



INDEPENDENT  
Evaluation Office

United Nations Development Programme

# EVALUATION

OF UNDP DEVELOPMENT  
COOPERATION IN  
MIDDLE-INCOME COUNTRIES



## **Evaluation of UNDP Development Cooperation in Middle-Income Countries**

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# FOREWORD

It is my pleasure to present the evaluation report of UNDP development cooperation in middle-income countries (MICs). The evaluation assessed UNDP contributions to national development results in MICs through the objectives of its Strategic Plan, 2018-2021 in selected practice areas and signature solutions. These are poverty eradication, strengthened inclusive and accountable institutions, environment and nature-based solutions for development, closing the energy gap and gender equality and women's empowerment.

MICs played a pivotal role in the global progress towards achieving the Millennium Development Goals. Looking forward, development cooperation with MICs plays a crucial role in the implementation of the 2030 Agenda for Sustainable Development. The pledge to leave "no one behind" requires addressing the need of the poor and the most vulnerable, the overwhelming majority of whom now live in MICs. MICs represent the largest group of developing countries and an increasing number of UNDP programme countries are classified as middle-income.

Despite wide heterogeneity among MICs in terms of gross national income levels, population size, resource endowments and economic performance, they continue to face common development challenges. MICs need more specialized support in areas ranging from economic diversification and resilience to exogenous economic shocks, competitive financial markets for trade, debt and private investment, fiscal management, inclusive and accountable institutions, gender-responsive and green economies, sustainable management of natural resources and climate change. The coronavirus disease (COVID-19) pandemic is a strong illustration of exogenous shocks which have disproportionate adverse impacts on developing countries, and if not properly mitigated can roll back social and economic gains of the last decades.

UNDP made significant contributions to development results in MICs through its individual country programmes. UNDP programmes in MICs demonstrated adaptability in engaging in new thematic areas and approaches to remain relevant. These included mainstreaming and localizing the sustainable development goals, natural resources management, climate change and energy, financing for development and private sector engagement, to name a few. Given last mile service delivery challenges in many MICs, UNDP increasingly engaged in subnational institutional capacity development, demonstrating programming models with potential for scale up and replication.

The evaluation calls on UNDP to revisit the MIC country classification methodology, which is used to inform resource allocations, with due regard for the vast heterogeneity among the MIC countries. UNDP should consider incorporating the Human Development Index and other vulnerability criteria to create a more differentiated programmatic approach and financial strategies to assist MICs.

The evaluation generated a number of recommendations for further strengthening UNDP support to MICs and UNDP has provided its management response.

I hope this evaluation will serve to inform the organization as it further enhances its contribution to sustainable development results for the people we serve and the planet we depend on.



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# CONTENTS

<b>ACRONYMS AND ABBREVIATIONS.....</b>	<b>2</b>
<b>EXECUTIVE SUMMARY .....</b>	<b>4</b>
<b>CHAPTER 1. INTRODUCTION.....</b>	<b>13</b>
1.1 BACKGROUND AND PURPOSE	13
1.2 OBJECTIVES AND SCOPE	13
1.3 EVALUATION APPROACH AND METHODS	14
<b>CHAPTER 2. UNDP COOPERATION WITH MICs .....</b>	<b>18</b>
2.1 DEFINITION, KEY TRENDS AND CHALLENGES OF MICs	18
2.2 UNDP STRATEGY AND PROGRAMMING IN MICs	24
<b>CHAPTER 3. UNDP BUSINESS MODEL, POSITIONING AND PARTNERSHIPS IN MICs.....</b>	<b>33</b>
3.1 THE UNDP BUSINESS MODEL IN MICs	33
3.2 UNDP POSITIONING IN MICs	41
3.3 UNDP PARTNERSHIPS IN MICs	43
<b>CHAPTER 4. UNDP CONTRIBUTIONS TO DEVELOPMENT RESULTS.....</b>	<b>58</b>
4.1 SIGNATURE SOLUTION 1: KEEPING PEOPLE OUT OF POVERTY	58
4.2 SIGNATURE SOLUTION 2: GOVERNANCE FOR PEACEFUL, JUST AND INCLUSIVE SOCIETIES	71
4.3 SIGNATURE SOLUTION 4: ENVIRONMENT: NATURE-BASED SOLUTIONS FOR DEVELOPMENT	76
4.4 SIGNATURE SOLUTION 5: CLEAN, AFFORDABLE ENERGY	81
4.5 SIGNATURE SOLUTION 6: GENDER EQUALITY	85
4.6 RESPONSE TO COVID-19	88
<b>CHAPTER 5. CONCLUSIONS, RECOMMENDATIONS AND MANAGEMENT RESPONSE.....</b>	<b>90</b>
5.1 CONCLUSIONS	90
5.2 RECOMMENDATIONS AND MANAGEMENT RESPONSE	92
<b>ANNEXES .....</b>	<b>102</b>

# ACRONYMS AND ABBREVIATIONS

ABS	Access to genetic resources and benefit-sharing
ADB	Asian Development Bank
ADR	Assessment of Development Results
AfDB	African Development Bank
COVID-19	Coronavirus disease
CPDs	Country programme documents
DESA	Department of Economic and Social Affairs (United Nations)
DSS	Development services support
ECA	Economic Commission for Africa
ECE	Economic Commission for Europe
ECLAC	Economic Commission for Latin America and the Caribbean
ESCAP	Economic and Social Commission for Asia and the Pacific
FAO	Food and Agriculture Organization of the United Nations
GCF	Green Climate Fund
GCS	Government cost sharing
GDP	Gross domestic product
GEF	Global Environment Facility
GNI	Gross national income
HDI	Human Development Index
ICPE	Independent Country Programme Evaluation
IDB	Inter-American Development Bank
IEO	Independent Evaluation Office
IFIs	International financial institutions
ILO	International Labour Organization
IMF	International Monetary Fund
ITC	International Trade Centre
LDC	Least developed country
LGBTQ	Lesbian, gay, bisexual and transgender and queer
LPA	Local protected area
MAF	MDG Acceleration Framework

MAPS	Mainstreaming Acceleration and Policy Support
MDGs	Millennium Development Goals
MIC	Middle-income country
MPI	Multidimensional Poverty Index
MSME	Micro, small and medium-sized enterprise
NCC	Net contributor country
NGO	Non-governmental organization
ODA	Official development assistance
ODS	Ozone-depleting substance
OECD	Organization for Economic Co-operation and Development
PCB	Polychlorinated biphenyl
ROAR	Results-oriented annual report
SDGs	Sustainable Development Goals
SME	Small and medium-sized enterprise
SNA	Social network analysis
TVET	Technical and vocational education and training
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UN-Habitat	United Nations Human Settlements Programme
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNODC	United Nations Office on Drugs and Crime
UNRISD	United Nations Research Institute for Social Development
UN-Women	United Nations Entity for Gender Equality and the Empowerment of Women
VNR	Voluntary national review
WHO	World Health Organization

# EXECUTIVE SUMMARY

## BACKGROUND

The Independent Evaluation Office of UNDP has carried out an evaluation of UNDP development cooperation in middle-income countries (MICs). The evaluation is part of the office's medium-term plan (DP/2018/4) approved by the Executive Board in 2018. The evaluation, presented to the Executive Board at the second regular session of 2020, aims to inform UNDP engagement in MICs and strengthen the accountability of UNDP to the Executive Board and Governments of programme countries.

MICs are an important group of countries for a number of reasons. Development cooperation with MICs plays a crucial role in the implementation of the 2030 Agenda for Sustainable Development. The pledge to leave no one behind requires addressing the needs of the poor and the most vulnerable, the overwhelming majority of whom now live in MICs.<sup>1</sup> Secondly, development cooperation with MICs should create positive synergies for other developing countries, through trade and investment channels and the sharing of good practices within the context of South-South and triangular cooperation. Thirdly, MICs represent the largest group of developing countries and an increasing number of UNDP programme countries are classified as middle-income. In the Asia-Pacific, Latin America and Caribbean and Europe and the Commonwealth of Independent States regions, the majority of countries are MICs.

The evaluation assesses UNDP contributions to national development results in MICs through the objectives of its Strategic Plan, 2018-2021 in four practice areas/signature solutions. These are: signature solution 1 on poverty eradication; signature solution 2 on inclusive and accountable institutions; signature solution 4 on environment and nature-based solutions for development; and signature solution 5 on clean, affordable energy. Contributions to signature solution 6 on gender equality are covered within the assessment of these areas, focusing on the extent of gender mainstreaming achieved by country programmes.<sup>2</sup>

The evaluation assesses the extent to which UNDP programmes in MICs are distinct from those of least developed countries (LDCs) and net contributor countries, and the relevance of MIC-specific differentiation in programme and operational strategies. The evaluation considers the extent to which regular resources financing and government financing affect UNDP programming.

The evaluation focuses on interventions implemented at country level during the years 2014 to 2019, covering the first two years of the current UNDP Strategic Plan, 2018-2021 and the four years of the previous Strategic Plan, 2014-2017.

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<sup>1</sup> United Nations, Development cooperation with middle-income countries: Report of the Secretary-General, A/74/269, 5 August 2019.

<sup>2</sup> The evaluation did not cover signature solution 3 on enhancing national prevention and recovery capacities as the Independent Evaluation Office is conducting a separate thematic evaluation of the UNDP contribution to resilience-building and disaster risk reduction.



The evaluation adopts the UNDP country classification system and excludes those MICs that are also considered LDCs by the United Nations. All 84 countries classified as MICs in the UNDP integrated budget cycle 2018-2019 are covered by the evaluation.

The evaluation set out to examine UNDP programming in MICs in reference to the evaluation criteria of relevance, effectiveness, efficiency and sustainability and assessed more carefully the positioning of UNDP in MICs, its contribution to development results, its business model and partnership strategy.

## UNDP PROGRAMME SCOPE AND SCALE IN MICs

The UNDP Strategic Plan, 2018-2021 sets the overall direction of UNDP support to programme countries, highlighting the organization's role in supporting country-led efforts for achieving the aims of the 2030 Agenda for Sustainable Development, including the Sustainable Development Goals (SDGs) and related agreements. The Strategic Plan sets out three broad development outcomes to which UNDP aims to contribute. These are: (1) countries that have achieved some of their development needs and are striving to overcome others; (2) countries that need to successfully complete structural transformations required to sustain progress; and (3) countries that need to build resilience to shocks and crises, ranging from small-scale, short-term shocks to longer-term systemic crises such as environmental crisis or conflict. The plan also outlines six signature solutions which tailor development solutions to the three development settings with targeted and differentiated approaches. While the Strategic Plan makes references to the challenges of MICs, these are not specifically articulated and delineated and mainly refer to the challenges related to financing and poverty at large. The six signature solutions – poverty, governance, resilience, environment, energy access and gender equality – are common to all income and human development settings and do not differentiate between the income-based country categories and between MICs or other countries.

From 2014 to 2019, UNDP programme expenditure in MICs amounted to \$10.5 billion, representing about 42 percent of total UNDP programme expenditure (\$25.1 billion). This is an annual average expenditure of \$1.75 billion. Expenditures peaked at over \$2 billion in 2018. The share of regular resources designated for use in MICs declined from 7 to 3 percent within this time frame. Analysis of expenditures by Human Development Index classification shows that the highest average annual expenditures were in MICs with high human development (\$213 million). However, these averages are driven by individual countries with exceptionally large programmes such as Argentina. The median expenditure over the same period is around \$75 million in each human development group.

Between 2014 and 2019, government cost sharing (GCS) and bilateral and multilateral funds constituted the largest share of UNDP expenditures in MICs, together accounting for over 80 percent of total expenditures. The relative proportion of GCS in total expenditure decreased from 48 percent in 2014 to 36 percent in 2019, although overall expenditure rose slightly. Countries with very high or high human development made particular use of this source. Vertical funds, notably the Global Environment Facility (GEF), remained steady at between 15 and 17 percent overall.

Data on UNDP programme expenditure by each SDG are available only for the years 2018 and 2019. About half of total programme expenditures in MICs, \$3.8 billion, has been programmed under SDG 1 (no poverty) and SDG 16 (peace, justice and strong institutions). Other focus areas with expenditures over \$200 million are SDG 3 (good health and well-being), SDG 13 (climate action) and SDG 15 (life on land).

Analysis of regional distribution shows that most of the SDG 1 expenditure is concentrated in the Arab States region. SDG 16 expenditures are higher in the European and Latin American countries. Expenditures in Europe and Asia and the Pacific appear to be more equally divided across the different SDGs, with focus points in conservation, climate action, inequality reduction and health.

In terms of mapping expenditure in MICs against the outcomes of the Strategic Plan, 2014-2017, the highest expenditure was on inclusive growth (43 percent), followed by access to basic services (26 percent). Expenditure under the current Strategic Plan according to its six signature solutions shows that the first two solutions on inclusive growth and inclusive and accountable institutions each registered around one third of the total, while nature-based solutions showed about half of that level. Expenditures on programmes which had gender equality as a significant or principal objective increased from 39 percent in 2014-2017 to 56 percent in 2018-2019.

## FINDINGS

### UNDP business model in MICs

**Finding 1.** UNDP does not distinguish between different types of MICs and non-MICs when establishing programmatic approaches and business models.

**Finding 2.** The use of income classifications to inform cooperation and resource allocations limits the ability of UNDP to respond to the complex challenges faced by MICs.

**Finding 3.** The increased government cost sharing to fund programmes in MICs reflects strong national ownership, even as it can limit UNDP programme coherence and flexibility.

### UNDP positioning in MICs

**Finding 4.** UNDP has built strong partnerships with Governments of MICs at national level and now increasingly subnational levels for implementation of the SDGs, bolstered by its principal comparative advantages:- intellectual leadership on human development paradigms; a history of universal presence; and strong institutional networks with multiple ministries enabled by its broad mandate.

**Finding 5.** UNDP has established a strong position at the subnational and local levels in MICs, and in some instances uses this to scale up solutions across regions and cities, especially with the localization of the 2030 Agenda and SDGs.

### UNDP partnerships in MICs

**Finding 6.** While there is evidence of joint United Nations programming in MICs, the limited resources of United Nations agencies in general and an increasingly competitive environment for resource mobilization have led to more ad hoc than systematic collaboration.

**Finding 7.** The most successful UNDP work in South-South and triangular cooperation in MICs was linked to the strategic priorities of host countries that considered it a pillar of development cooperation policies and strategies.

**Finding 8.** Despite being integrated in the UNDP strategic framework, South-South cooperation initiatives came across as project-based rather than as a well-defined delivery mechanism based on analysis and mapping.

**Finding 9.** There has been a progressive evolution of the UNDP approach and engagement with the private sector, and UNDP is well positioned to promote and facilitate national and global platforms for private sector engagement for the SDGs. In MICs, the need to raise revenue has become an important determinant of UNDP programme strategies with the private sector. However, UNDP needs to strengthen its role as an enabler of private sector partnerships.

## CONTRIBUTION TO DEVELOPMENT RESULTS

### Signature solution 1: Keeping people out of poverty

**Finding 10.** MICs need support in economic specialization and building resilience to exogenous economic shocks while building competitive financial markets to sustain national development. UNDP has several relevant offerings, however their presence in country programmes has been sporadic.

**Finding 11.** Evidence-based policy support has been a constant feature in UNDP country-level support; inclusive growth and poverty reduction policies and strategies were supported in about 75 percent of the middle-income country programmes reviewed.

**Finding 12.** Comprehensive support to mainstreaming, implementation, monitoring and reporting on the SDGs has emerged as a flagship and distinct UNDP offering and has attracted demand from several MICs.

**Finding 13.** UNDP made noticeable contributions to address the issue of development financing for the SDGs, including support to development finance assessments and engaging with private sector enterprises to expand the capital flows to meet the SDGs.

**Finding 14.** In country programmes in MICs, UNDP has designed and implemented a sizeable number of community-based livelihoods interventions, addressing the challenges of vulnerable and marginalized groups. Some projects have shown effective linkages with upstream policy processes besides strengthening community livelihoods.

**Finding 15.** UNDP efforts in MICs to improve livelihoods through vocational education and training are mostly stand-alone and are often not embedded within a larger strategy rooted in competitive diversification of the economy. UNDP interventions are often focused on the supply side rather than exploring and advocating for long-term human capital investments.

### Signature solution 2: Governance for peaceful, just and inclusive societies

**Finding 16.** UNDP support to electoral processes has yielded significant results contributing to transparent, sound and credible electoral processes and leading to some transformative legislative and policy changes.

**Finding 17.** UNDP contributed to strengthening institutional capacities at central and local levels, supporting the development of normative and legislative frameworks, and strategic planning for improved citizen security, access to justice and rule of law.

**Finding 18.** UNDP support contributed to strengthened institutional structures and policy frameworks for improved transparency, accountability and governance by enhancing capacities of civil servants, supporting processes and structures for organizational efficiency and effectiveness, and facilitating citizen oversight and participation.

**Finding 19.** UNDP work in human rights in MICs has led to significant achievements in strengthening institutional frameworks and spaces for the protection of the rights of minorities and vulnerable groups including lesbian, gay, bisexual and transgender and queer persons (LGBTQ), indigenous communities, migrants and trafficked persons, often in partnership with other United Nations agencies.

**Finding 20.** Notwithstanding the above-mentioned positive contributions, the UNDP inclusive and accountable institutions portfolio in MICs is informed more by government demand rather than theories of change and diagnosis underlying country programme formulation. Potential political sensitivities and the dependence on government financing cause underrepresentation of some areas which are important for achievement of the SDGs.

#### **Signature solution 4: Environment: Nature-based solutions for development**

**Finding 21.** UNDP work related to natural resource management, including forest and other habitat management, and biodiversity conservation, has resulted in significant policy and regulatory changes in most regions. Further, natural resources management initiatives in all regions have engaged frequently with local communities, including some efforts at benefit-sharing and payment for ecosystem services to help keep them engaged. As a result, observable improvements in habitat quality and protected area coverage have been noted in most regions, contributing to SDG 15 (life on land).

**Finding 22.** There have been some successes with the development and implementation of sustainable financing mechanisms, notably in the Latin America and Caribbean and Europe and the Commonwealth of Independent States regions. However, sustainable financing continues to be a challenge, as it requires significant policy changes related to taxation, revenue collection capacities and monetization of environmental resources.

**Finding 23.** The UNDP work related to environmental management has mostly supported institutional development for more effective planning and improved environmental quality, as well as contributing to meeting international obligations related to hazardous chemicals such as mercury, polychlorinated biphenyl and ozone-depleting substances. These initiatives have tried to address specific local pollution or waste issues, and from the sample countries there are clear examples of collection and proper disposal of hazardous chemicals and waste, with elimination of attendant health issues.

#### **Signature solution 5: Climate, affordable energy**

**Finding 24.** UNDP has increased support for climate change and energy-related initiatives in the last six years, with significant assistance to the development of climate change mitigation and adaptation strategies and associated actions on energy efficiency and development of renewable energy options.

**Finding 25.** The UNDP environment and energy programme has been mostly effective, especially in developing strategies, policies and associated regulations in the different subprogrammes and themes, and in experimenting

with and therefore better understanding new partnerships and sustainable financing mechanisms, which are subsequently tested in pilots and demonstrations in MICs in all regions.

**Finding 26.** There is a strong link between the effectiveness of programme results under the environment and energy theme and the relevance of the programme actions. Technical/technological innovations which can be applied and tested in demonstrations and pilot projects could play a key role in delivering results

**Finding 27.** The effective delivery of the UNDP environment and energy programme has been frequently constrained by complex institutional contexts of national partners in MICs.

