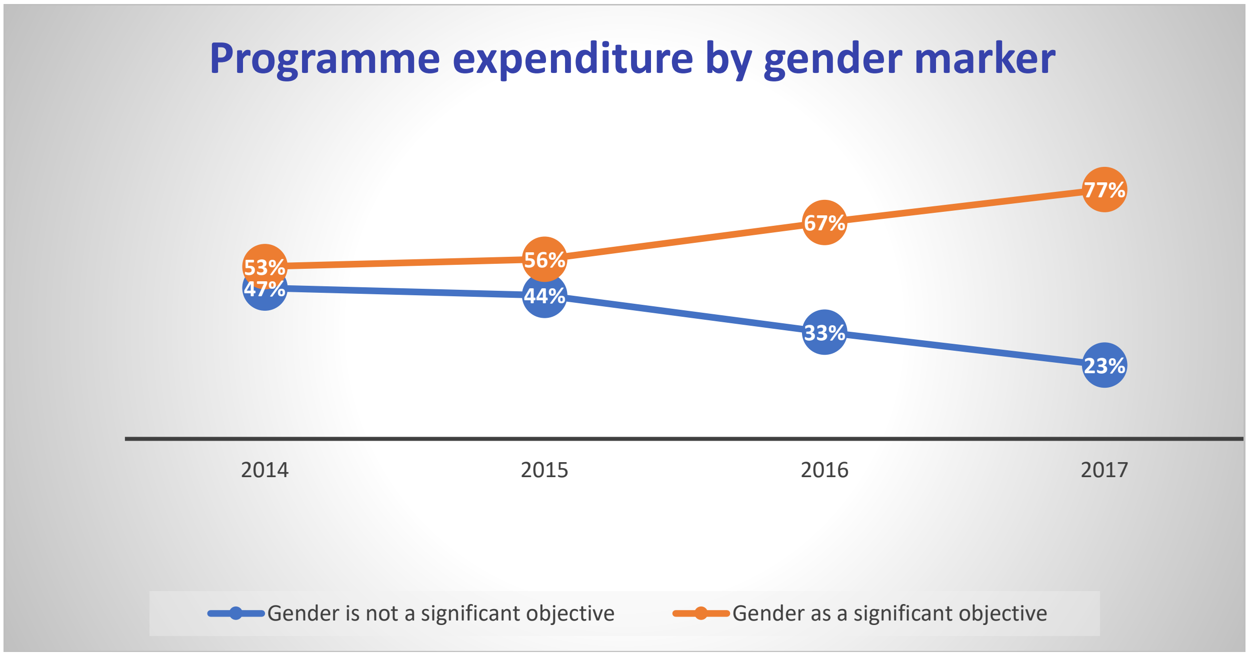
Table B: Key programme areas of poverty support in the LDCs

Poverty reduction programme areas	Sub-thematic areas	Number of countries	Names of the countries
Inclusive growth, employment and social protection	National development plans	19	Bangladesh, Benin, Bhutan, Burkina Faso, Burundi, Cambodia, Eritrea, Ethiopia, Gambia, Guinea-Bissau, Lao PDR, Liberia, Mali, Mauritania, Rwanda, Senegal, Sao Tome and Principe, Uganda, United Republic of Tanzania
	Private sector development, trade and industry	17	Afghanistan, Benin, Burundi, Cambodia, Comoros, Ethiopia, Gambia, Liberia, Madagascar, Malawi, Mali, Nepal, Somalia, Timor-Leste, Uganda, United Republic of Tanzania, Zambia
	Agricultural productivity and food security	10	Eritrea, Ethiopia, Haiti, Lao PDR, Liberia, Niger, Malawi, Mauritania, Uganda, United Republic of Tanzania
	Access to finance (excluding MFI projects)	7	Burkina Faso, Chad, Democratic Republic of the Congo, Madagascar, Myanmar, Rwanda, Timor-Leste
	Social protection	6	Bangladesh, Cambodia, Haiti, Liberia, Sierra Leone, United Republic of Tanzania
	Vocational training	8	Benin, Djibouti, Eritrea, Rwanda, Senegal, Sierra Leone, Somalia, Sudan
	Women's economic empowerment	6	Afghanistan, Burkina Faso, Cambodia, Djibouti, Guinea, Zambia
Local economic development and basic services		22	Afghanistan, Bangladesh, Benin, Burkina Faso, Burundi, Chad, Ethiopia, Guinea-Bissau, Lao PDR, Liberia, Madagascar, Mozambique, Myanmar, Nepal, Niger, Rwanda, Senegal, Sierra Leone, Somalia, Sudan, Togo, Uganda
Sustainable livelihoods	Climate change adaptation and disaster risk reduction	34	Afghanistan, Benin, Bhutan, Burkina Faso, Bangladesh, Cambodia, Comoros, Democratic Republic of the Congo, Djibouti, Eritrea, Ethiopia, Gambia, Guinea, Guinea-Bissau, Haiti, Lao PDR, Lesotho, Malawi, Mali, Mozambique, Myanmar, Nepal, Niger, Sao Tome and Principe, Sierra Leone, Solomon Islands, Somalia, Sudan, Timor-Leste, Tuvalu, Uganda, United Republic of Tanzania, Vanuatu, Zambia
	Environment and natural resources management	30	Afghanistan, Angola, Bangladesh, Benin, Bhutan, Burkina Faso, Burundi, Cambodia, Comoros, Democratic Republic of the Congo, Eritrea, Ethiopia, Guinea, Guinea-Bissau, Haiti, Lao PDR,