### Signature solution 6: Gender equality

**Finding 28.** The inclusive growth and inclusive and accountable institutions programmes have demonstrated greater gender mainstreaming efforts, contributing to the achievement of gender results in MICs. However, in general, gender equality programming continues to experience challenges in priority setting and identifying transformative opportunities.

## CONCLUSIONS

**Conclusion 1.** Despite recognition of the heterogeneity among MICs, UNDP has not established segmented approaches to programming strategies for MICs. UNDP programmatic responses are undifferentiated, with country programmes exhibiting similar features across subgroups of MICs.

There is no particular distinction between programmatic approaches in middle-income and other countries. At the same time, there is no articulation of the UNDP engagement strategy within the MIC group, which takes into account the huge diversity within its various subgroups (small and large natural resource extraction-based economies, large emerging economies, long-term MICs, recently transitioned MICs, etc.). Over time, UNDP has gradually moved away from viewing MICs as having a distinct development profile. The current UNDP approach to country typologies is essentially limited to the Strategic Plan's differentiation of three development settings and offer of six integrated signature solutions which should be tailored based on each development setting.

**Conclusion 2.** The income-based approach to the allocation of regular resources has been a significant constraint for UNDP programming in MICs, with the results acutely experienced in countries transitioning to middle-income status.

The transition to middle-income status has led to lower allocations of regular resources for UNDP country offices in MICs. As countries attain middle-income status, official development assistance and concessional financing also decline, creating pressures of funding development from domestic resource mobilization. At the same time, not much has changed for these countries in terms of challenges, and integration into the global economy even introduces new risks. In these conditions, applying income classification as the prime criterion for cooperation and resource allocations for MICs can be disadvantageous, given the existence or even amplification of the same challenges that least developed and low-income countries encounter.

**Conclusion 3.** The UNDP contributions to development results in MICs show two distinctive features: policy and institutional support to integrated economic, social and environmental approaches increasingly linked to the 2030 Agenda for Sustainable Development; and an emphasis on inequality, vulnerability and exclusion as the key priorities in these efforts.

UNDP has helped to facilitate and support Governments of MICs in formulating policies and action plans addressing structural impediments and access gaps for poor, marginalized and vulnerable groups, and advocated for attention to the root causes of poverty, inequality and exclusion when developing country programmes. The UNDP flagship products, the Human Development Index and Multidimensional Poverty Index, have been strong entry points for poverty reduction policies and strategies in MICs. These have been reinforced through comprehensive support for mainstreaming, implementing, monitoring and reporting on the SDGs, which has emerged as a flagship UNDP offering.

**Conclusion 4. UNDP has demonstrated its adaptive ability in engaging in new thematic areas to stay relevant. Programming approaches around the 2030 Agenda, natural resource management, climate change and energy, financing for development and private sector engagement are the most evident examples of adaptation in MICs, as well as a progressive positioning at subnational and local levels to support last-mile challenges.**

Building on the development of a new package of support services around the SDGs, UNDP is supporting MICs in mainstreaming, localizing, monitoring and reporting on the Goals. UNDP has also evolved a suite of development financing products and services specifically relevant to MICs, including integrated national financing frameworks, development finance assessments, climate and biodiversity expenditure reviews, Tax Inspectors Without Borders, participation in the Secretary-General's Joint SDG Fund, etc. Another illustration of proactive adaptation by UNDP in MICs has been the progressive shift to subnational institutional capacity development. This approach found resonance with Governments given the larger capacity gaps in regions lagging on development indicators.

The UNDP environment and energy programme continues to evolve, placing greater emphasis on green economies, value chains, innovation, access and affordability. The fact that Governments of MICs continue to utilize UNDP despite having options for direct access to GEF funds is a recognition in itself of the value proposition that UNDP offers to these Governments as an implementing partner for the GEF. The reliance of UNDP on vertical funding for its environment and energy programming poses a challenge for UNDP that will be amplified in MICs where increasingly non-grant financing requires different financing instruments to deliver on the types of environment and energy initiatives required by countries and other donors.

UNDP has earned consistent appreciation for being an agile and responsive agency ready to undertake a diversity of requests and present alternative options using its international expert networks and global suite of knowledge products. Equally appreciated has been its flexibility to use regular resources as catalytic seed funding for initiatives with potential for scalability.

**Conclusion 5. The UNDP engagement with the private sector has helped to attract private capital for development programmes. However, private sector partnerships can pose reputational risks that have not been adequately analysed.**

The UNDP status as an intergovernmental development agency is a key advantage in partnering with private sector foundations on corporate social initiatives. However, the quality of implementation of field programmes for the private sector needs to deliver on the high expectations generated by the long-standing presence and track record of UNDP. UNDP engagements on responsible corporate citizenship and business ethics require high-calibre skills on the part of programme staff, which can be in short supply when offices are increasingly staffed by short-term recruits with little institutional grounding in UNDP. The Global Policy Network is an effort to counteract this problem but is a recent initiative. In working with the private sector, UNDP is also subject to several commercial and compliance processes that may not recognize the usual exemptions applicable to an intergovernmental body and which create additional transaction costs that need to be incorporated in the business model.

## RECOMMENDATIONS

**Recommendation 1. UNDP should revisit its positioning in MICs, including rethinking the income-based approach. The Human Development Index and/or other criteria should be utilized to create a more differentiated programmatic approach, which could also include new financial strategies to assist newly classified MICs.**

UNDP should stimulate a broader discussion among development partners on the use of the Human Development Index and other human development parameters for developing more differentiated programmatic approaches to support the wide diversity of MICs. Rethinking the income-based approach to programming is especially needed for recently classified MICs, whose development challenges are similar to those faced by least developed and low-income countries.

**Recommendation 2. UNDP should seek balanced programme portfolios in MICs, with development services support generating opportunities for strategic thought leadership aimed at enhancing the effectiveness of public policies and achievement of the SDGs.**

UNDP has a comparative advantage in having both operational and conceptual/analytical arms, which it needs to use to the greater benefit of national partners. UNDP strategic thought leadership should be an integral component of country programming. It should support Governments in their efforts to rethink the effectiveness of public policies and prioritize actions for achievement of the SDGs. UNDP should continue to make use of its flagship products such as the Human Development Index and Multidimensional Poverty Index as entry points and maintain equality and social inclusion as central themes for development dialogue and advocacy in MICs.

Under the new United Nations resident coordinator system, with UNDP no longer responsible for United Nations country team coordination, UNDP has an excellent opportunity to redefine and promote its strategic advisory capabilities, including through SDG integration and impact finance, as well as other cross-cutting areas such as climate finance and energy efficiency. UNDP should leverage its internal corporate knowledge networks effectively to respond to the diverse needs of MICs, including the Global Policy Network and knowledge-sharing initiatives such as SparkBlue.

**Recommendation 3. UNDP governance work in MICs should maintain its focus on the effort to build inclusive and accountable institutions and strengthen the enabling environment for institutional reform.**

As UNDP alone does not have sufficient human and financial resources and standing to address the root causes of weak institutions, it should promote long-term change processes required for systemic transformation of accountable institutions, and seek to better leverage knowledge networks and multidisciplinary partnerships that include civil society as an essential actor with a crucial role to play in improving the quality of governance and demanding transparent, free and accountable institutions.

**Recommendation 4. UNDP should consolidate and sustain the results that have been achieved to date under the environment, natural resources management and climate change programmes in MICs.**

The themes of environment, natural resource management, climate change and energy will continue to be critically important in MICs as economic and population growth will continue to pressure the global community.

There is a strong link between the effectiveness of programme results in the area of environment and energy and the relevance of the overall UNDP programme actions.

Many of the issues in the environment and energy sector have their grounding in governance. UNDP should capitalize more on its implementation role in environmental funding platforms such as the GEF to engage in high-level policy discussions with Governments in MICs and leverage domestic financing in addressing cross-sectoral institutional barriers to achieve scale and sustainability on environment and energy initiatives. UNDP should leverage its innovation agenda to come up with new business approaches to fully harness partnerships with private sector and United Nations organizations that have financing instruments which UNDP could use in MICs.

**Recommendation 5. UNDP should establish clear corporate norms for implementing private sector initiatives in MICs, including appropriate standards for programme staff and implementation processes.**

Private sector engagement is an important aspect of UNDP partnership, particularly in MICs. UNDP is placing greater emphasis on private sector funding partnerships, but there remains considerable ambiguity as to the derived benefits for all partners and insufficient consideration of reputational risks. UNDP should strike a balance between its role as convener of SDG platforms promoting impact investments and that of implementer of corporate social initiatives of large conglomerates.



# CHAPTER 1. INTRODUCTION

## 1.1 BACKGROUND AND PURPOSE

The Independent Evaluation Office (IEO) of UNDP conducted an evaluation of UNDP development cooperation in middle-income countries (MICs). The evaluation is part of the multi-year evaluation plan of IEO (DP/2018/4), approved by the UNDP Executive Board in January 2018.

MICs are an important group of countries for a number of reasons. Development cooperation with MICs plays a crucial role in the implementation of the 2030 Agenda for Sustainable Development. The pledge to “leave no one behind” requires addressing the needs of the poor and the most vulnerable, the overwhelming majority of whom now live in MICs.<sup>3</sup> Secondly, development cooperation with MICs should create positive synergies for other developing countries, through trade and investment channels as well as the sharing of good practices within the context of South-South and triangular cooperation.<sup>4</sup> Thirdly, MICs represent the largest group of developing countries and an increasing number of UNDP programme countries are classified as middle-income. In the Asia-Pacific, Latin America and the Caribbean and Europe and the Commonwealth of Independent States regions, the majority of countries are MICs.

While the IEO has conducted many country programme evaluations in specific MICs and several thematic evaluations are relevant to the UNDP role in MICs, there has not been a comprehensive evaluation of UNDP support and value proposition in these countries. Similar to all evaluations undertaken by IEO, this evaluation has two main purposes:

- To enhance accountability to the Executive Board, Governments of programme countries and other stakeholders
- To inform UNDP engagement in MICs by generating lessons learned and forward-looking recommendations

### The objectives of the evaluation are to:

- Assess the performance of UNDP support to MICs, taking into account their wide diversity of development conditions and needs
- Assess the UNDP contribution to MICs through selected UNDP practice areas
- Identify the factors affecting the positioning and engagement of UNDP in MICs, and generate lessons learned

## 1.2 OBJECTIVES AND SCOPE

The evaluation assessed UNDP contributions to national development results in MICs through the objectives of its Strategic Plan, 2018-2021 in four practice areas/signature solutions. These are signature solution 1 on poverty

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<sup>3</sup> United Nations, Development cooperation with middle-income countries: Report of the Secretary-General, A/74/269, 5 August 2019.

<sup>4</sup> Ibid.

eradication (Sustainable Development Goals (SDGs) 1, 5, 8-10, 12-17); signature solution 2 on strengthened inclusive and accountable institutions (SDG 16); signature solution 4 on environment and nature-based solutions for development (SDGs 13, 14, 15, 17); and signature solution 5 on closing the energy gap (SDG 7). Contributions to signature solution 6 on gender equality and women's empowerment (SDG 5) are covered within the assessment of the foregoing areas, focusing on the extent of gender mainstreaming in these programmes.

The evaluation did not cover signature solution 3 on enhancing national prevention and recovery capacities (SDG 11) as IEO is conducting a separate thematic evaluation of the UNDP contribution to resilience-building and disaster risk reduction.<sup>5</sup> By way of other limitations, the coronavirus disease (COVID-19) pandemic heavily impacted primary data collection planned to take place between February and March 2020. A number of field data-collection missions were cancelled and opportunities for remote interviews were also limited.

The evaluation assessed the extent to which UNDP programmes in MICs were distinct from those of least developed countries (LDCs) and net contributor countries (NCCs), and the relevance of MIC-specific differentiation in programme and operational strategies. The evaluation analysed the extent to which regular (core) resources financing (and lack thereof) and the extent of government financing affect UNDP programming.

The evaluation's focus is on interventions implemented at country level during the period 2014-2019, spanning the first two years of the current UNDP Strategic Plan, 2018-2021 and the four years of the previous Strategic Plan, 2014-2017, although some programmes may have been initiated before this period. The evaluation covered all 84 countries classified as MICs in the UNDP integrated budget cycle for 2018-2019.

## **1.3 EVALUATION APPROACH AND METHODS**

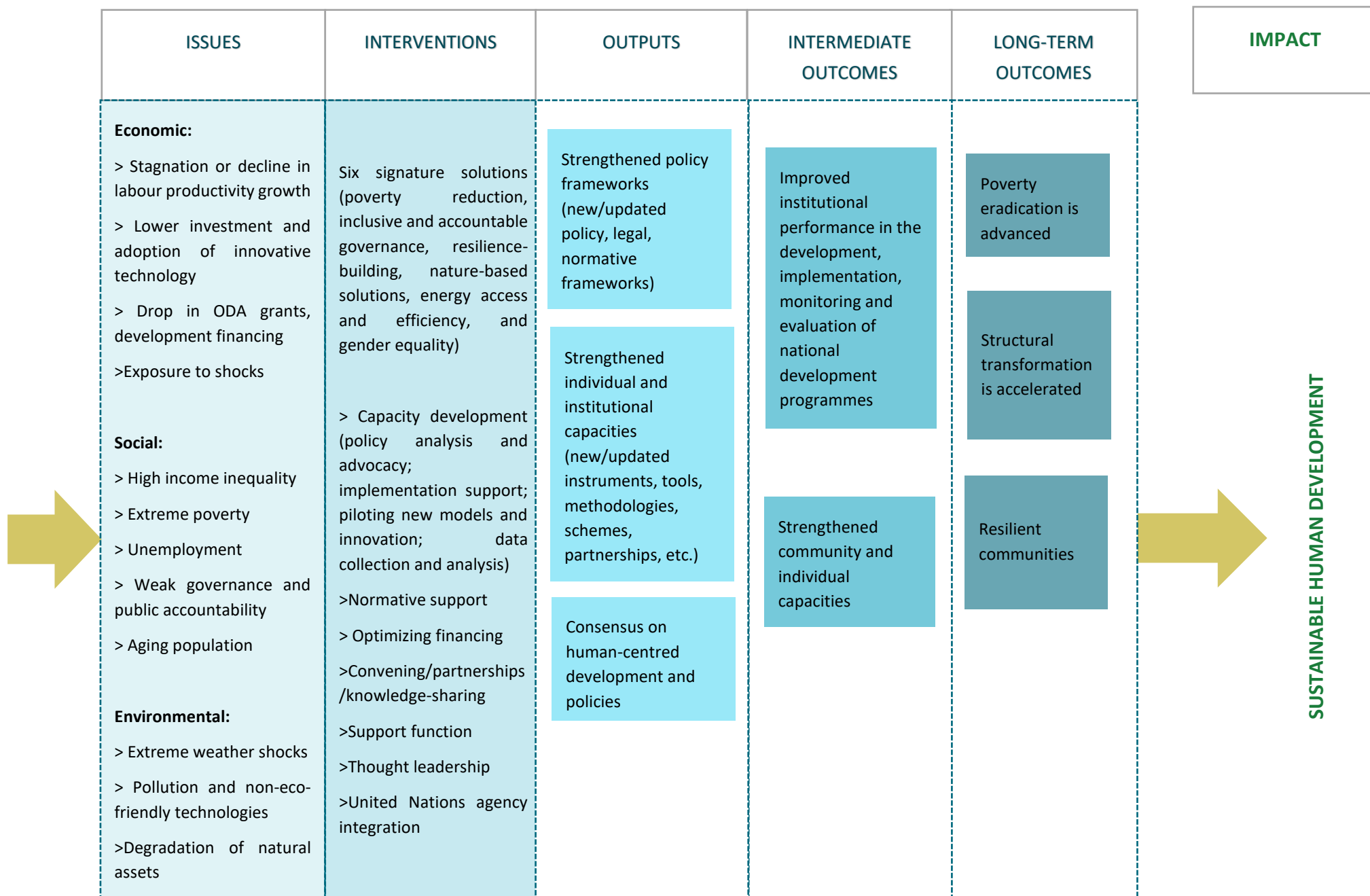
### **Theory of change for UNDP programming in MICs**

Drawing on the approaches and workstreams presented in the UNDP Strategic Plan, the evaluation developed an overall intervention logic for UNDP programming in MICs (Figure 1), outlining the assumed contributory pathways of relevant UNDP programmes in MICs. UNDP support revolves primarily around the provision of capacity development support in policy analysis and advisory services, and programme implementation support. Through country programmes, UNDP also convenes multi-stakeholder dialogue, brokers knowledge and facilitates public-private partnerships for improved institutional performance (intermediate outcomes). Intermediate and long-term outcomes are the result of the collective efforts, led by national Governments and supported by development partners, precluding attribution of specific outcomes to any one entity.

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<sup>5</sup> IEO is simultaneously conducting several other thematic evaluations that will cover UNDP programmes and initiatives in MICs, and this was considered in scoping this evaluation. These are the evaluation of the UNDP Strategic Plan, 2018-2021; evaluation of UNDP support to conflict-affected countries; and evaluation of UNDP support in resilience and disaster risk reduction.

**Figure 1. Intervention logic: UNDP programming in MICs**



## Key parameters examined

The evaluation set out to examine UNDP programming in MICS in reference to four key evaluation criteria and associated issues:

- Relevance > Positioning
- Effectiveness > Contribution to development results
- Efficiency > Business model
- Sustainability > Partnerships and coordination.

## Data collection and analysis

The evaluation approach utilized multiple data-collection methods and sources to collect evaluative evidence for the assessment of the UNDP performance and contributions to national development results in MICS:

- **Portfolio analysis**, drawing upon internal data sources, including the UNDP enterprise resource planning system, explored the main features and scale of UNDP portfolios in the 84 MICs according to a number of key characteristics such as portfolio size, source of funds and changes in portfolio during the period covered (e.g., scaling up or down).
- **Desk review and meta-analysis**, using simple qualitative analysis to outline key details of the activities of UNDP and its partners at country level, as well as their effects, primarily organized around the key evaluation questions. The meta-analysis covered a subsample of countries and aimed to identify patterns and trends in the type and results of UNDP programming, and served as a primary source of evidence to answer the evaluation questions, and to inform the scope and lines of inquiry of the next phases of the evaluation data collection. This desk review and meta-synthesis included 32 MICs, selected on the basis of availability of independent country programme evaluations. Two countries that graduated to net contributor country status in 2018 were included to examine programming changes during the transition. The sample of evaluations included in the meta-analysis included:
  - *Country programme evaluations* carried out by IEO in MICs from 2014 onwards in the five regions;
  - *Decentralized evaluations* commissioned by country offices from 2014 onwards. Given variations in the quality of decentralized evaluations, the synthesis included decentralized evaluations that have been quality assured through the IEO quality assessment process as satisfactory and moderately satisfactory;
  - *Corporate evaluations* carried out by IEO from 2014 onwards that are of relevance for the assessment. This included 10 evaluations covering all main areas of work.
- **Country case studies** in 13 countries to provide in-depth insights into the performance and contributions of UNDP support and factors affecting them. Country case studies comprised a comprehensive analysis of the development context, analysis of relevant literature and data, analysis of government strategies and key informant interviews with 295 stakeholders. The selection of the country case studies took into account: (1) coverage of programme areas of work; (2) programme size; (3) source of programme funds; (4) coverage of countries with different income classifications (lower middle-income and upper middle-income), human development categories (low, medium, high, very high): and (5) regional representation.

A multi-stakeholder approach was adopted to gather the views and perspectives of government stakeholders and UNDP and United Nations staff at headquarters, regional and country levels.

The mixed methods of data gathering were matched with appropriate analytical approaches, incorporating qualitative and basic quantitative techniques, and manual content analysis to explore and highlight the range of prevalence of experiences and opinions among different categories of stakeholders, as well as supporting narratives. Secondary analysis of UNDP partnership surveys was conducted to generate MIC-specific analysis. The evaluation also performed social network analysis to analyse South-South cooperation interactions of country offices and identify any underlying patterns. The broad range of methods for data gathering and analysis provided strong opportunities for triangulation, under which findings from different methods and sources were compared to assess the extent to which their results confirm one another, or suggest that different strands of evidence are revealing varying aspects of the complex UNDP experience in MICs.

**Table 1. Case study and desk review countries and territories by Human Development Index (HDI) classification**

HDI classification	Case studies	Desk reviews
Very high	Argentina, Malaysia, Montenegro,	Belarus, Chile*, Kazakhstan, Turkey, Uruguay*
High	Botswana, Dominican Republic, Egypt, Jamaica, Mongolia, Panama	Albania, Armenia, Azerbaijan, China, Colombia, Gabon, Georgia, Indonesia, Maldives, Mauritius, Mexico, Jordan, Lebanon, North Macedonia, Paraguay, Philippines, Serbia, Tunisia, Uzbekistan,
Medium	Honduras, India	Congo, El Salvador, Equatorial Guinea, Eswatini, Guatemala, Morocco, Namibia, Pakistan, Viet Nam
Low	Côte d'Ivoire, Nigeria	
No value		Kosovo <sup>6</sup>

\*High-income countries that transitioned from middle-income status in 2018. HDI data are from the Human Development Report 2019

<sup>6</sup> All references in this report to Kosovo shall be understood to be in the context of Security Council resolution 1244 (1999).

# CHAPTER 2. UNDP COOPERATION WITH MICs

## 2.1 DEFINITION, KEY TRENDS AND CHALLENGES OF MICs

The evaluation adopts the UNDP country classification system and excludes those MICs that are also considered LDCs by the United Nations. Currently, there are 84 countries under the UNDP MIC category.<sup>7</sup> This is in contrast to the World Bank's income classification which brings a cohort of 107 countries.<sup>8</sup>

MICs are home to three quarters of the world's population and account for one third of global gross domestic product (GDP).<sup>9</sup> At the same time, 62 percent of the world's poor live in MICs.<sup>10</sup> MICs played a pivotal role in the global progress towards achieving the Millennium Development Goals (MDGs), contributing more than 95 percent of the global reduction in poverty from 1.9 billion in 1990 to 836 million in 2015. Looking forward, MICs remain crucial for the global efforts to implement the 2030 Agenda for Sustainable Development.

Of the 84 MICs per UNDP classification, 22 are small island developing States, 15 are fragile States and 12 are landlocked developing countries. MICs constitute the majority of fragile countries (30 countries out of 58),<sup>11</sup> and in 2017, 51 percent of all humanitarian funds were requested by the United Nations for crises in MICs.<sup>12</sup> Negative shocks and growth slowdowns are the main ingredients for the downgrades of MICs. For example, the Human Development Index values of Libya and the Syrian Arab Republic shrank by 14 and 10 percentage points respectively between 2011 and 2018.<sup>13</sup>

Within the income classification used to distinguish the MICs, the range of per capita gross national income (GNI) is very broad and includes at the top countries with per capita GNI of US\$11,700 and \$11,200 (Costa Rica and Malaysia), while at the other end of the spectrum, are countries with per capita GNI of \$1,530 and \$1,910 (Pakistan and Nicaragua) in 2019. The MIC group also varies widely in terms of population, territorial size, resource endowments and economic performance. It includes large and small natural resource extraction-based economies, large emerging economies, long-term MICs, recently transitioned MICs, etc. Many MICs have achieved a certain level of capabilities but have

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<sup>7</sup> See Annex A to the UNDP integrated resources plan and integrated budget estimates for 2018-2021 (DP/2017/39), October 2017.

<sup>8</sup> The World Bank currently defines MICs as those countries having per capita gross national income (GNI) ranging from \$1,026 to \$12,375. <https://datahelpdesk.worldbank.org/knowledgebase/articles/378834-how-does-the-world-bank-classify-countries>

<sup>9</sup> World Bank, Middle-Income countries overview: <https://www.worldbank.org/en/country/mic/overview>

<sup>10</sup> Ibid.

<sup>11</sup> Organisation for Economic Co-operation and Development, States of Fragility Report, Highlights. 2018. This classification is five dimensional measures accounting for exposure and limited coping capacity to societal, economic, political, environmental and security risks.

<sup>12</sup> United Nations Office for the Coordination of Humanitarian Affairs.

<sup>13</sup> UNDP, Human Development Report 2019.

unfinished development agendas. Despite this heterogeneity, many MICs face common development challenges.

**Human development and inequality.** The UNDP Human Development Index (HDI) provides a more nuanced approach to the income categorization and illustrates the vast heterogeneity of MICs. For instance, the MICs per UNDP definition range from the highest HDI category of very high human development (e.g., Argentina, Malaysia) to low human development (e.g., Côte d'Ivoire, Papua New Guinea).<sup>14</sup> Many countries that are considered upper middle-income by income classification are lagging behind in the HDI ranking due to their shortfalls in health and education indicators, for example, Equatorial Guinea, Iraq and Namibia. On the other hand, some lower-middle-income countries such as Bolivia, Republic of Moldova and Ukraine, have achieved more progress in these domains and are hence categorized as high human development countries. Similar disparities within the MIC group are also observed when gender inequalities are taken into account. Upper- and lower-middle-income countries made significant improvements in closing the human development gender gap, exemplified by a very high score on the Gender Development Index (GDI) in 2018 (GDI higher or equal to 1). But this significant progress in closing the gender gap does not always translate into a sharp reduction in gender inequality. Both lower- (Lesotho, the Philippines, Viet Nam) and upper-middle-income countries (Belarus, Namibia, Panama,) with high GDI scores perform poorly on the Gender Inequality Index (higher than 0.4). This variety in development levels not only further challenges the MIC income categorization, but also highlights that, independent of income levels, significant inequalities in health and education persist, both between and within countries.<sup>15</sup> This suggests the need for a different approach in the classification of MICs.

MICs exhibit rising levels of inequalities due to growing disparities among sections of the population in terms of access to opportunities, skills and connectivity to markets and service providers. Upper-middle-income countries tend to have higher income inequality as measured by the Gini index.<sup>16</sup> Many upper-middle-income countries have high Gini indices above 0.4 and 0.5 in comparison with lower-middle-income and low-income countries. Empirically, higher levels of inequality are correlated with a shorter duration of growth spells.<sup>17</sup> Reducing inequalities calls for more investment in social services and access to economic opportunities to improve human capital in the long term and targeted social assistance to address the needs of the most deprived and underprivileged sections.

**Multidimensional poverty.** The Multidimensional Poverty Index (MPI) captures a multitude of overlapping deprivations that are aligned with SDG 1 on eradicating poverty in all forms. The MPI considers education, health, and standard of living dimensions (water and sanitation, cooking fuel and electricity, housing assets) to measure deprivations. Although MICs overall have experienced substantial gains in these domains, significant heterogeneity persists in and between countries. The multidimensional poverty headcount in MICs varies from 0.19 to 0.24 percent (Armenia and Ukraine)

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<sup>14</sup> UNDP, Human Development Report 2019.

<sup>15</sup> For more details, see UNDP Human Development 2019.

<sup>16</sup> The Gini index is a common summary measure for describing a country's income distribution, with a value of 0 representing perfect equality and a value of 1 representing maximal inequality.

<sup>17</sup> Berg and Ostry, Inequality and Unsustainable Growth: Two Sides of the Same Coin? IMF Staff Note, 2011.

to 46 to 56 percent (Côte d'Ivoire and Papua New Guinea) in 2019.<sup>18</sup> On average, 10 percent of the population in MICs is multidimensionally poor compared to 22 percent in low-income countries.<sup>19</sup>

Although MICs and other developing countries have contributed to the unprecedented decrease in global poverty, the rate of reduction has slowed down or reversed in many MICs. Latin America and the Caribbean – a region where most countries are MICs – has seen a reversal in poverty trends for the first time in decades. Attributed to factors like economic slowdown, weakened labour markets, insufficient fiscal policies and limited public transfers, the countries are seeing a rise in the number of people living under the international poverty line of \$1.90 a day.<sup>20</sup> Similarly, the rate of poverty reduction has decreased in many MICs in sub-Saharan Africa and parts of Central Europe and Asia.

**Growth deceleration.** Despite the high diversity in growth patterns, a common element for many MICs has been a growth deceleration in the past three decades. The economy of China, after a streak of double-digit growth, steadily decelerated from 10 percent in 2010 to approximately 6 percent in 2018. Annual GDP growth in Malaysia has halved from over 8 percent in 2000 to around 4 percent in 2018. In Latin America, Brazil's economy grew only 1 percent in 2018, a level that is below the growth rates of the 2000s. Argentina's economy has similarly decelerated over the last decade from more than 10 percent in 2010 to 2.6 percent in 2017 before turning into a recession in 2018. From economies driven by manufacturing to those dependent on natural resources or agricultural exportation, over the past three decades MICs have exhibited growth deceleration.

**The middle-income trap.** The observation of a slower development curve after reaching a specific income level has led to the concept of the "middle-income trap", whereby MICs get "stuck" in moving further up the income ladder, often due to a loss of competitive edge. Brazil and Malaysia have remained in the MIC category for decades, with resource-driven economic growth dependent on cheap labour and capital.<sup>21</sup> They share with other MICs low investment ratios, slow manufacturing growth, limited industrial diversification and poor labour-market conditions, all conditions that make them prone to slipping back if the current equilibrium is upset. The transition from middle- to high-income country will not be driven by the same factors that enabled countries to graduate from lower- to middle-income status. Escaping the middle-income trap calls for structural transformation with diversification towards more productive sectors, especially technology-intensive industrial and high-skill services, investments (including through international capital transfers) in development of human capital, technology and innovations. At the same time, an excessive shift towards higher-skilled labour without addressing low-skill employment can exacerbate wage disparities instead of narrowing them and also lead to jobless growth with technology and automation reducing the need for lower-end manual skills.

A recent study shows that despite progressing through both stages at a far more rapid pace than the Organisation for Economic Co-operation and Development (OECD) countries at the turn of the previous

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<sup>18</sup> UNDP, The 2020 Global Multidimensional Poverty Index (MPI): <http://hdr.undp.org/en/2020-MPI>. The MPI is available for only 56 of the 84 MICs.

<sup>19</sup> Multidimensional poverty headcount: Population with a deprivation score of at least 33 percent.

<sup>20</sup> United Nations Research Institute for Social Development (UNRISD), "Global trends Challenges and Opportunities in the Implementation of the Sustainable Development Goals", 2017.

<sup>21</sup> Fernando Gabriel Im and David Rosenblatt, "Middle-Income Traps: A Conceptual and Empirical Survey." Policy Research Working Paper 6594, World Bank. 2013.



century, it took Asian countries longer to transition from upper-middle to high-income status than from lower-middle to upper-middle-income status: 23 and 15 years respectively.<sup>22</sup> But it is important to note that the changes in income classification happened faster among developing Asian countries than the rest of the world.<sup>23</sup>

**Public debt and investment flows.** With the transition to MIC status automatically triggering reductions in official development assistance (ODA), public debt is increasingly an important contributor of development financing in MICs. In general, with small tax nets (a result of the prevalence of large informal sectors in many MICs), public investments in infrastructure and delivery of public services in MICs are increasingly funded from concessional loans from international financial institutions (IFIs) and public debt (domestic and international). The percentage of government debt in relation to GDP has risen from less than 40 percent in 2008 to 50 percent in 2016 for lower-middle-income countries, and from 34 percent to over 50 percent for upper-middle-income countries. Lower commodity revenues have led to higher fiscal deficits in several commodity-dependent countries. Also, the global financial crisis led to constrained corporate financing and weak international capital inflows, affecting investment plans as access to alternative financing sources. Broader instability in large MICs was perceived as a risk by international investors. All these led to increases in public and private debt levels, increasing levels of debt servicing, constricting fiscal space and limiting funds for growth-inducing investments. Foreign direct investment inflows to MICs remained stable at around 2 percent of GDP from 2010 to 2015. Flows to Asia and Latin America improved in 2016 and 2017.

With challenges in raising alternative finance, ODA and other forms of concessional financing are still important for many MICs in achieving development targets. Adequate provision of development finance, especially to the lower-middle-income countries, remains crucial for their progress towards the SDGs. Sound public finance management, including better budgeting, more equitable taxation, accountability and efficiency in the management of public resources and delivery of public services, also plays a critical role.

**Inclusive and accountable institutions.** In explaining the middle-income trap, many scholars have also pointed to failures of governance institutions, for example with regard to shortcomings in political decision-making, lack of accountability or weak public institutions.<sup>24</sup> Overall, the “trap” is not only dependent on the speed of growth and convergence, but also on how inclusive that growth is, as well as on how responsive the institutions at the country level are. Many MICs face limited political and civic participation, weaknesses of representative institutions and civil society, weak human rights institutions, limited public accountability and transparency as well as diminished trust in institutions and system of democratic governance. Advances made in ending violence, promoting the rule of law, strengthening institutions and increasing access to justice are uneven and continue to deprive millions

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<sup>22</sup> Felipe, Kumar and Galope (2017) as cited by the Asian Development Bank in “Asia Middle-Income Challenge: An Overview.” 2017.

<sup>23</sup> Asian Development Bank in “Asia Middle-Income Challenge: An Overview.” 2017.

<sup>24</sup> Felipe et al. (2012) have examined some of those factors. Also, see the discussion by Brookings at <https://www.brookings.edu/opinions/developing-asia-and-the-middle-income-trap/>

of people in MICs of their security, rights and opportunities, undermining the delivery of public services and broader economic development.

During the last decade, the quality of democracy has been declining as manifested in the reduced trust in government institutions and dissatisfaction with Governments' performance, decreasing political representation, curbed civil liberties and freedoms, increasing influence of populist forces and overall disengagement between the electorate and the elites. The global deterioration in civil liberties and political rights has been accompanied by a decline in global press freedom, which fell to its lowest point in at least a decade in 2019.<sup>25</sup>

**Environmental degradation.** The ongoing economic growth in many MICs, fuelled by oil, gas and coal (fossil fuels), leads to increased greenhouse gas emissions and contributes to global warming and subsequent climate change and weather extremes. MICs are also affected by the environmental footprint of unsustainable natural resource consumption and the associated habitat and biodiversity loss. Environmental degradation also includes air and water pollution, solid waste issues and inadequate treatment of industrial and municipal waste (sewage, storm water). Several MICs are highly vulnerable to natural hazards and environmental and climate shocks, and more sustainable growth needs to be embraced to curb this vulnerability. There is also a clear upward trend in MICs in the level of exposure to natural hazards and climate risks because of the expansion of human settlements and investments in vulnerable locations. Thus, in many locations in MICs, there is a vicious cycle of a degrading environment, depleting natural resources and climate shocks that keep millions of people in a state of poverty, especially in rural and peri-urban areas. Climate change vulnerability can cause conflict and vice versa. The effects of climate change and environmental pollution also pose risks to human health.

At the same time, middle and upper classes in urban areas rely on the natural resource base (resulting in overexploitation) and traditional fossil fuels to maintain a highly consumptive lifestyle. This imbalance, and the inequity in opportunities and access to a good-quality environment, is the main challenge that countries face in terms of environment and energy, requiring not only technical solutions but also development of new cross-cutting policies and institutional approaches, and workable financing models that can sustain innovations in resource management, environmental quality, energy use and adaptation to climate change. The concern for many MICs is mobilizing sufficient resources to reduce disaster risks and mitigate and adapt to climate change impacts, ensuring sustainable and resilient infrastructure and transitioning to sustainable production and consumption to foster diversification.<sup>26</sup>

**The COVID-19 pandemic and its impacts on MICs.** The COVID-19 pandemic is a strong illustration of exogenous shocks which have disproportionately adverse impacts on developing countries. Many MICs have low health capacities to respond effectively to such shocks as COVID-19. With the whole world under lockdown, the consequences are devastating on both the health and economic fronts. Lower- and upper-middle-income countries have followed the same lockdown measures as high-income

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<sup>25</sup> Media Restrictions Today Will Harm Democracy Tomorrow, Perspectives, Freedom House, 2020.

<sup>26</sup> UNRISD, Global trends, challenges, and opportunities in the implementation of the Sustainable Development Goals, 2017.

countries which resulted in millions losing their jobs and incomes. MICs differ in their capacity to maintain such lockdown measures due to overstretched social protection systems. The biggest economic impacts are being felt in commodity-dependent economies. According to a policy brief by the United Nations Department of Economic and Social Affairs (DESA),<sup>27</sup> oil prices fell by more than 50 percent and metal prices by more than 20 percent during March 2020 alone, affecting countries highly dependent on commodity exports. Two in three countries in sub-Saharan Africa and one in three in Latin America and the Caribbean earn more than 80 percent of their exports from commodities. The pandemic has triggered severe fiscal stress in countries which already have high levels of public debt from the sluggish commodity markets over the past three years.

For MICs which have been steadily resorting to international trade for growing markets and public debt financing for development expenditure, the impact is disproportionately higher. The weakening fiscal situation also triggered capital outflows and has already impacted exchange rates, with currencies depreciating by more than 30 percent in large economies such as Brazil, Mexico and South Africa since January 2020. For oil-dependent countries such as Angola and Nigeria, the oil prices are below break-even levels for debt servicing. Even if the pandemic is contained in the coming months, the recovery in commodity prices is likely to be a slow climb. For countries already facing fiscal stress, solutions being applied in developed economies (such as economic stimulus packages, subsidization of wages) are not feasible and if chosen, would only exacerbate debt sustainability.<sup>28</sup>

The fast spread of the pandemic is also further affecting the quality of governance, posing risks to human rights everywhere, including in MICs. With Governments imposing restrictions on movement and assembly and curtailing civil liberties and enjoyment of human rights in order to control the spread of the virus, there are growing concerns among human rights advocates about the possibility of human rights abuse and exploitation for political purposes. The crisis is exacerbating the already rising trends of populism, authoritarianism and ethno-nationalism in some countries, augmenting xenophobia and hate crimes, violence and mistreatment of vulnerable persons and serving as pretext for inadequate repressive measures and further erosion of democracy. Globally, there is significant backlash to gender equality and hard-won women's human rights, exacerbated by the current COVID-19 pandemic,<sup>29,30</sup> which is present in MICs with various degree of intensity in different regions. In addition, the pandemic has severe socioeconomic impacts on women as they are at the frontlines of the response in health-

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<sup>27</sup> United Nations Department of Economic and Social Affairs (DESA) Policy Brief 60, "Commodity exporters face mounting economic challenges as pandemic spreads", 14 April 2020.

<sup>28</sup> Ibid.