Poverty reduction programme areas	Sub-thematic areas	Number of countries	Names of the countries
			Liberia, Madagascar, Malawi, Mali, Mozambique, Myanmar, Niger, Rwanda, Senegal, Somalia, Togo, Uganda, United Republic of Tanzania, Zambia
	Energy	16	Afghanistan, Bangladesh, Bhutan, Burkina Faso, Democratic Republic of the Congo, Eritrea, Ethiopia, Malawi, Mali, Nepal, Senegal, Sierra Leone, Somalia, Sudan, Uganda, United Republic of Tanzania
Early economic revitalization		19	Afghanistan, Bangladesh, Burkina Faso, Burundi, Central African Republic, Democratic Republic of the Congo, Eritrea, Guinea, Guinea-Bissau, Haiti, Liberia, Mali, Nepal, Niger, Sierra Leone, Somalia, South Sudan, Sudan, Yemen
MDG/SDG, aid effectiveness	MDG/SDG	22	Afghanistan, Angola, Bangladesh, Benin, Burkina Faso, Cambodia, Chad, Comoros, Democratic Republic of the Congo, Djibouti, Gambia, Guinea, Liberia, Madagascar, Mali, Mozambique, Niger, Sierra Leone, Sudan, Timor-Leste, Uganda, Vanuatu
	Aid effectiveness	18	Afghanistan, Bangladesh, Burundi, Cambodia, Chad, Ethiopia, Democratic Republic of the Congo, Djibouti, Ethiopia, Guinea-Bissau, Haiti, Malawi, Myanmar, Nepal, Rwanda, Sudan, Uganda, United Republic of Tanzania
	Results-based management	14	Bangladesh, Cambodia, Central African Republic, Comoros, Democratic Republic of the Congo, Eritrea, Guinea, Haiti, Lesotho, Madagascar, Nepal, Togo, Uganda, United Republic of Tanzania

Source: IEO’s computation based on UNDP finance data

Figure C: Programme expenditure by gender marker



Source: IEO's computation based on UNDP finance data

Table C: Expenditure by gender marker (US$ millions)

Gender marker	2014	2015	2017	2018	Total
Gender is not a significant objective	223	231	161	157	772
Gender as a significant objective	255	288	327	530	1,400
Total	478	519	488	687	2,172

Source: IEO's computation based on UNDP finance data

Table D: Expenditure by country by funding source (US$ millions)