<sup>29</sup> Open Democracy, Broken promises put more people at risk of domestic violence in COVID-19 Europe, 2020: <https://www.opendemocracy.net/en/5050/broken-promises-put-more-people-risk-domestic-violence-covid-19-europe/>

<sup>30</sup> UNDP, Gender-based violence and COVID-19, 2020: <https://www.undp.org/content/undp/en/home/librarypage/womens-empowerment/gender-based-violence-and-covid-19.html>

care centres, social services, communities and households. The pandemic has also led to a sharp rise in gender-based violence against women and young girls at home.<sup>31,32</sup>

If not properly mitigated, social and economic hardships caused by the pandemic can lead to raised tensions, civil unrest and harsh security responses,<sup>33</sup> further undermining the quality of democracy and civil liberties and increasing vulnerabilities and inequalities around the world.

## 2.2 UNDP STRATEGY AND PROGRAMMING IN MICs

UNDP has programmes in 155 countries and territories around the world, organized in five UNDP regions. Except for the Africa region, where 26 percent of programme countries are MICs, the other four regions are comprised predominantly of MICs: 89 percent of the programme countries in the Europe and the Commonwealth of Independent States region; 70 percent in the Latin America and Caribbean region; 58 percent in the Asia-Pacific region; and 50 percent in the Arab States region.

The UNDP global strategic presence is predicated on the recognition that notwithstanding major development challenges in LDCs and crisis-affected countries, middle- and high-income countries also have unfinished development agendas, including pockets of poverty and high levels of spatial, income and gender inequality.

The UNDP Strategic Plan, 2018-2021 commits the organization to provide support to countries in the context of the SDGs. It sets the overall direction of UNDP support to programme countries, highlighting the organization's role in supporting country-led efforts for achieving the 2030 Agenda, including the SDGs and related agreements.<sup>34</sup> The Strategic Plan sets out three development settings or outcomes to which UNDP aims to contribute. These are: (1) countries that have achieved some of their development needs and are striving to overcome others; (2) countries that need to successfully complete structural transformations required to sustain progress; and (3) countries that need to build resilience to shocks and crises, ranging from small-scale, short-term shocks to longer-term systemic crises such as environmental crisis or conflict. The Plan also outlines six signature solutions which tailor development solutions to the three development settings with targeted and differentiated approaches. While the Strategic Plan makes references to the challenges of MICs, these are not specifically articulated and delineated and mainly refer to the challenges related to financing and poverty at large. The six signature solutions – poverty, governance, resilience, environment, energy

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<sup>31</sup> UNDP, Briefing Note: The economic impacts of COVID-19 and gender inequality. Recommendations for policymakers, 2020: [https://www.latinamerica.undp.org/content/rblac/en/home/library/womens\\_empowerment/los-impactos-economicos-del-covid-19-y-las-desigualdades-de-genero.html](https://www.latinamerica.undp.org/content/rblac/en/home/library/womens_empowerment/los-impactos-economicos-del-covid-19-y-las-desigualdades-de-genero.html)

<sup>32</sup> UNDP, Brief on Gender-Based Violence and COVID-19, 2020: <https://www.undp.org/content/undp/en/home/librarypage/womens-empowerment/gender-based-violence-and-covid-19.html>

<sup>33</sup> United Nations, COVID-19 and Human Rights: We are all in this together, 2020 [https://www.un.org/sites/un2.un.org/files/un\\_policy\\_brief\\_on\\_human\\_rights\\_and\\_covid\\_23\\_april\\_2020.pdf](https://www.un.org/sites/un2.un.org/files/un_policy_brief_on_human_rights_and_covid_23_april_2020.pdf)

<sup>34</sup> Addis Ababa Action Agenda of the Third International Conference on Financing for Development; Paris Agreement; Sendai Framework for Disaster Risk Reduction; New Urban Agenda; Beijing Declaration and Platform for Action.

access and gender equality – are common to all income and human development settings and do not differentiate between the income-based country categories and middle-income or non-middle-income countries.

The integrated results and resources framework of the Strategic Plan incorporates relevant SDG indicators as impact and outcome indicators. As part of its SDGs implementation offer, the Strategic Plan includes country support platforms and a global advisory and implementation services platform to support Governments to design and implement integrated solutions and to provide a platform for the United Nations and other partners to operate.

**Inclusive and sustainable growth.** UNDP addresses inclusive growth in an integrated way. The Strategic Plan, 2014-2017 addressed the interconnected issues of poverty, inequality and exclusion while transforming productive capacities, avoiding the irreversible depletion of social and natural capital and lowering risks from shocks. Poverty reduction and environmental protection streams were merged under sustainable development pathways. In the Strategic Plan, 2018-2021, signature solution 1, "to keep people out of poverty," outlines a mix of solutions such as improving rural and urban livelihoods; building social protection; strengthening financial inclusion; transitions and structural shifts including economic diversification, technology and skills alignment; supporting climate policies; promoting policy coherence on natural resources and helping transitions to green economies; protecting natural resource biodiversity and ecosystems; facilitating equitable access for women and girls to services, assets and finance to improve livelihoods; and addressing structural causes of gender inequality and discriminatory practices against women and girls.

The UNDP inclusive growth portfolio in MICs consists of several themes: structural transformation, diversification and competitiveness; SDG support; livelihoods and jobs, focusing on access and empowerment of vulnerable and marginalized groups; youth employment; social protection; development financing; and sustainable management of natural resources.

In terms of programme components, the thematic areas of SDG support, nature-based solutions and jobs and livelihood support are consistently the major areas in UNDP programmes, and these are consistent with the context analysis. Themes of economic diversification, competitiveness, social protection and youth employment had fewer cases of specific interventions. SDG financing, especially alternative finance for development including impact investments, is an emerging body of work.

Analysis of programme components by HDI classification<sup>35</sup> shows countries with very high human development attach high priority to and seek UNDP support in policy formulation in specific areas of environmental sustainability and social inclusion, and more recently around the 2030 Agenda and the SDGs. UNDP programming in high and medium human development countries are very similar, with the SDGs and nature-based solutions being the major areas of support, followed by several interconnected themes: economic diversification, local livelihoods, social protection. The key

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<sup>35</sup> The HDI classifies countries into four groups: very high (0.9 and more), high (0.75-0.9), medium (0.5 to 0.75) and low (below 0.5) human development.

differences are that in medium human development countries, the support has been more at the level of sectoral competitiveness improvements than at the level of planning and systems strengthening. This is logical given the impetus in these countries towards economic diversification and building sectors with potential for job-creating growth.

**Inclusive and accountable institutions.** The UNDP approach to inclusive and accountable institutions is aligned with SDG 16, “promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels”,<sup>36</sup> whose targets cover various aspects of governance including anti-trafficking, rule of law, access to justice, corruption and illicit financial flows, transparency and accountability, participatory decision-making, access to information, human rights and anti-discrimination, among others. UNDP is the custodial United Nations agency for five global SDG 16 indicators.<sup>37</sup>

The UNDP Strategic Plan, 2014-2017 focused on strengthening inclusive and effective democratic governance as a fundamental condition to addressing the barriers to development facing MICs in different contexts and with varying degrees of relevance.<sup>38</sup> That Plan addressed governance challenges mainly through the theories of change for two of the seven outcomes. While the Strategic Plan, 2018-2021 makes references to the challenges of MICs in alignment with the General Assembly resolution on the quadrennial comprehensive policy review of operational activities for development of the United Nations system, these are not specifically articulated and delineated and mainly refer to the challenges related to financing and poverty. The current Strategic Plan’s theory of change integrates governance as one of the six signature solutions underpinning the achievement of the Plan through specific outputs. Solution pathways towards structural transformations focus on simultaneous development of capacities of governments at all levels; participatory constitution-making, electoral cycles and parliamentary processes; building a rule of law culture and respect for human rights and ensuring gender equality and the empowerment of women and girls; ensuring that justice and redress mechanisms are essential elements of social cohesion and are used when establishing conditions for stability and development; empowering women, girls and communities; and provision of people-centred and gender-responsive security. These pathways are common to all income and human development settings and besides the specific financial challenges faced by MICs for their implementation, do not differentiate between the income-based country categories.

The review of the country programme documents (CPDs) of the 47 sample countries suggests the inclusive and accountable institutions portfolio is present in all country programme priorities, with few exceptions. The major programme components are accountability and transparency, anti-corruption and participation; modernization of the State, public administration reforms, democratic governance and decentralization; and citizenship and human rights. There are no significant differences in terms of the focus of programmatic responses in governance challenges based on human development

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<sup>36</sup> <https://sustainabledevelopment.un.org/sdg16>

<sup>37</sup> These are under SDG targets 16.3, 16.6 and 16.7.

<sup>38</sup> UNDP, Role of development cooperation in Middle Income Countries, Synthesis Report, 2015.

classification, with several programme components featuring prominently in all subgroups, regardless of human development classification.

**Natural capital and environment, climate and energy.** Over the timespan of the two Strategic Plans under review, UNDP has articulated a global shift in emphasis in some areas within this theme, reflecting global and regional needs. Pollution control, biodiversity conservation and ecosystem management and the notion of environmental justice were more explicit in the Strategic Plan, 2014-2017 compared to the Strategic Plan, 2018-2021, whereas elements of green value chains and growth (business aspects) are more explicit in the current Strategic Plan, with innovation, access and affordability featuring more prominent as underlying principles. This strategy is relevant to all MICs, as all have challenges with these sub-themes to varying degrees, and there are clear net benefits (social, economic, environmental quality) in the appropriate investments in these sub-themes.

At country level, all MICs, regardless of geographical location and development status, to varying degrees have ongoing issues and needs related to environmental management (including hazardous chemical management), climate change, natural resource management (including forest management and biodiversity conservation) and energy. Almost all MICs, being signatories to various conventions and able to access vertical funds, with UNDP seen as a key facilitator, have their majority of UNDP programming in this theme linked to current vertical funding opportunities.

The analysis of programme components by human development classification shows that countries with higher human development had more expansive energy sector initiatives; the number of countries with this kind of initiative declined as the human development category declined. It is possible that higher human development countries have more evolved and higher per capita energy use than lower human development countries where energy sector initiatives would be more urgent. Private sector engagement was also more prevalent in countries with higher human development, as was sustainable self-financing. Protected area management, forest management and biodiversity conservation programmes were more prevalent in low human development countries.

### UNDP programme expenditures in MICs

For purposes of regular resources distribution, UNDP classifies countries into three categories: lower-income, middle-income and net contributor countries.<sup>39</sup> As legislated by the UNDP Executive Board, the organization's regular resources are focused primarily on low-income countries and LDCs (85 to 91 percent). MICs are also eligible to receive UNDP regular resources for programmatic activities (15 to 9 percent), with differentiated allocation criteria between lower- and upper-tier MICs.<sup>40</sup> From 2014 to 2019, total UNDP programme expenditure in MICs amounted to \$10.5 billion, representing about 42 percent of total UNDP programme expenditure (\$25.1 billion). This is an annual average expenditure

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<sup>39</sup> Some countries are also granted LDC status by the General Assembly. Note that 15 of the lower-middle-income countries are in the United Nations list of least developed countries.

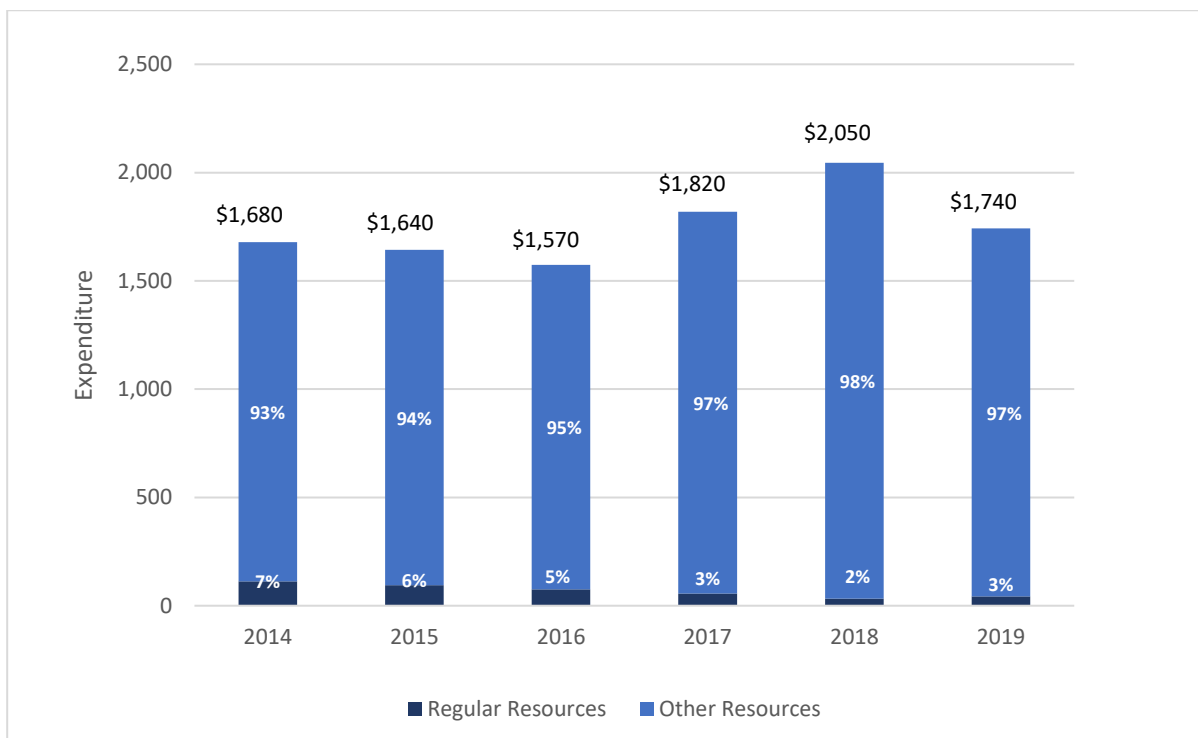
<sup>40</sup> UNDP has a per capita GNI threshold of \$6,660 to separate lower- and upper-middle-income countries. Those countries with per capita GNI higher than \$6,600 receive less regular resources.



of \$1.75 billion per year. Annual expenditures peaked at over \$2 billion in 2018. The share of regular resources declined from 7 to 3 percent in this time frame (Figure 2).

Analysis of expenditures by HDI classification shows the highest average annual expenditures in countries with very high human development (\$213 million). However, these averages are driven by individual countries with very large programmes, such as Argentina with a programme size of over \$1 billion in 2014-2019. In contrast, the median expenditure over the same period is around \$75 million in each human development group.

**Figure 2. Total programme expenditure, 2014-2019 (Millions US\$)**



Source: UNDP Atlas May 2020

### Expenditures by funding source

UNDP programmes in MICs depend on other (non-core) resources such as GCS, vertical and bilateral/multilateral funding. Between 2014 and 2019, GCS and bilateral and multilateral funds constituted the largest share of UNDP expenditures in MICs, together accounting for over 80 percent of the total expenditures. Although there is a slight upward trend in total expenditures, the disaggregated data show that the relative proportion of GCS in total expenditure has decreased from 48 percent in 2014 to 36 percent in 2019 (Figure 3). This trend can be observed across almost all human development levels.

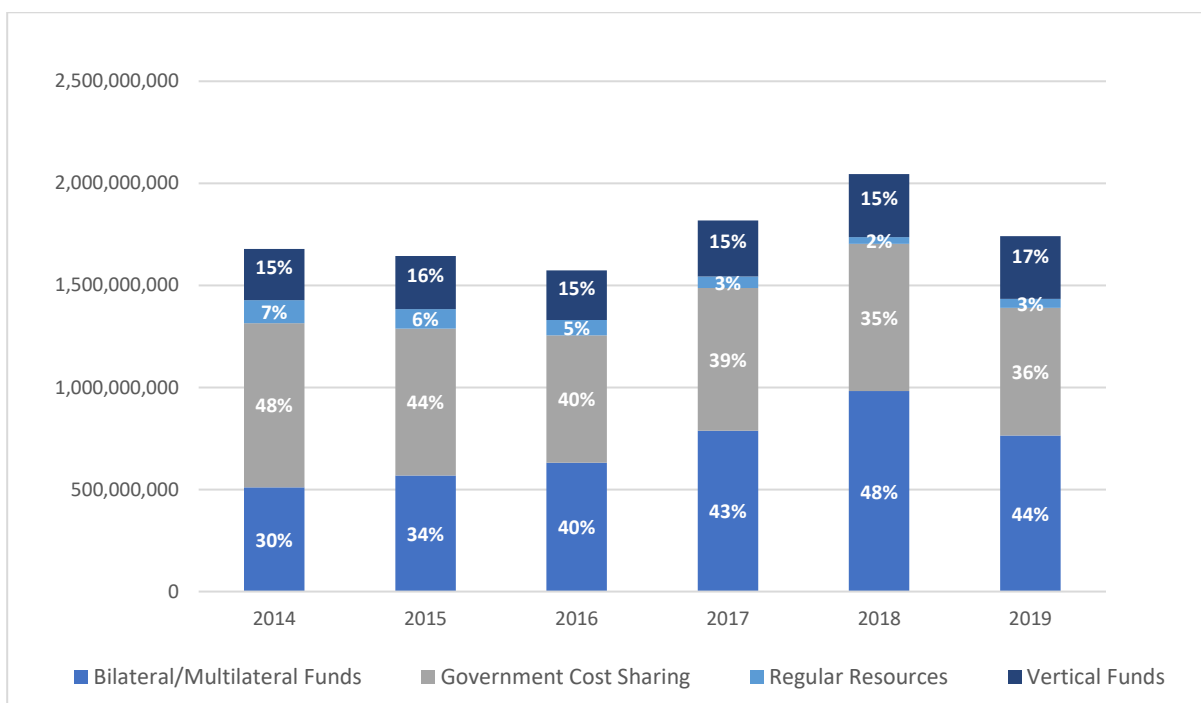
At the same time, the proportion of bilateral/multilateral funding in MICs increased from 30 to 48 percent between 2014 and 2018. On the other hand, the proportion of vertical funding has increased only modestly from 15 to 17 percent between 2014 and 2019 (Figure 3). Global Environment Facility



(GEF) vertical funding for environmental protection and climate change accounts for a substantial amount of total programme expenditure in some MICs, especially in small island developing States.<sup>41</sup>

Contributions from IFIs in MICs have risen sharply from roughly \$2 million in 2014 to about \$98 million in 2019 but represent just a small share of multilateral/bilateral funding in MICs, below 13 percent in 2019.

**Figure 3. Trends in sources of funding for MICs, 2014-2019 (US\$)**

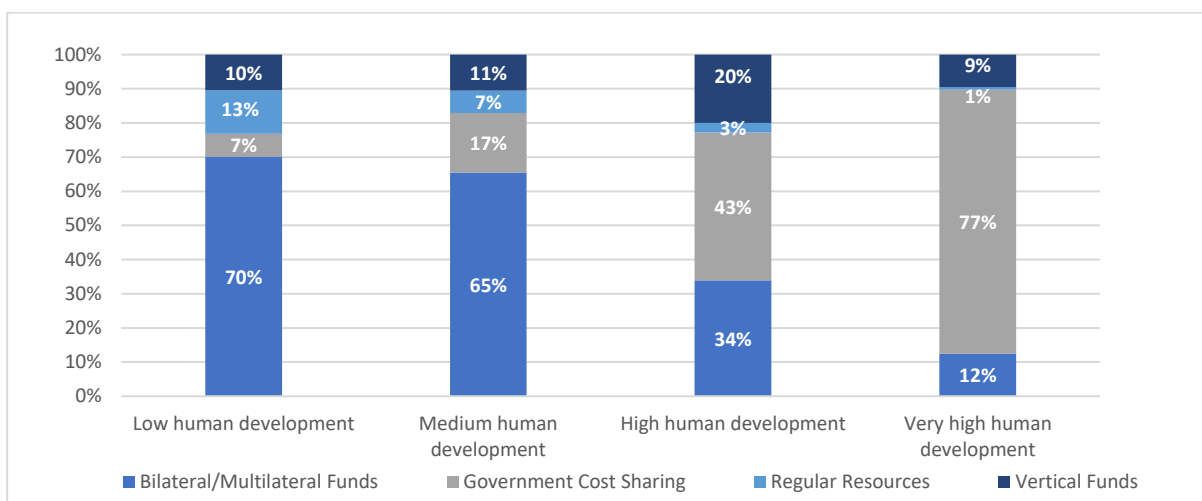


Source: UNDP Atlas May 2020

Despite the decreasing trend in GCS, the overall importance of this source of funding for UNDP programmes in MICs remains largely the same across the different human development groups. In very high and high human development countries, GCS constitutes the most important source of funding, accounting for 77 and 43 percent of total expenditure (Figure 4). In medium and low human development countries, UNDP programmes rely on bilateral and multilateral funding as primary sources (65 and 70 percent respectively). GCS makes up only 7 percent of total UNDP expenditures in low human development countries.

<sup>41</sup> The 10 countries with the highest share of GEF funding in total expenditure are Niue (86 percent), Grenada (85 percent), Mauritius (82 percent), Samoa (81 percent), Malaysia (79 percent), Saint Vincent and the Grenadines (76 percent), Thailand (66 percent), China (63 percent), Ecuador (61 percent) and South Africa (60 percent) .

**Figure 4. Sources of funding by human development level, 2014-2019**



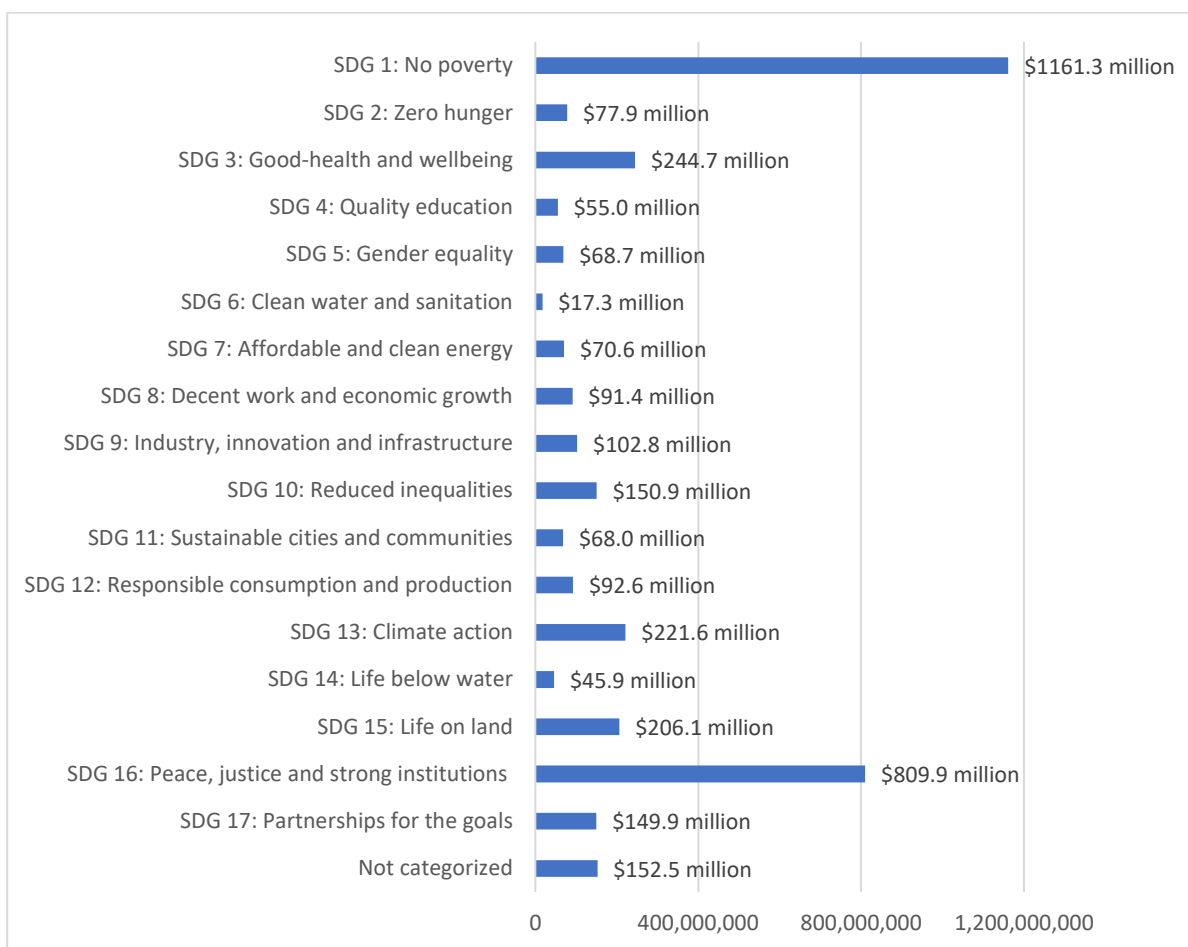
Source: UNDP Atlas May 2020

### Expenditure by Sustainable Development Goal

Data on UNDP programme expenditure by SDG is available only for the years 2018 and 2019. About half of total programme expenditures in MICs (\$3.8 billion) has been programmed under SDG 1 (no poverty) and SDG 16 (peace, justice and strong institutions). Other focus areas, with expenditures over \$200 million, are for SDG 3 (good health and well-being), SDG 13 (climate action) and SDG 15 (life on land).

The regional distribution shows that most of the SDG 1 expenditure is concentrated in the Arab States region, given the protracted conflict and post-conflict situation in some of the countries in this region, specifically, Iraq (\$591 million), Syrian Arab Republic (\$74 million) and Lebanon (\$56 million). SDG 16 expenditures are higher in the European and Latin American countries with the most spending in Ukraine (\$122 million), Colombia (\$94 million), Argentina (\$49 million) and Guatemala (\$42 million). On the other hand, expenditures in Europe and Asia and the Pacific appear to be more equally divided across the different SDGs, with focus points in conservation, climate action, inequality reduction and health. The distribution of expenditures by human development level highlights that low and medium human development countries make up most of the investment in SDG 1, while expenditures in high and very high developed MICs are more focused on improvements in advanced capabilities such as strong institutions and climate action.

**Figure 5. Programme expenditure by SDG, 2018-2019 (US\$)**



Source: UNDP Atlas May 2020

### Expenditure by Strategic Plan outcomes and Signature solutions

The evaluation team also mapped expenditures in MICs against the outcomes of the UNDP Strategic Plan, 2014-2017 (see Annex 1). The highest expenditure was on the outcome related to inclusive and sustainable growth and development (43 percent), followed by outcome 3 on access to basic services (26 percent). In 2018-2019, mapping the expenditures by the six signature solutions shows that the first two signature solutions on poverty and governance registered the highest expenditures. Expenditures on programmes which had gender equality as a significant or principal objective increased from 39 percent in 2014-2017 to 56 percent in 2018-2019.

**Table 2. Programme expenditure by signature solutions, 2018-2019 (Millions US\$)**

Strategic Plan, 2018 – 2021 Signature Solutions	2018	2019	Total	% of expenditure
<b>Signature Solution 1</b> Keeping people out of poverty	356	347	703	36%
<b>Signature Solution 2</b> Strengthen effective, inclusive and accountable governance	406	350	756	38%
<b>Signature Solution 3</b> Enhance national prevention and recovery capacities for resilient societies	54	68	122	6%
<b>Signature Solution 4</b> Promote nature-based solutions for a sustainable planet	171	163	332	17%
<b>Signature Solution 5</b> Close the energy gap	24	20	43	2%
<b>Signature Solution 6</b> Strengthen gender equality and the empowerment of women and girls (programmes which had gender equality as a significant or principal objective according to gender marker data)	1,001	1,000	20	56%

Source: UNDP Atlas May 2020

## CHAPTER 3. UNDP BUSINESS MODEL, POSITIONING AND PARTNERSHIPS IN MICs

The section examines three parameters which includes the UNDP business model in MICs, the UNDP positioning in MICs and UNDP partnerships in MICs.

### 3.1 THE UNDP BUSINESS MODEL IN MICs

Over the years, the UNDP business model has experienced continuing transformation to respond to the needs of programme countries and to stay abreast of changes in the development sector architecture and financing. The changes have been more significant in the MICs which receive reduced regular (core) resources, based on UNDP Executive Board document DP/2012/25 on the programming arrangements 2014-2017 and decision 2012/28 on the regular resources allocation formula.<sup>42</sup> The review of the programming arrangements for 2008-2013 acknowledged that the largest intended beneficiaries of UNDP, i.e., the LDCs and low-income countries, should receive the bulk of regular resources as they have large proportions of their populations affected by poverty.

In 2017, UNDP initiated the latest review of its business model to respond to the changes brought about by the 2030 Agenda, the United Nations development system reform and the new UNDP Strategic Plan, 2018-2021. At a strategic level, UNDP defines its business model as the combination of systems, processes, instruments, partnerships and financing that effectively and efficiently support the delivery of programmes and projects. The operational framework has four dimensions (government partners, value proposition, capabilities and financial model). It is beyond the scope of the evaluation to review the entire framework. A MIC-specific business model does not exist. Also, this is one of the focus areas of the evaluation of the Strategic Plan, 2018-2021. Thus, the focus of this analysis is on the salient feature of the business model in MICs compared to low-income countries/LDCs, i.e., the financing model, especially the Executive Board-mandated reduction of regular resources allocations and the expectation of an increased share of GCS.

**Finding 1. UNDP does not distinguish between different types of MICs and non-MICs when establishing programmatic approaches and business models.**

Various internal initiatives had called on UNDP to outline a strategy defining its engagement in MICs. Reviews of the programming arrangements, conducted between 2007 and 2012 at the request of the UNDP Executive Board, highlighted the need for UNDP to demonstrate greater flexibility and responsiveness to meet the demands of a dynamic spectrum of countries with diverse development

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<sup>42</sup> See UNDP, Programming arrangements, 2014-2017 (DP/2012/25) and decision 2012/28.

challenges.<sup>43</sup> UNDP articulated its global strategic presences principles and presented a proposal distinguishing its presence in the upper-middle-income countries and transitional NCCs<sup>44</sup> in September 2013. This proposal solely discussed models of funding allocations to the MICs and transitional NCCs (DP/2013/45).<sup>45</sup> In UNDP taxonomy, universality denotes the availability of resources to all eligible countries, while progressivity focuses the distribution of regular resources primarily to low-income countries and LDCs. These two principles – in addition to predictability (related to sufficient regular resources) – underpin the mandate of UNDP.

The evaluation noted that the MIC classification based on income levels continues to be used for planning and allocation of regular resources but has had less significance as a basis for formulating programmatic responses. At the same time, **there was no evidence either of use of the country classifications based on the HDI, developed by UNDP in 1990, which represents a shift to a people-centred approach, taking in dimensions not fully reflected in income levels.** The HDI classifies reported countries into four groups: very high (0.9 and more); high (0.75-0.9); medium (0.5 to 0.75); and low (below 0.5) human development. In 2010, the absolute thresholds were replaced by relative thresholds and distributed into four quartiles. The new quartile-based classification makes it harder for countries to progress across categories despite improvements in absolute values of the HDI.

In the Strategic Plan, 2014-2017, there was articulation of the UNDP role in responding to the three key challenges that are also present in MICs: addressing the connected issues of poverty, inequality and exclusion, while transforming productive capacities and avoiding the irreversible depletion of social and natural capital; and lowering risks arising from shocks. These allowed responses to be adapted to country contexts while remaining agnostic to country rankings and groupings.

The current UNDP approach to country typologies can be inferred from how the Strategic Plan, 2018-2021 elaborates differentiation of the three “context-specific development settings” in which it works and supports national Governments in achieving the SDGs. These are: (1) countries that have achieved some of their development needs and are striving to overcome others; (2) countries that need to successfully complete structural transformations required to sustain progress; and (3) countries that need to build resilience to shocks and crises, ranging from small-scale, short-term shocks to longer-term systemic crises such as environmental crisis or conflict. The three development settings do not correspond to existing country groupings (low-, middle- or high-income) but are development challenges experienced by all countries to different degrees. The Strategic Plan recognizes that the challenges are not mutually exclusive and underlines the need to identify the common root causes. It

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<sup>43</sup> See Mid-term review of programming arrangements, 2008-2011 (DP/2010/5); Second review of the programming arrangements, 2008-2013 (DP/2012/3); Programming arrangements, 2014-2017 (DP/2012/25 and Corr.1); and Funding of differentiated physical presence (DP/2013/45).

<sup>44</sup> UNDP considers high-income countries with GNI per capita greater than \$12,475 as net contributor countries. This category is excluded from the regular resources distribution model. Transitional NCCs are those countries that cross the NCC GNI threshold at the biennial budget update for the first time. If they maintain this status during the next biennial update, these countries are considered full NCCs and will not be eligible for regular resources.

<sup>45</sup> MICs with a per capita GNI over \$6,660 receive less regular resources than those whose per capita GNI is less than \$6,660.

offers integrated solutions through six signature solutions which apply across the three development contexts with differentiated approaches for each.

Overall, the heterogeneity among MICs challenges an overarching blueprint for programmatic response for these countries. While individual country contexts define the programmatic focus of UNDP programmes, including critical issues and solution pathways, it is important for UNDP to articulate engagement strategies and approaches for different groups of MICs, which are not there now. The Secretary-General's 2019 report on development cooperation with middle-income countries<sup>46</sup> calls for a tailored approach that tackles the bottlenecks of this highly heterogeneous group of countries, while considering their common challenges.

**Finding 2. The use of income classifications to inform cooperation and resource allocations limits the ability of UNDP to respond to the complex challenges faced by MICs.**

The wide heterogeneity of MICs presents classification challenges and defies segmented strategies based on income groupings. The Secretary-General's report on development cooperation with MICs mentions that there is a consensus that country classifications based on per capita income do not effectively reflect the complex nature of development challenges and do not constitute a sufficient basis for determining comprehensive strategies to meet the development needs of these countries. It further notes that the experience of the Committee for Development Policy in defining the criteria for the categorization and graduation of the LDCs could be used as a good reference for classifying MICs according to a more appropriate set of multidimensional measures of economic, social and environmental progress, such as multidimensional poverty indices, human development indices and indices for economic and environmental vulnerability.

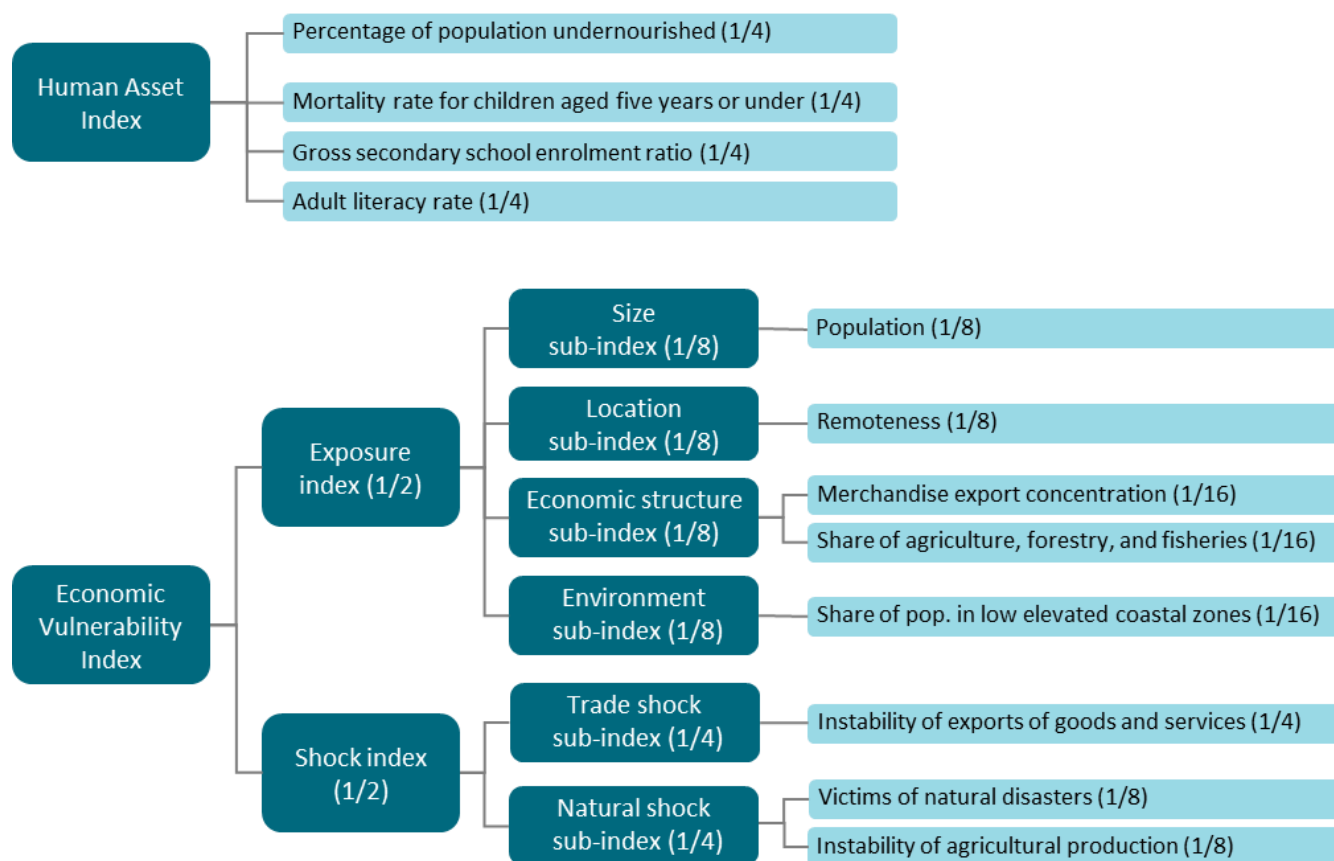
DESA Working Paper No. 21 advocates for an issue-based criterion in addition to income-based groupings to determine aid allocations to developing countries (Figure 6). The paper proposes the use of the same measures used for LDCs – based on income, human assets index and economic vulnerability index – which while giving weight to income also recognize the other two important challenges to sustainable growth and development. Issue-based classifications are more useful to target specific issues such as high debt, environmental degradation, prohibitive international trade costs, etc., irrespective of income classifications. Figure 6 depicts these criteria.

Among the United Nations operational programmes and funds, there are several agencies that rely on needs-based criteria or inequality adjustments which are intended to ensure that regular resources are targeted to countries with greatest need.

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<sup>46</sup> United Nations, Development cooperation with middle-income countries: Report of the Secretary-General, A/74/269, 5 August 2019.

**Figure 6. Non-income criteria used for monitoring LDC thresholds**



Source: Based on DESA paper 21, September 2014

The evaluation concurs that applying income classification as a prime criterion for development assistance resources for MICs can be disadvantageous, given the existence or even amplification of the same challenges that low-income countries encounter.