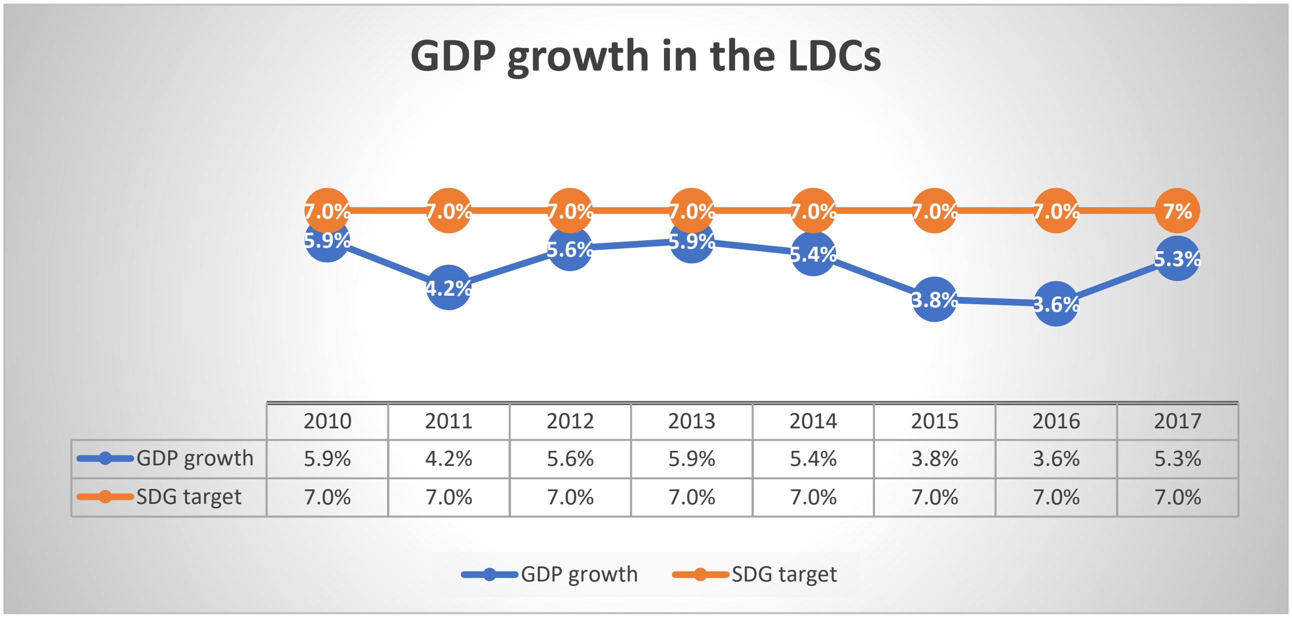
Country	Bilateral/ Multilateral	Government	Regular Resources	Vertical Funds	Grand Total
Senegal	8	203	12	4	228
South Sudan	196	(0)	1		197
Sudan	130	1	7	8	146
Yemen	116	0	6	2	124
Bangladesh	87	0	27	4	119
Afghanistan	77	1	13	11	102
United Republic of Tanzania	15	40	22	13	89
Ethiopia	32	1	37	15	85

Country	Bilateral/ Multilateral	Government	Regular Resources	Vertical Funds	Grand Total
Nepal	52	4	16	4	76
Democratic Republic of the Congo	37	0	23	3	63
Togo	3	49	8	2	62
Haiti	23	14	12	9	57
Guinea	25	3	15	6	50
Mali	11	12	12	15	50
Central African Republic	41	0	1	0	42
Myanmar	17		15	8	40
Uganda	10		23	7	40
Cambodia	22	0	11	5	38
Malawi	15		14	7	36
Niger	9		18	8	34
Benin	8	14	9	4	34
Burkina Faso	13	2	8	10	33
Somalia	16		10	6	31
Liberia	15	0	12	3	30
Eritrea	7		15	6	28
Burundi	5	0	20	1	26
Lao PDR	9	0	5	11	25
Mozambique	5		11	8	25
Rwanda	12	0	11	0	24
Sierra Leone	10	0	10	3	23
Madagascar	1	0	16	5	23
Comoros	5	0	3	13	22
Gambia	2	0	11	8	21
Zambia	4	0	7	9	20
Bhutan	2		2	15	18
Timor-Leste	2	0	1	11	14
Angola	5	-	5	3	13
Guinea-Bissau	3	1	5	3	13
Solomon Islands	1		1	10	12
Djibouti	2	0	2	7	11
Chad	3	1	7	0	11
Mauritania	4		5	1	10
Tuvalu	1		0	8	9
Vanuatu	1		1	5	7
Sao Tome and Principe		0	1	4	5
Lesotho	0		2	2	5
Kiribati	1		0	1	1