**Finding 3. The increased government cost sharing to fund programmes in MICs reflects strong national ownership, even as it can limit UNDP programme coherence and flexibility.**

The majority of UNDP regular (core) resources (TRAC-1 stream) are directed at the LDCs and low-income countries per UNDP Executive Board decision.<sup>47</sup> As a result, country offices in lower-middle and upper-middle-income countries receive uniform TRAC-1 allocations annually of \$350,000 and \$150,000 respectively, irrespective of the physical size of the country and the average volume of programme delivery. As the large share of regular resources (TRAC-1) funding goes into staff and establishment costs and not for programming, the reduction in non-staff resources upon transition to MIC status is significant. TRAC-2 resource allocations, which are demand-driven and allocated by the Administrator, are the main programming regular resources for MICs, besides a “set-aside” pool of

<sup>47</sup> See UNDP Executive Board decision 2012/28 (in document DP/2013/2).

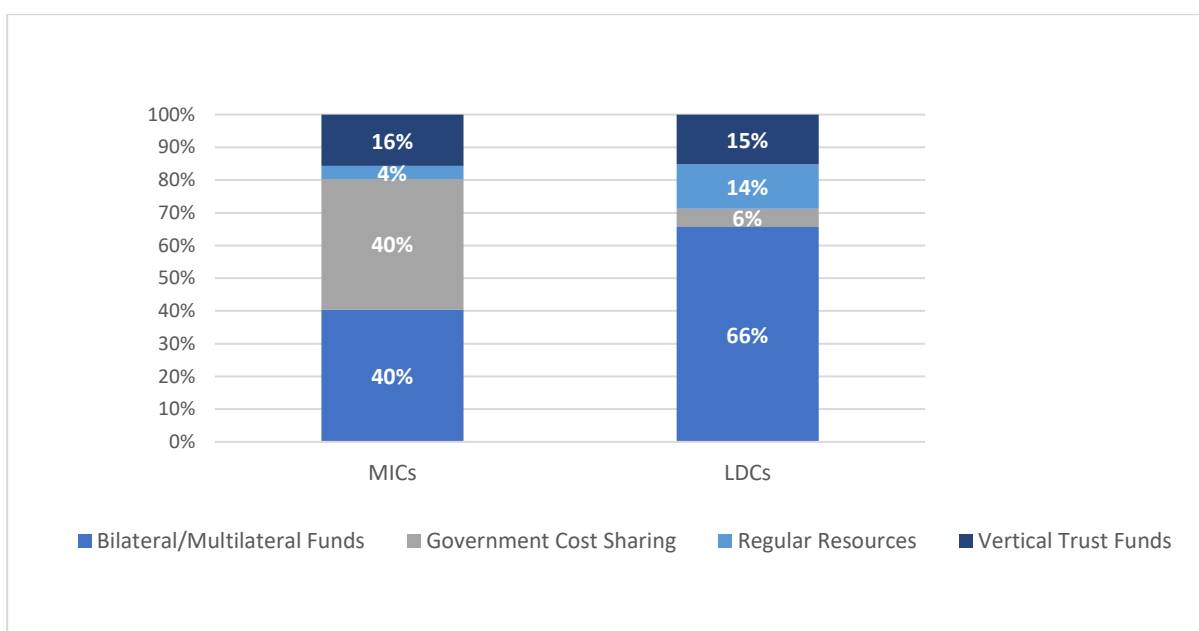


TRAC resources to facilitate and expedite responses to compelling, unforeseen programme country demands and strategic priorities. This implies that for MICs, the main resources are generated at country office from various sources, including GCS, which they do not fully retain and is apportioned between country and corporate levels.

The evaluation found that the UNDP formula for uniform regular resource allocations to MICs disregards their huge diversity and heterogeneity in size, spread and development challenges, and goes against the rationale of tailored approaches and belies the “one size fits all” model that UNDP advocates against.

GCS is an important source of financing in UNDP programmes in MICs. GCS refers to development programmes that are fully or partially financed by Governments and implemented with UNDP advice and assistance. GCS represented 40 percent of total expenditures between 2014 and 2019, compared to 6 percent in LDCs (Figure 7). The level of GCS mobilization varies significantly between and within regions; it constitutes about 69 percent of the expenditures in the Latin America and Caribbean region, followed by the Europe and the Commonwealth of Independent States (40 percent), Arab States (19 percent), Africa (17 percent) and Asia-Pacific (11 percent) regions. The top five GCS programmes are all in the Latin America and Caribbean region.<sup>48</sup> It is important to note that GCS includes loans which Governments receive from IFIs and are implemented through tripartite arrangements, which is common in Latin America and the Caribbean.

**Figure 7. Sources of funding: MICs versus LDCs, 2014-2019** (Total expenditure in US\$)



Source: UNDP, ATLAS, May 2020

<sup>48</sup> Argentina: 98 percent of expenditures; Venezuela: 85 percent; Dominican Republic: 85 percent; El Salvador: 84 percent; and Paraguay: 83 percent. There are seven other country programmes with GCS proportions higher than 60 percent: Brazil, Egypt, Equatorial Guinea, Morocco, Panama, Peru and Ukraine.

The highest prevalence of GCS in the Latin America and Caribbean region can be attributed to various factors and traced back to the positive impact of the regional resource mobilization strategy 1992-1996, developed in response to declining regular resources and reinforced by political, economic and institutional drivers prevalent in the countries of the region. The significance of the strategy was that it consolidated what until then had been ad hoc initiatives without clear country or regional goals and set other resources (non-core) mobilization targets for country offices.<sup>49</sup> These contextual drivers of GCS that have long been identified are partly if not fully still relevant in today's GCS programming context.

An important aspect of GCS modalities is the increasing trend of Governments engaging UNDP in range of development services (termed development services support (DSS)). In DSS modality, UNDP supports national capacities by working with partner Governments to address bottlenecks to project implementation such as procurement, contract administration, contracting of personnel, preparation of purchase orders or payments. Such support fulfils a critical resource gap of Governments, especially institutional capacities at the subnational level. Even in some countries with relatively high quality of human capital and availability of technical expertise, there is sizeable engagement in support of procurement and implementation services.

Procurement support was significant in terms of the importance and scale; for example, the procurement of goods and materials for primary health care and essential medicines in Argentina; the procurement of aviation equipment and medicines in Equatorial Guinea; the installation of solar photovoltaic equipment and grid connectors in Mauritius; and the procurement of health-care product passports and infrastructure services in El Salvador. In the current COVID-19 situation, procurement support has become very important with many country offices receiving requests from Governments to procure health equipment and other needed goods and services to respond to the growing health and humanitarian crisis.

The key drivers identified by the evaluation that explain the increasing UNDP engagement in DSS in MICs include: UNDP systems, rules and regulations, which are perceived to be leaner and faster than those of national institutions and benefit from economies of scale; the flexibility for Governments to contract UNDP without the need for formal tendering and reducing audit requirements (United Nations agencies are often exempt from government audit processes); the subnational footprint UNDP has built in several countries; and capitalizing on the reputation of UNDP as one of the most transparent organizations. UNDP country offices have been largely able to position themselves and generate demand as key partners for institutional effectiveness, transparency and accountability and capacity-building, providing administrative support and procurement components.

Some UNDP country offices have optimized use of GCS to increase their relevance beyond procurement support. In Chile, UNDP went through an early change management process to position the country office for MIC graduation. The office identified its value proposition in a MIC as conducting research and analysis and convening spaces for debate with diverse stakeholders. Other countries such

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<sup>49</sup> See UNDP, Building development partnerships through co-financing. Office of Evaluation and Strategic Planning, Evaluation Report, 1996.

as Uruguay and Dominican Republic have or are advancing in this direction, developing a customized business model to balance implementation support with upstream policy support and innovation.

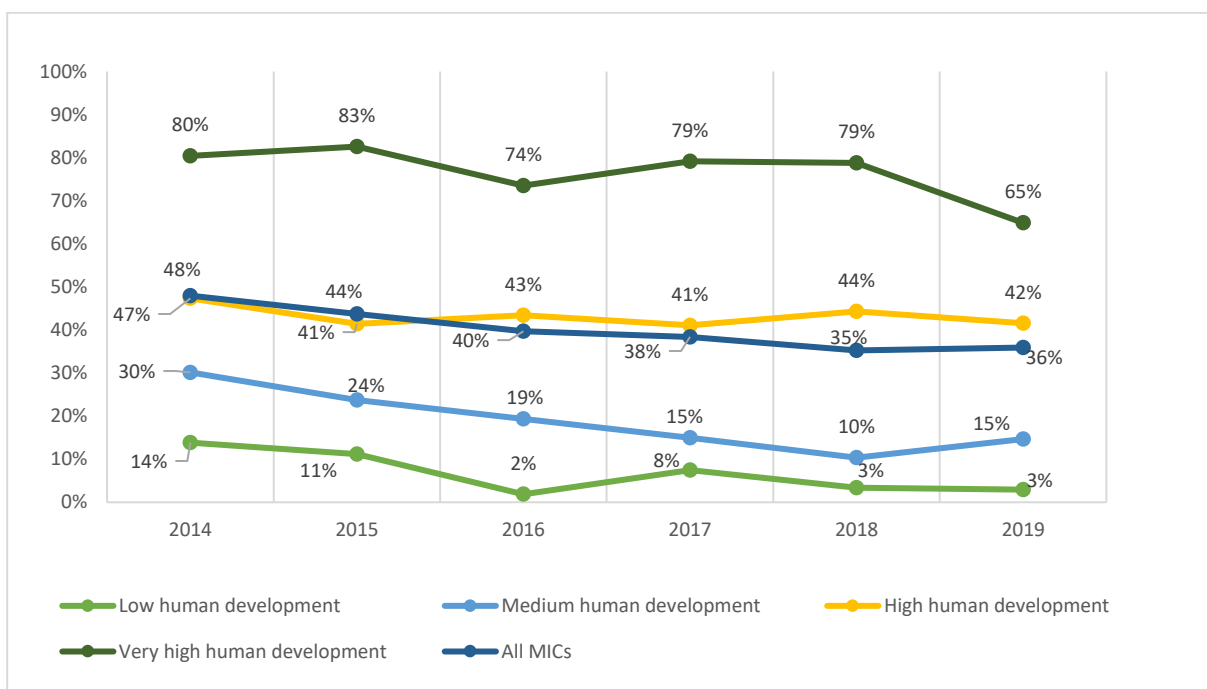
The evaluation noted that the reputation of UNDP as an expert agency in human development was built over a long time and with its own programme resources, but it is at risk in the case of large GCS programmes. According to UNDP programme policy procedures, DSS must be aligned to the UNDP Strategic Plan and support national development priorities. But one concern that has been emerging in independent country programme evaluations (ICPEs)/assessments of development results (ADRs) is that GCS can drive country offices to formulate programme proposals in response to government requests which may represent more operational support than development policy and capacity development.

Several staff – including from senior management – met by the evaluation voiced concerns that the overreliance on GCS portends possible compromise of the intellectual standing and neutrality of UNDP as a United Nations agency and can blur the distinction between government and UNDP interests. This concern is exacerbated by the fact that the profile of engagement in programme implementation can dilute the corporate institutional representation of UNDP: the profiles of UNDP programme staff (with short-term contracts tied to projects) and government officials (middle-level officials tasked with implementation and not driving policies and strategies, often with short tenures in any position) do not enable strategic engagement reflecting relevant UNDP global experience.

While UNDP engagement in DSS represents a demand-driven approach characterized for its responsiveness and adaptability, it runs the risk of losing programme coherence and integration. Country programmes depending on GCS face greater risks that potentially affect the delivery of programmes. Several country offices have seen GCS allocations delayed and with significant variations from one year to another. This unpredictability of funding envelopes also contributes to a projectized approach. For many MICs that are dependent on commodity resources, this can be significant; there are examples of countries in the sample of MICs reviewed, where large fluctuations of GCS contributions occurred during 2014-2019. The relative proportion of GCS in total expenditure has decreased consistently from 48 percent in 2014 to 36 percent in 2019 (Figure 8). This indicates that while total expenditure has increased across many countries, GCS funding has not increased accordingly and even declined in some cases.

Lastly, both the evaluation and previous assessments have noted that the cost-recovery charges by UNDP on GCS, while lower than other forms of cost recovery, are reducing the scope of UNDP resource mobilization. There is a need for further review of the cost-recovery processes and policy and to examine to what extent replenishment of regular resources at headquarters through resources mobilized at the country level affects resource mobilization.

**Figure 8. Share of government cost sharing by human development level, 2014-2019 (% of total expenditure)**



## Vertical funds

Vertical funds from the GEF, the Multilateral Fund for the Implementation of the Montreal Protocol, the Green Climate Fund (GCF) and the Global Fund to fight AIDS, Tuberculosis and Malaria play an important role in the UNDP business model in MICs. Of these vertical funds, the GEF is the largest in the MICs, representing 78 percent of the total vertical fund expenditures in 2014-2019. For MICs, both the increasing contributions to climate change from economic growth and the reduction in availability of ODA support flows lead to increasing reliance on vertical funds to address climate change mitigation and adaptation actions.

UNDP has been a GEF implementing agency since 1992, supporting countries to secure GEF resources and to meet global environmental obligations. UNDP offers integrated technical services for countries, including assistance on eligibility assessment, programme formulation, mobilization of co-financing, implementation oversight and knowledge and results management. UNDP has made a leading contribution in this domain since 2008, serving as the main partner for engagements with the GEF Adaptation Fund and lately, the GCF. Since 2008, UNDP has enabled 140 countries (MICs and non-MICs) with access to more than \$2.8 billion in GEF grant climate finance.<sup>50</sup> Governments of MICs continue to utilize UNDP despite having options for direct access to GEF funds in recognition of the value proposition that UNDP offers to them as an implementing agency for the GEF.

<sup>50</sup> UNDP and Climate Change: Scaling up Climate Action to Achieve the SDGs. 2016 (pages 8-9).

The UNDP environment and energy programme in the MICs is dependent on GEF financing. Along with the GEF, the Multilateral Fund for the Implementation of the Montreal Protocol features more prominently in UNDP environmental programmes in MICs as compared to LDCs. These funds are dedicated to reversing the deterioration of the Earth's ozone layer through setting progressive phase-out obligations on ozone-depleting substances (ODS) which, along with unsustainable natural resources consumption and environmental degradation, are key issues in MICs.

The reliance of UNDP on vertical funding for its environment and energy programming poses a challenge for UNDP that will be amplified in MICs, where increasingly non-grant financing requires different financing instruments to deliver on the types of environment and energy initiatives required by countries and other donors.

### 3.2 UNDP POSITIONING IN MICs

#### Perspectives of government stakeholders

**Finding 4. UNDP has had strong partnerships with Governments of MICs at national level and now increasingly subnational levels for implementation of the SDGs, bolstered by its principal comparative advantages : intellectual leadership on human development paradigms; a history of universal presence; and strong institutional networks with multiple ministries enabled by its broad mandate.**

UNDP established strong partnerships with national and subnational government entities in many MICs. Such partnerships have been strategically important for both sides with potential to bring significant impact not only at national level, but also regionally and globally. Governments view UNDP as a long-term, neutral and legitimate multilateral partner that can bring in international networks, expertise and standards, which takes on greater significance in the case of emerging economies seeking to contribute to global development. In other contexts, strong collaboration of UNDP with the Government has been critical in playing an enabler role and resolving practical constraints at field level. UNDP has helped Governments of MICs to design and implement large-scale initiatives in complex or specialized areas. For its part, UNDP has successfully leveraged partnerships for financing from government entities at national and subnational levels.

The evaluation learned from interviews that the main drivers of UNDP comparative advantage include: (1) globally, intellectual leadership on development paradigms, exemplified in the Human Development Reports and MPI; relevant experience and international expert networks in a large diversity of themes; and (2) locally, strong institutional relationships with multiple ministries and government agencies; and a field programme presence at the subnational level. Interviews for the evaluation as well as the ICPEs/ADRs highlighted that these have been the result of a tradition of investing in and nurturing international best-in-class intellectual talent, a history of the largest footprint among United Nations agencies in terms of country presence, and decades of experience in working with and through government partners. However, the evaluation noted from the interviews that these factors are weakening with the gradual attenuation of UNDP human and financial resources in MICs.

Also reported by various stakeholders and highlighted in independent evaluations, the continued UNDP presence in the field, even in times of crisis, gives it the advantage over other agencies and often paves the road for subsequent entry of donors and international agencies. Most national partners indicated that UNDP adopts approaches tailored to the national and subnational development contexts. This corroborates the results from the 2017 and 2020 Partnership Surveys,<sup>51</sup> which found that 81 and 84 percent of government respondents in MICs agreed that “UNDP plays a relevant role in the development of the programme countries, and implements projects that reflect the priorities of its partners”.

One of the strongest UNDP assets is the capacity to convene dialogues, enable conditions and facilitate consensus-building among diverse sets of partners. It is one of the UNDP features most appreciated among stakeholders. Democratic Dialogue methodology has become one of the UNDP signature products in Latin America and the Caribbean where UNDP is considered as highly “effective in setting different actors at the table, and its impartiality and prestige help it to successfully summon a plurality of government agencies, the academic world, the private sector and the social sector.”<sup>52</sup> Government partners indicated that UNDP could facilitate consultations and negotiations with industry and the private sector without the risk of conflict of interest, perceived to be a concern with some of the other partners.

Another advantage cited by both country offices and government officials met by the evaluation is the flexibility and responsiveness to government requests, including the responsiveness through use of regular resources as catalytic funding. In some countries, a major reason for engaging UNDP is the benefit of its efficient administrative support and reputational seal which is valued and in demand by Governments as ensuring transparency in development services support. Case studies conducted for the evaluation corroborated views that UNDP is recognized as being one of the most transparent organizations.

On a less positive note, UNDP has not fully met the expectations of Governments of MICs for promoting and facilitating the dissemination of good practices and the learning of lessons from other countries. The ICPEs/ADRs have noted this is an area of growing demand where UNDP needs to assume a greater role as an agent of knowledge transfer between MICs.<sup>53</sup>

**Finding 5. UNDP has established a strong positioning at the subnational and local levels in MICs, and in some instances uses it to scale solutions across regions and cities, especially with the localization of the 2030 Agenda and SDGs.**

At subnational level, strong UNDP partnerships with Governments provided opportunities for demonstrating programming models. UNDP in many instances has provided policy advisory services, sometimes delivered in addition to institutional strengthening and other core areas of support such as

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<sup>51</sup> UNDP Partnership Survey, 2017.

<sup>52</sup> UNDP, ICPE Chile, 2017.

<sup>53</sup> UNDP ICPE Malaysia, 2019; ICPE Argentina, 2019; ICPE Panama 2019.

technical assistance, capacity development, project implementation and development support services.