Source: IEO's computation based on UNDP finance data

ANNEX 2: POVERTY REDUCTION TRENDS IN LDCs

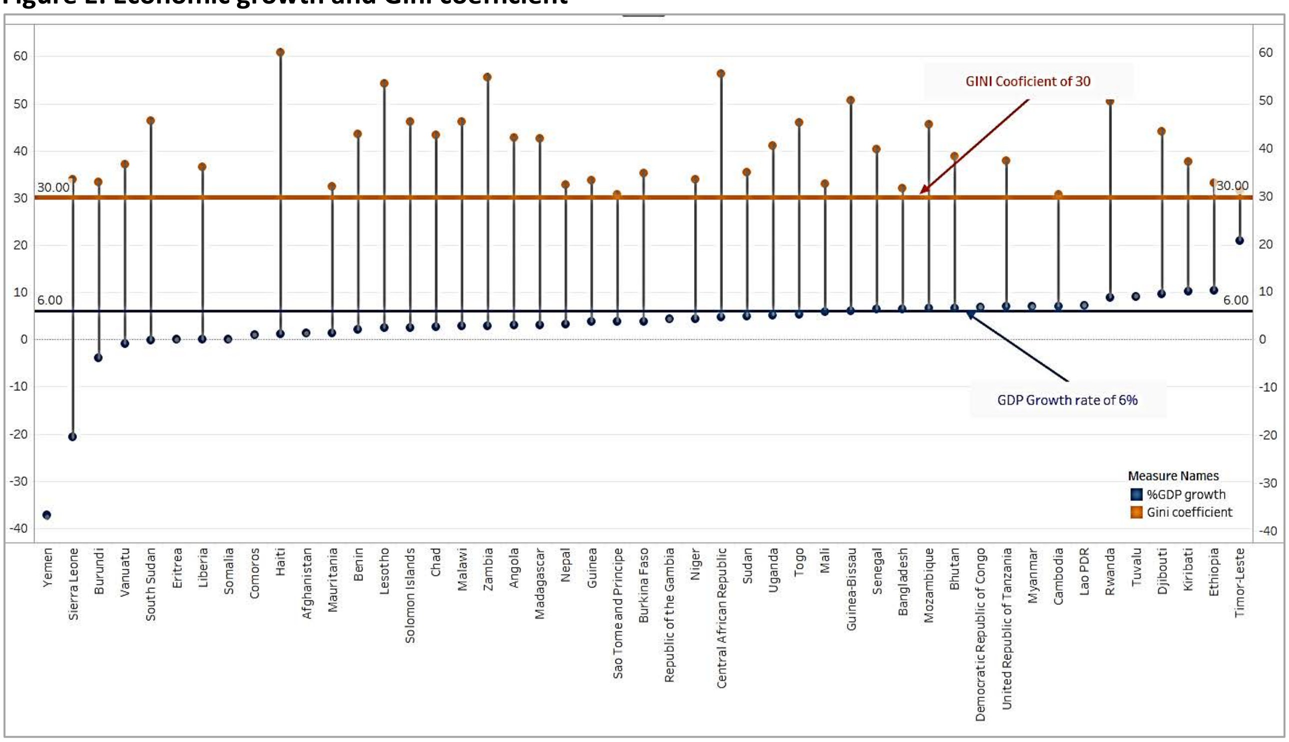
Figure D: GDP growth in the LDCs



	2010	2011	2012	2013	2014	2015	2016	2017
GDP growth	5.9%	4.2%	5.6%	5.9%	5.4%	3.8%	3.6%	5.3%
SDG target	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%

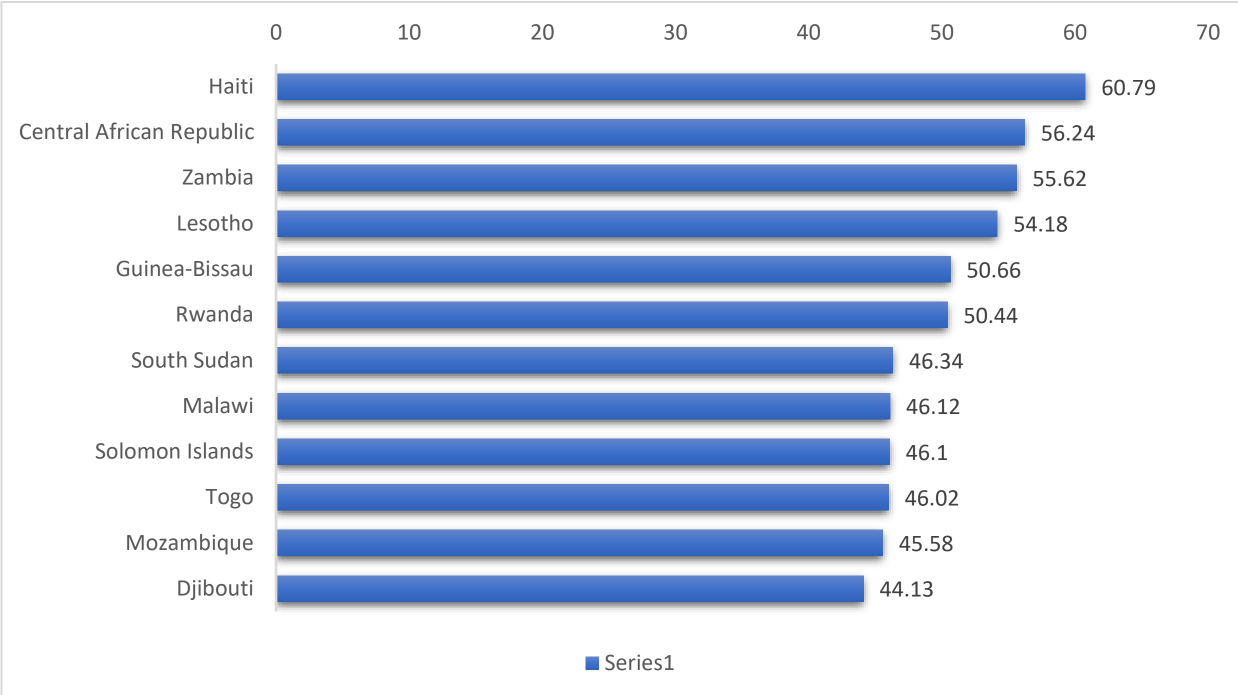
Source: World Development Indicators, World Bank

Figure E: Economic growth and Gini coefficient



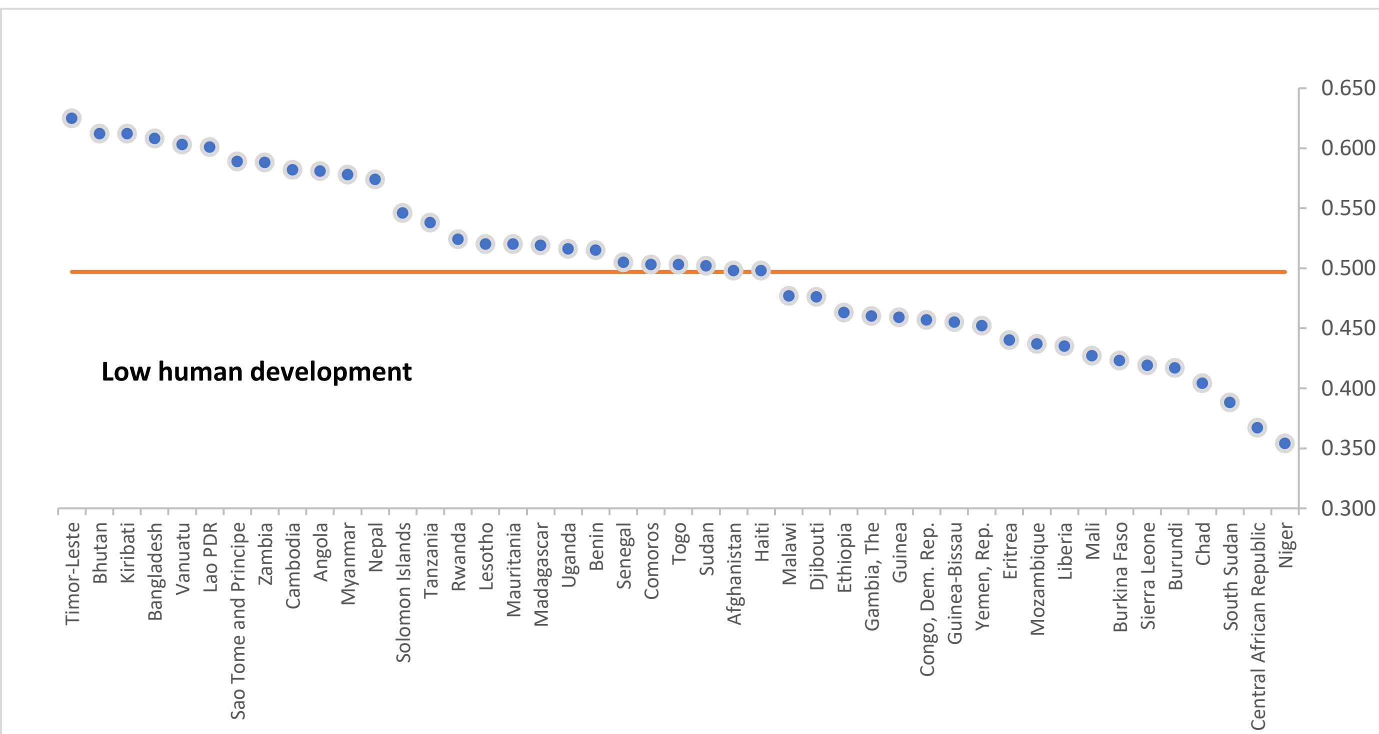
Source: World Development Indicators, World Bank and and Human Development Index, UNDP