The evaluation case studies as well as ICPEs/ADRs provide evidence of UNDP engagement and added value at subnational and local levels. In India, several examples were conveyed to the evaluation of UNDP support to SDG localization at subnational level. More than 10 states were supported with SDG advocacy and roll-out, mainstreaming the SDGs in the states' visions/plans through the constitution of SDG working groups/thematic clustering and providing support to preparing Vision 2030 documents and operational plans; localizing SDG and integrated budgets; developing dashboards; reviewing and leveraging monitoring and evaluation tools/practices from other countries; and establishing partnerships for implementation at local level. A notable case spanning from these initiatives is the UNDP work with the State of Haryana to establish in 2018 the country's first SDG Coordination Centre supporting a "whole of the government" approach and bringing all government actors under one platform. In 2019, SDG localization and integration were supported through establishment of coordination centres in four states, with preparatory work completed to set up coordination centres in four additional states. In China, the UNDP SDG localization strategy includes elements of SDG orientation (advocacy and awareness-raising through training); SDG advisory services (in-depth interpretation of the SDGs, drafting SDG plans according to local conditions, introduction of new development concepts and assistance with local implementation); and SDG-focused project design and implementation. UNDP established partnerships with SDG pilot zones selected by the Government. Through its work in SDG localization and SDG financing, UNDP has supported China to explore the use of SDG targets as a standard for social and economic development and economic policy decisions.<sup>54</sup> In Nigeria, UNDP provided technical support in the development of a framework for localization and implementation of the SDGs at the subnational level.

### 3.3 UNDP PARTNERSHIPS IN MICs

The evaluation focuses on partnerships with: (1) Governments; (2) United Nations agencies; (3) the private sector; and in support of (4) South-South cooperation. The latter two are priorities in United Nations/UNDP development cooperation with MICs. In many countries, the Government is a client in programme implementation support as well as counterpart of the programmes. The exception is in the case of South-South cooperation, in which Governments act as knowledge and resource partners with other countries. The coverage of IFIs is limited, while partnerships with other donors and civil society are not assessed in the evaluation.

UNDP partnerships with Governments are discussed in the preceding section.

#### Partnerships with other United Nations agencies

**Finding 6. While there is evidence of joint United Nations programming in MICs, the limited resources of United Nations agencies in general and an increasingly competitive environment for resource mobilization have led to more ad hoc than systematic collaboration.**

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<sup>54</sup> ICPE China, 2019.

There evaluation came across multiple examples of joint United Nations initiatives in MICs. The eVIN initiative in India is an example of a multi-stakeholder partnership involving several United Nations agencies, leveraging each agency's comparative advantages: the United Nations Children's Fund (UNICEF) on community mobilization, cold-chain management and training; the World Health Organization (WHO) leveraging lessons of the polio immunization programme; and UNDP managing vaccine logistics and last-mile delivery to strengthen the health system. In Tajikistan, UNDP and United Nations agencies fostered collaboration to enhance synergies and integration. UNDP and the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) cooperated on the reform of the civil registry system, with UNDP taking the lead in improving capacities of government institutions for improved civil registry process, and UN-Women providing gender expertise in legal review and capacity-building efforts. The European Union Spotlight Initiative involving UNDP, UN-Women, the United Nations Population Fund (UNFPA), UNICEF and the United Nations Educational, Scientific and Cultural Organization (UNESCO) on ending gender-based violence is another example in Nigeria. The ICPE for Lebanon also noted productive programme partnerships with United Nations agencies (International Labour Organization (ILO), United Nations Human Settlements Programme (UN-Habitat), UNFPA, United Nations Office on Drugs and Crime (UNODC), Office of the United Nations High Commissioner for Refugees) and several examples of joint programmes with United Nations agencies where complementarities and comparative strengths of the agencies were optimized. These are just a few of the positive illustrations of United Nations inter-agency partnerships at country level highlighted by the case studies and the ICPEs/ADRs. At the same time, the meta-analysis of ICPEs/ADRs had numerous observations on poor inter-agency coordination, even in the case of "One UN" countries. The evaluation team's interviews in some of the case study countries revealed continuing challenges in United Nations partnership approaches.<sup>55</sup>

A mapping of UNDP programme areas in MICs shows other agencies with distinctive positioning and specialization as shown in Table 3. Active partnerships in MICs in environment and climate change-related interventions, driven by financing criteria set by vertical funds, are those in which programme formulation demands collaborative approaches, with many examples in GEF- and GCF-funded interventions. In Uzbekistan, GCF funding was secured jointly by UNDP and the United Nations Environment Programme (UNEP) for the GCF Readiness Project, easing access to climate financing; and the collaboration between UNDP and UNESCO was key to the technical capacity-building component of the European Union programme on sustainable management of water resources in rural areas. Similarly, UNDP has worked with ILO, UNEP, the United Nations Institute for Training and Research and United Nations Industrial Development Organization (UNIDO) through the Partnership for Action on Green Economy to support the Government of Indonesia in integrating green economy principles in national development planning.<sup>56</sup> There are increasing numbers of initiatives that create direct links to banks for funding sustainable livelihoods, climate action and environmental initiatives for climate action, which elevates climate planning within government systems. Also, there is frequent collaboration between UNDP and other agencies, especially the Food and Agriculture Organization of

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<sup>55</sup> The COVID-19 impact assessment in some countries will be undertaken by UNDP and other United Nations agencies in parallel rather than jointly.

<sup>56</sup> UNDP, ICPE Indonesia, 2019.



the United Nations (FAO),<sup>57</sup> with projects that have natural resources management and climate-smart agriculture linkages. In Europe and the Commonwealth of Independent States, European Union accession requirements have motivated partnership strategies, evident in Albania and Serbia where environmental agencies were supported on accession processes.<sup>58</sup>

In the inclusive and sustainable growth portfolio, UNDP engagement with relevant United Nations agencies was less present in MICs. Trade and investment are important themes for MICs in the quest from greater integration into global markets and value chains. Both the United Nations Conference on Trade and Development (UNCTAD) and the International Trade Centre (ITC) are non-resident agencies and depend on the United Nations resident coordinator system at country level for their engagement. Given the UNDP country-level footprint, there are synergies with UNDP practice areas such as green commodities, inclusive value chains, inclusive market development, etc. Likewise, in MICs pursuing diversification-based growth strategies through clean production and technology-driven productivity, UNIDO is an important partner. With its new Programme for Country Partnership approach, UNIDO brings specialist value in areas prioritized in the United Nations strategy in MICs such as investment, technology transfer and South-South cooperation. There are also synergies to be explored with ILO, a major player in the employment and decent work agenda (SDG 8) and also a key player in advancing social protection as a human right. In some thematic areas, the World Bank Group is the largest player and its concessional financing bundled with advisory services are an important chunk of development finance for MICs. UNDP and World Bank collaboration at country level is wide-ranging, from analysis and assessment, project implementation and capacity development in preventing and responding to crises, leveraging climate finance, data for development and SDG acceleration.

In the governance area, beyond the partnerships on human rights, gender and minority issues, the scope of UNDP engagement with United Nations agencies in this portfolio is limited. Despite isolated examples of joint activities identified in the evaluation reports and results-oriented annual reports, evidence of meaningful inter-agency cooperation on other aspects of governance is incomplete. Available information suggests that in these areas, agencies' willingness to partner is even more constrained than in the inclusive growth portfolio, where agencies are finding spaces for collaboration within the Mainstreaming, Acceleration and Policy Support (MAPS) framework and country platforms to achieve SDGs related to poverty, inequality, environment and climate change. Evidence of successful private-public partnerships or cooperation spaces is also very limited.

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<sup>57</sup> FAO: Eswatini: climate-smart agriculture; China: wetland protection; Argentina: forest initiatives; Honduras: forest initiatives; Côte d'Ivoire: REDD (reducing emissions from deforestation and forest degradation); Paraguay: REDD. UNEP: Panama: funding for forest management; Côte d'Ivoire: REDD; India: Access to genetic resources and benefit-sharing, green economy; Uzbekistan: GCF proposal work; Paraguay: REDD. UNESCO: Montenegro: Tara River initiative; Uzbekistan: water resource management.

<sup>58</sup> UNDP, Assessment of Development Results, Albania, 2015; Independent Country Programme Evaluation, Serbia, 2019.

**Table 3. Mapping of UNDP programme areas in MICs and other key agencies with relevant expertise**

Thematic area	Key agencies/partners
<b>Pro-poor policy formulation and legislation</b>	World Bank, International Finance Corporation, International Monetary Fund (IMF), UNICEF, Joint United Nations Programme on HIV/AIDS (UNAIDS),
<b>Social and economic inclusion of the vulnerable</b>	UNICEF, UN-Women, UNFPA, FAO, ILO, UNCTAD
<b>Inclusive businesses and value chains</b>	FAO, ILO, UNIDO, UNCTAD, ITC
<b>Gender-responsive development, women's empowerment</b>	UNICEF, UN-Women, UNFPA,
<b>Integrating SDGs into development agenda, Leave no one behind</b>	All agencies
<b>Economic development with environmental sustainability</b>	UNIDO, UNEP, FAO, UN-Habitat
<b>Decentralization and local economic development</b>	United Nations Least Developed Countries Fund, UN-Habitat
<b>Youth employment</b>	ILO, UNIDO, FAO, ITC, UNCTAD
<b>Human rights/gender equality</b>	UN-Women, UNFPA, UNICEF, Office of the United Nations High Commissioner for Human Rights
<b>HIV/AIDS</b>	UNAIDS
<b>Natural resources management</b>	FAO, UNEP, World Bank, UNESCO
<b>Environment</b>	UNEP, International Meteorological Organization, World Bank, Asian Development Bank (ADB), Inter-American Development Bank (IDB), African Development Bank (AfDB), Economic and Social Commission for Asia and the Pacific (ESCAP), Economic Commission for Europe (ECE), Economic Commission for Africa (ECA), Economic Commission for Latin America and the Caribbean (ECLAC)
<b>Climate change</b>	UNEP, FAO, World Food Programme, World Meteorological Organization, World Bank
<b>Energy</b>	International Renewable Energy Agency, World Bank, ADB, IDB, AfDB, ESCAP, ECE, ECA, ECLAC

Source: Compiled by the evaluation

In general, unharmonized programme planning cycles and unclear partnership procedures and processes still hamper effective partnerships. The evaluation notes that it is beyond the ambit of a single entity to address these systemic barriers, and that the need to change incentive structures and processes, and to establish system-wide standards to attain the multi-sector and issue-based partnerships demanded by the 2030 Agenda, is recognized by the United Nations. While this is understood in theory, the thinly stretched human resources of country offices in MICs and the pressure to mobilize resources do not provide the right enabling environment for developing strong inter-agency partnerships.

### **Partnerships with international financial institutions**

UNDP engagement and partnerships with IFIs have expanded in MICs in recent years, with collaboration especially focused on crisis prevention and post-conflict peacebuilding contexts. UNDP leverages its access, impartiality and experience to maximize the impact of IFI financing in programme countries, and has been especially prominent in Latin America, helping to implement Inter-American Development Bank loans to governments counterparts.

Between 2014 and 2019, UNDP strengthened and diversified its collaboration with IFIs, including multilateral and regional development banks. The total IFI financing to interventions implemented by UNDP between 2014 and 2019 amounts to \$1.36 billion, with 78 percent of it as direct grant contributions and 22 percent as GCS for implementation of IFI loans.<sup>59</sup>

Over the period 2014-2019, IFI financing to MICs stood at \$312.7 million or 28 percent of total direct IFI funding. This contribution of IFIs is highly concentrated in crisis-affected MICs with challenging operating environments and fragile and post-conflict situations. Of the 30 MICs receiving support from IFIs, only three, Iraq, Lebanon and the Syrian Arab Republic, comprised 90 percent of direct IFI contributions over the 2014-2019 period, leveraging the UNDP presence, access and strong local knowledge of crisis contexts.<sup>60</sup> KfW, the German development bank,<sup>61</sup> is the major IFI contributing to MICs with 95 percent of total IFI disbursement, followed by the International Bank for Reconstruction and Development (3 percent), the Inter-American Development Bank (1 percent) and the European Investment Bank (1 percent).

### **Enabling South-South cooperation**

The Strategic Plan, 2014-2017 defined three strategic roles for UNDP with regard to South-South and triangular cooperation: knowledge broker – on what has worked and what has not; capacity-developer – enabling harmonization of policies and legal frameworks and regulations for countries which were

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<sup>59</sup> UNDP, Financial institutions, 2020: <https://intranet.undp.org/unit/pb/resmob/SitePages/Working%20with%20IFIs.aspx>

<sup>60</sup> Atlas data did not allow the evaluation team to estimate indirect IFI contributions to MICs through government cost sharing.

<sup>61</sup> The UNDP and KfW partnership encompasses three agreements covering support to SDG implementation, response to crisis and strengthening resilience to climate change; and a memorandum of understanding on staff exchanges.

establishing institutional development agencies; and partnership facilitator – funding and technical cooperation. The Strategic Plan, 2018-2021 similarly places emphasis on South-South and triangular cooperation as an important delivery mechanism that enables exchange of knowledge on scalable development solutions. UNDP adopted the first corporate South-South and triangular cooperation strategy in 2016. UNDP also hosts the United Nations Office for South-South Cooperation whose United Nations system-wide work complements the UNDP country presence and its operational and programmatic outreach.

**Finding 7. The most successful UNDP work in South-South and triangular cooperation in MICs was linked to the strategic priorities of host countries that considered it as a pillar of development cooperation policies and strategies.**

There are instances where UNDP country programmes featured strong South-South cooperation components as in some of the upper-middle-income countries (e.g., China, Kazakhstan and Turkey). South-South cooperation is a strategic international cooperation policy instrument of these countries to position themselves as providers of development assistance and become important regional and global players. In these cases, UNDP has provided technical assistance, organized and facilitated events, supported institutional strengthening and trained national human resources. China and Turkey are now important development cooperation partners with their own South-South cooperation frameworks and represent a new dimension in UNDP promotion of South-South cooperation modalities. Both countries have built structured partnerships with UNDP in this area for almost 10 years now.

The UNDP office in China has supported China's external cooperation initiatives since 2010, in three ways: (1) sharing China's development experiences with other developing countries; (2) evidence-based research on international development cooperation and policy recommendations on development effectiveness; and (c) helping deliver Chinese aid through South-South and triangular cooperation projects. UNDP engagement with China on South-South cooperation, including through the Belt and Road Initiative, is another significant dimension of helping China support other developing countries and the achievement of the 2030 Agenda for Sustainable Development.

In recent years, Turkey has emerged as an important development cooperation partner for UNDP.<sup>62</sup> Turkey aspires to be a strong development partner bringing Turkish knowledge, intellectual capital and technological innovations into instruments of development cooperation for LDCs, with emphasis on Asia, Africa and East and Central Asia. An important element is the transfer of Turkish technology and intellectual capital of private sector expertise through the Technology Bank mechanism, with a focus on agriculture, environmental conservation, restoration of cultural assets, hydropower installations and highways, among others. UNDP has had a structured cooperation framework with Turkey since 2011, promoting Turkey's role as a knowledge hub for development cooperation, including a specific

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<sup>62</sup> With the Syrian refugee crisis, Turkey also became one of the major players in ODA (\$6.2 billion in 2016).

window for regional cooperation. With limited funding from Turkey, UNDP has supported the implementation of projects in South Caucasus and Central Asia (Georgia, Uzbekistan).<sup>63</sup>

Similarly, UNDP has been assisting the Government of Kazakhstan in promoting its regional and global potential and helping the country to position itself as a provider of knowledge and experience in civil service reform, agriculture and sustainable energy. UNDP supported the establishment of the national ODA system and South-South and triangular cooperation initiatives of the Astana Regional Hub for Civil Service by offering strategic knowledge and innovative solutions. Along similar lines, UNDP assisted in establishing the Indonesian Agency for International Development (Indonesian AID) in 2019 and implementing South-South cooperation projects, including a major cross-border local economic development project between Indonesia and Oecusse, a Timorese enclave within Indonesia. UNDP also signed a financing agreement to support Indonesia's initiative to establish the Archipelagic and Island States Forum as a platform for international cooperation between archipelagic and island States.<sup>64</sup>

**Finding 8. Despite being integrated in the UNDP strategic framework, South-South cooperation initiatives came across as project-based rather than as a well-defined delivery mechanism based on analysis and mapping.**

The evaluation analysed South-South cooperation initiatives reported in the country office annual reports between 2015-2017,<sup>65</sup> and found that South-South cooperation initiatives are pervasive across UNDP. About 95 percent of country offices in MICs reported one or more South-South cooperation initiatives in 2017. In total, 284 initiatives were reported in 2017, with on average, four per office (some double counting is to be expected since reported information covers countries both seeking and hosting initiatives). In 2018, UNDP reported more than 100 country offices engaged in South-South cooperation activities through more than 900 initiatives.<sup>66</sup>

A social network analysis (SNA) of South-South cooperation initiatives was performed on the data from results-oriented annual reports for 2017 to examine the interactions of country offices and identify any underlying patterns. This analysis was performed using Kumu, an SNA visualization platform.<sup>67</sup> The network analysis incorporates low-income countries and NCCs/high-income countries, since initiatives that originate from MICs can involve collaboration with partners in these other groups. The social network formed by the 71 MICs reporting South-South cooperation initiatives involves altogether 172

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<sup>63</sup> Government of Turkey and UNDP, Partners in Development, UNDP-Turkey Partnership <https://www.undp.org/content/dam/rbec/docs/Turkey%20Partnership%20.pdf>

<sup>64</sup> ICPE Indonesia

<sup>65</sup> Results-oriented annual reports from 2018 and 2019 did not capture South-South cooperation data in the same format and could not be readily analysed.

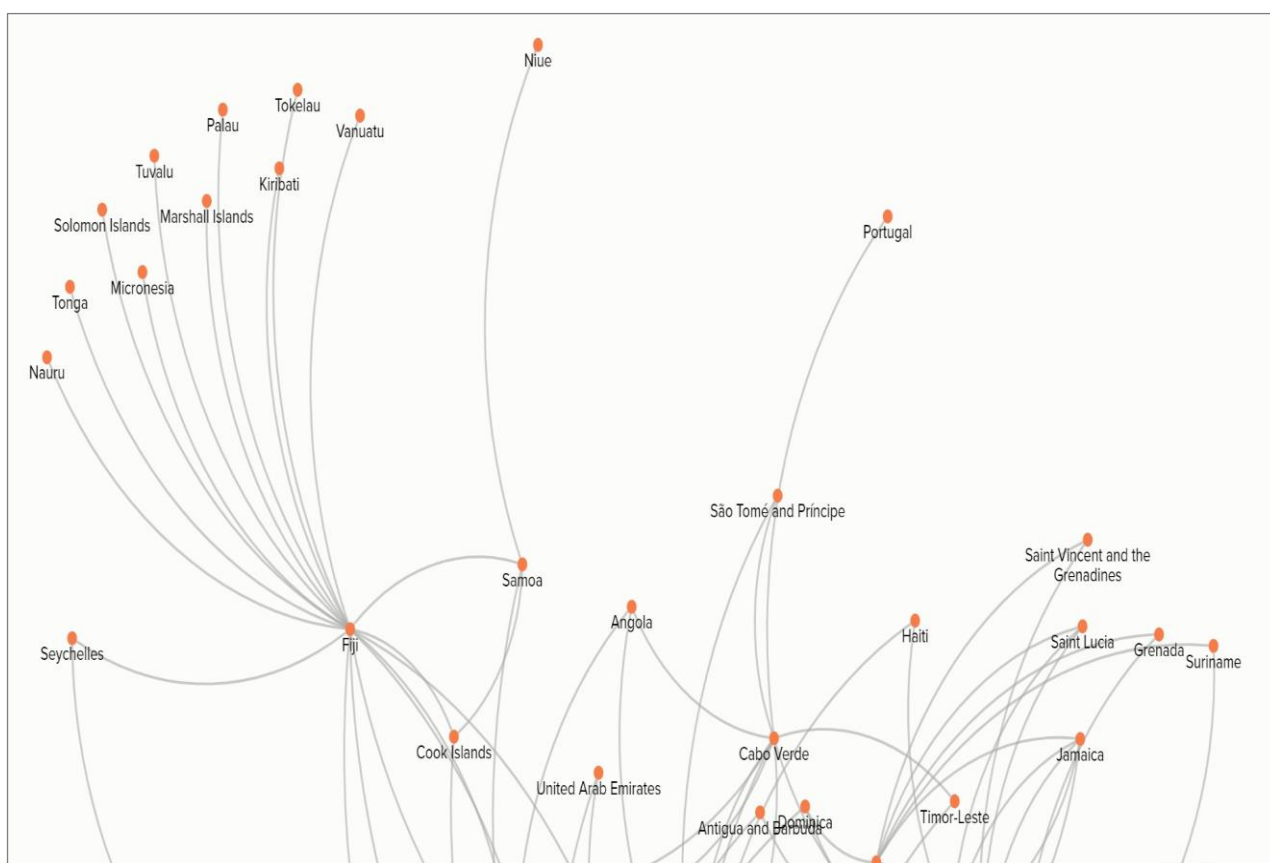
<sup>66</sup> UNDP, Southern Development Solutions for the Sustainable Development Goals: UNDP and South-South Cooperation, 2019.