Figure F: LDCs with highest Gini coefficient



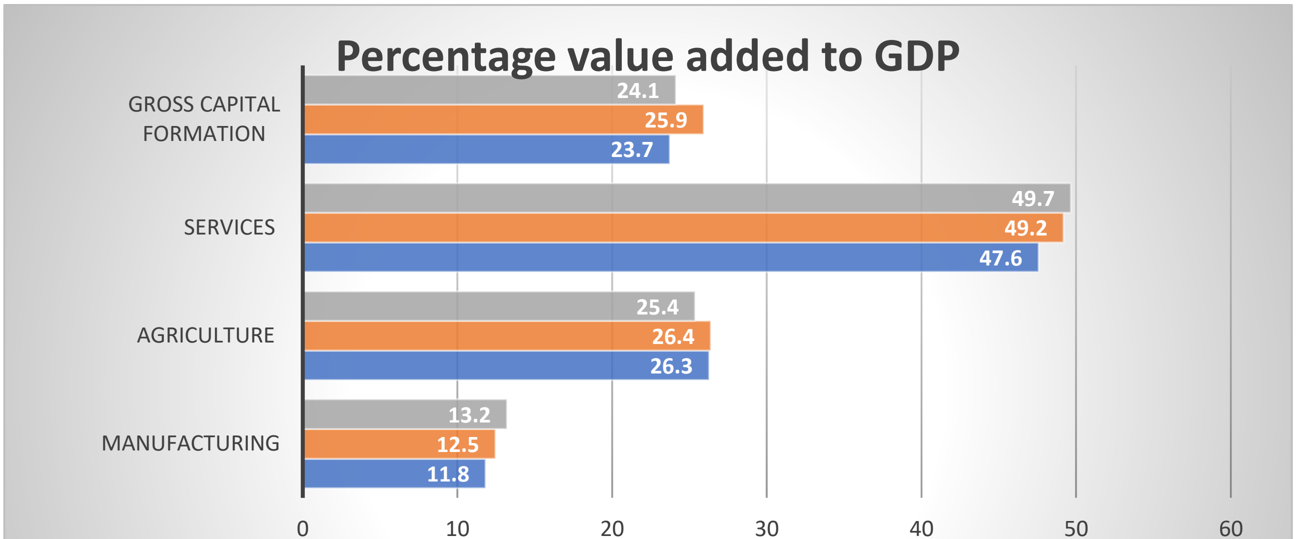
Source: Human Development Index, UNDP

Figure G: Human Development Index



Source: Human Development Index 2018, UNDP

Figure H: Percentage value added to GDP, by sector



	Manufacturing	Agriculture	Services	Gross capital formation
2016	13.2	25.4	49.7	24.1
2014	12.5	26.4	49.2	25.9
2011	11.8	26.3	47.6	23.7

Source: International Telecommunication Union, *World Telecommunication/ICT Development Report* and database, and World Bank estimates; computed by UN-OHRLLS

ANNEX 3 and 4 (available online)

Annexes 3 and 4 of the report are available on IEO's website at this link.

Annex 3. Persons Consulted
Annex 4. Documents Consulted

UNDP

IEO INDEPENDENT Evaluation Office

United Nations Development Programme

EVALUATION

OF UNDP SUPPORT TO POVERTY REDUCTION IN THE LEAST DEVELOPED COUNTRIES

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