<sup>67</sup> <http://kumu.io>

countries; 80 MICs hosting or collaborating on South-South cooperation initiatives; 48 LDCs/low-income countries and 44 NCCs/high-income countries.

The SNA analysis shows the formation of several quadrants or subnetworks which are often based on geographic proximity (e.g., SIDs quadrant) and common language (e.g., Angola, Cape Verde and Sao Tome and Principe quadrant).

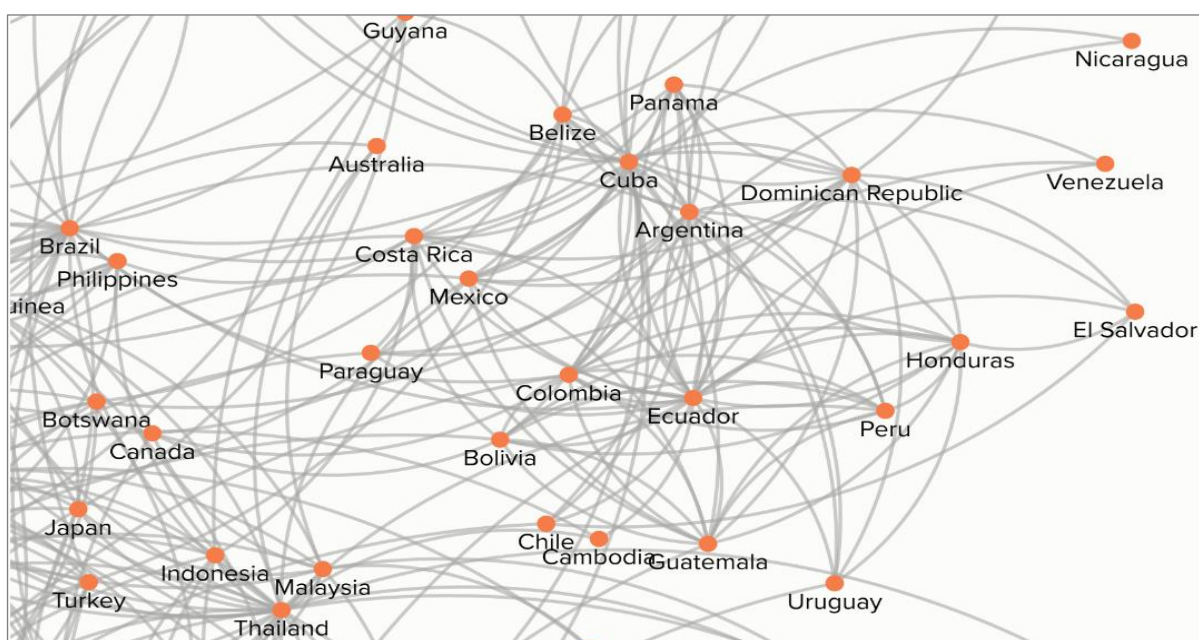
**Figure 9. Social network analysis of South-South cooperation initiatives, SIDs quadrant**



Source: UNDP ROAR 2017; Kumu

Several countries connect through third-party initiatives (i.e., through other country offices or through regional initiatives). Some countries are highly connected, primarily China, India and Republic of Moldova. India appears to be an effective broker or in-between country for sharing South-South experiences and knowledge (see Annex 1 for more details).

**Figure 10. Social network analysis of South-South cooperation initiatives, Latin America**



Source: UNDP ROAR 2017; Kumu

UNDP is engaged in the facilitation of a wide range of South-South cooperation initiatives with scale-up potential in MICs. The Tax Inspectors Without Borders is a joint UNDP and OECD initiative to support developing countries in building cross-border tax audit capacity. It complements efforts to strengthen international cooperation on tax issues and strengthens capacities to counter tax losses in countries generating revenues and profits as a result of treaty shopping in low-tax jurisdictions. A number of pilot projects and international tax workshops are already under way. The initiative has five such South-South programmes in Kenya-Botswana; South Africa-Zambia; India-Eswatini; Nigeria-Liberia; and Colombia-Mexico.<sup>68</sup>

The collaboration between UNDP and the Government of Cuba, promoting local-level governance of disaster risk reduction (DRR), early warning and integrated management of natural resources is being reviewed by in six countries in the region, learning from Cuba's experiences and tools. Cuba's strong DRR capacities focused on local-level empowerment of territorial governments. Connecting actors and community participation were leveraged in this initiative and a set of tools, methods and procedures have been developed under the initiative which is supported by the European Union, the Russian Federation and the Swiss Agency for Development and Cooperation. The experience of the Brazilian National Industrial Learning Service (SENAI) in improving the school-to-work transition inspired a partnership between UNDP, the Brazilian Cooperation Agency and SENAI to adapt the approach in several countries in Africa, Asia and Latin America. The partnership promotes economic and social development through capacity-building of local government to create and implement policies for vocational training of young people and adults. UNDP Brazil acts as a partnership facilitator and

<sup>68</sup> UNDP, Southern Development Solutions for the Sustainable Development Goals: UNDP and South-South Cooperation, 2019.



knowledge broker, providing programmatic and operational support to the Brazilian Government and its partners. It is reported that the collaboration resulted in several countries establishing vocational training centres.<sup>69</sup>

Other notable UNDP-supported South-South cooperation initiatives with proven replication and scale-up potential include an award-winning electronic vaccine intelligence network (eVin) from India that is being replicated in Indonesia and Malawi, piloted in Sudan and may get taken up in Afghanistan. The supplier development programme in Botswana links up small and medium-sized enterprises (SMEs) as suppliers to buyers and was first developed and piloted by UNDP Pakistan. The Angola-Botswana-Namibia- Cubango Okavango Regional Basin initiative provides a forum for these countries to better cooperate and share experiences in the management of the Okavango Delta.

Despite the above-mentioned examples of promising initiatives, the evaluation and previous assessments found South-South cooperation results achieved with UNDP support have focused at the level of individual organizations, providing training opportunities or sharing lessons at international forums. Insufficient resources constrain efforts to systematize South-South cooperation. While this affects all countries, in MICs, for which South-South cooperation is one of the pillars of the UNDP and United Nations cooperation framework, national stakeholders have major expectations from UNDP in facilitating learning of lessons from other countries.

The evaluation also examined linkages between innovation and South-South cooperation initiatives. Seven of the top 10 country offices implementing innovation service lines are also engaged in South-South cooperation, indicating some sort of association between the two (Table 4).<sup>70</sup> The evaluation did not perform a granular analysis and was not able to track replication or adoption of a specific innovation through South-South cooperation, and cannot tell if more innovation leads to more South-South cooperation or vice versa. Similarly, the evaluation cannot identify the factors that might explain such a trend, for example, the role of country office staff, national or funding partners in fostering and bundling innovation and South-South cooperation.

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<sup>69</sup> UNDP, Southern Development Solutions for the Sustainable Development Goals: UNDP and South-South Cooperation, 2019.

<sup>70</sup> China, Colombia, Fiji, India, Indonesia, Republic of Moldova and Thailand



**Table 4. UNDP South-South cooperation and innovation in offices in middle-income countries and territories (Top 10)**

Rank	UNDP offices originating South-South cooperation initiatives	UNDP offices receiving South-South cooperation initiatives in 2017	UNDP offices implementing Innovation Service Lines in 2016	UNDP offices implementing Innovation Service Lines in 2017
1	Rep. of Moldova	China	Armenia	Sri Lanka
2	Uzbekistan	Colombia	Thailand	North Macedonia
3	Cuba	South Africa	North Macedonia	Egypt
4	China	Ecuador	Belarus	Fiji
5	Fiji	Kyrgyzstan	Rep. of Moldova	India
6	Ecuador	Thailand	Colombia	Indonesia
7	India	Brazil	Kosovo*	China
8	UNDP office in Pristina	Ghana	China	Armenia
9	Belize	Indonesia	Albania	Panama
10	Colombia	Kazakhstan	Panama	Georgia

Source: ROAR 2016 and 2017, UNDP

\* In the context of Security Council resolution 1244 (1999)

## Innovation and digital transformation

As many MICs strive to achieve faster growth and escape the middle-income trap, an innovation-focused development strategy can make the difference between stagnation and a structural transformation of their economies. UNDP prioritized innovation in its agenda, with approaches ranging from setting up innovation labs with government for redesign of public service delivery, to embracing data innovation for SDGs implementation and monitoring and exploring alternative sources of SDG financing. UNDP launched the UNDP Innovation Facility and Innovation Fund in 2015-2016 (2014-2017) which acted as funding mechanism for innovation initiatives by UNDP staff as well as a mechanism to build UNDP capabilities and promote broader adoption in UNDP. A similar seed funding mechanism – the country investment facility – was established at the beginning of the Strategic Plan, 2018-2021, providing funding to country offices to start up innovations.

In 2019, UNDP launched 60 Accelerator Labs covering 78 countries, most of them MICs, providing increased momentum and capacities to the UNDP innovation agenda. The Accelerator Labs aim to help UNDP and partners bridge the gap between the current practices of international development and an accelerated pace of change. They aim to do this through sensing (understand the emerging challenges

and opportunities in the local context), exploring (better understanding the challenging and looking for solutions, particularly by looking at how citizens are already addressing these challenges and opportunities), testing (designing potential solutions to intervene at multiple points in the system, continuously test them), and growing them (handing over the solutions, while advocating for policy changes or spinning off solutions as private ventures). The work of the Accelerator Labs will be discussed in more detail in the ongoing evaluation of the UNDP Strategic Plan, 2018-2021.

UNDP also launched a new digital strategy in 2019, which aims to help Governments and communities leverage technology and innovation to deliver results in the era of digital transformation and the fourth industrial revolution. UNDP has long experience in digital transformation through its work on e-governance and access to information under the governance portfolio since the MDG era, which has evolved with the adoption of the 2030 Agenda. The new digital strategy also aims to help UNDP improve knowledge-sharing, data usage and efficiency.

The evaluation case studies noted several examples highlighting the growing number of UNDP-supported innovation and digitalization portfolios in different regions. In Montenegro, the Government approached UNDP as a key partner in supporting the establishment and work of the country's new Innovation Council and the Smart Specialisation Strategy. The country office's long-term investments in innovation have resulted in the development of a substantial digital portfolio in the areas of social protection, inter-operability and e-health. UNDP promoted the use of big data and data analytics for decision-making for the design and implementation of public policies and achievement of the SDGs. UNDP helped to design three subnational platforms to securely integrate administrative data on population, education, employment, etc. to manage and execute specific social policies for each individual, family and vulnerable group at provincial and municipal levels. In the Dominican Republic, UNDP supported the Digital Lighthouse Initiative, an intervention which aims to address low citizen confidence in government by bringing the citizens and government closer, improving communication and increasing public confidence through technology.

#### **Box 1. Accelerator Lab in the Dominican Republic**

The Dominican Republic Accelerator Lab, which is one of the 60 UNDP Accelerator Labs around the world, aims to tackle inadequate waste management practices that affect the well-being of rural and urban communities, contribute to contamination of soil and water resources and put pressure on municipalities' delivery of this public service. The Lab aims at engaging more than 50 Neighbours' Associations in the poorest neighbourhoods of the country, giving them voice and opportunities to be part of the solution. The proposed partnerships include community-owned garbage collection enterprises and the local non-governmental organization (NGO) FUNDEMAR (Dominican Foundation for Marine Studies; academia (PUCMM University, INTEC University, Las Americas Institute of Technology) for development of scientific solutions; the private sector (Fundación Tropigas, EcoRed, Fundación Popular, Garbage collection contractors); local governments and municipalities, school districts and relevant ministries; and UNICEF. The Lab, which has completed the sense and explore stages, used sensemaking, issue mapping, solutions mapping and collective intelligence methods to analyse the issue and the key actors, and understand the risks and opportunities in place. During the test stage, surveys and focus group interviews will be applied and a knowledge, attitude and practice survey will be used as a baseline for the design/prototype stage.

## Private sector partnerships

The 2030 Agenda and SDGs brought a major shift in the UNDP strategy for engagement with the private sector. The UNDP private sector strategy, 2018-2021<sup>71</sup> (draft), titled “Making Markets work for the SDGs,” seeks to promote the SDGs as a driver of mainline business strategies and outlines an engagement that extends far beyond corporate social initiatives or financial contributions. Rather, it seeks to unleash the bulk of private capital by aligning their strategies and operations with the SDGs, enabled by a policy environment that reduces risks and supports inclusive and green economies to eradicate poverty and attain development goals.

The strategy makes a distinction between strategic engagement and resource mobilization,<sup>72</sup> citing that the direct financial contributions of private sector partners are modest in relation to overall programme expenditures.

UNDP engagement with the private sector includes initiatives such as the Business Call to Action (to develop inclusive “base of pyramid” businesses), Connecting Business Initiative (transforming business engagement during and after natural disasters and humanitarian crises), the SDG philanthropy platform (aligning foundations’ work around the SDGs at country level)<sup>73</sup> and the Gender Equality Seal for Private Enterprises. Another relatively recent initiative is SDG Impact, which focuses on generating and leveraging private sector capital in delivering the SDGs.<sup>74</sup> The Istanbul International Centre for Private Sector Development spearheads and coordinates implementation of the UNDP private sector strategy. Turkey, which hosts the centre, is a leading model of engagements such as the Business for Goals Platform, a “think-do” platform disseminating the business case for the SDGs in sectors (textiles, tourism, agriculture) that are important parts of global value chains.<sup>75</sup>

**Finding 9. There has been a progressive evolution of the UNDP approach and engagement with the private sector, and UNDP is well positioned to promote and facilitate national and global platforms for private sector engagement for the SDGs. In MICs, the need to raise revenue has become an important determinant of UNDP programme strategies with the private sector. However, UNDP needs to strengthen its role as an enabler of private sector partnerships.**

Private sector contributions ranged from \$47 million in 2014 to \$75 million in 2017 and fell to \$50 million in 2018,<sup>76</sup> with nearly equal contributions from private companies and foundations, followed by NGOs. These amounts are very small within the overall UNDP programme spending (around \$5

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<sup>71</sup> Developed by the UNDP Istanbul International Centre for Private Sector Development.

<sup>72</sup> While the strategy is not a resource mobilization strategy, it is important to mention that the private sector and foundations also fund UNDP projects.

<sup>73</sup> The eight focus countries are Brazil, China, Colombia, Ghana, India, Indonesia, Kenya and Zambia.  
<https://www.sdgphilanthropy.org>

<sup>74</sup> <https://sdgimpact.undp.org/SDG-Impact.pdf>

<sup>75</sup> The eight focus countries are Brazil, China, Colombia, Ghana, India, Indonesia, Kenya and Zambia,

<sup>76</sup> UNDP: Financial Compendium, 2018 (page 25).  
<https://www.undp.org/content/dam/undp/library/corporate/Partnerships/UNDP-Funding-Compendium-2018.pdf>

billion a year for the relevant period); however, as they are concentrated in fewer countries, they can become important sources of revenue for country offices in MICs transitioning to a full cost-recovery model.

UNDP engages with a huge diversity of private sector profiles, including business federations, large conglomerates and corporations, SMEs and foundations, encompassing several areas of work. In a majority of engagements, private sector entities have been treated as stakeholders rather than partners within the ambit of specific projects and programmes; and at the corporate level, the UNDP Global Compact coalesced and facilitated private sector commitments to responsible business practices.

One of the most evident forms of engagement with the private sector in MICs has been in projects and programmes involving livelihoods and value chains, with the private sector seen as a provider of employment and markets.

The status of UNDP as an intergovernmental development agency is a key advantage in partnering on corporate social initiatives, as well as enabling private sector partnerships. The evaluation came across successful examples in this regard, such as in Mauritius, Turkey and Uzbekistan. In Turkey, there are several multinational corporate social initiatives in operation, with UNDP playing an important role in facilitating private sector resources in the areas of tourism, SDGs, competitiveness and energy efficiency.<sup>77</sup> In Uzbekistan, UNDP has worked on improving the overall business and investment climate, establishing a business forum and business arbitration, as well as strengthening the capacity of the chamber of commerce/business associations and industry to better serve the needs of the private sector. At the end of the project, 81 percent of the 550 SMEs surveyed were satisfied with the new services of the local chambers of commerce fostered with the technical assistance of UNDP.<sup>78</sup> In Mauritius, UNDP interventions removed the underlying barriers to investment and provided an enabling environment for private sector market uptake in energy generation.<sup>79</sup>

The status of UNDP also evokes high expectations from the private sector; these expectations are not always met. The evaluation came across examples of flagship private sector partnership ventures which demonstrate unmet or partially met private sector expectations from UNDP for high standards of expertise and implementation effectiveness. In one of the cases, the perspective of the private sector stakeholder was that UNDP, while bringing the essential networks and institutional links with the concerned ministries and national organizations, was not able to provide strategic thinking and leadership for the project to tie pilot activities into a larger institutional policy framework at national and subnational levels. The broad sense emerging from the experience was that while UNDP was very good at leveraging its past success with government projects, it did not meet the expectations for quality of delivery and did not demonstrate competitiveness against other choices that are increasingly

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<sup>77</sup> ICPE Turkey, 2019.

<sup>78</sup> Chaoying Liu & Emily Harwit, *The Effectiveness of Private Sector Development Interventions in Fragile and Conflict-Affected Situations: Evidence from Evaluation*, November 2016. Box 8, page 22.

<sup>79</sup> Terminal Evaluation Report of the UNDP-GEF project “Removal of barriers to Solar PV Power Generation in Mauritius, Rodrigues and the Outer Islands”, August 2017.

available from outside the United Nations system. This initiative has since shown promising results and their business models have stabilized and gathered momentum for replication and upscaling, after reconfiguring the project design with the support of a consultancy firm.

In a second case, notwithstanding appreciation for the project's achievements, the stakeholder's perspective was that UNDP has remained content with the low-hanging fruit and local impacts, whereas a comprehensive, integrated and scalable approach was desired given the magnitude of the development challenge being addressed. This goes well beyond the comfort zones of the private sector partners – whose primary interest remains the fulfilment of limited obligations – and UNDP, which will need to evolve a new model. Notwithstanding, this initiative has been very successful in a crowded field of similar initiatives. In another case, UNDP was not able to secure the required expertise and the implementation of the project suffered, resulting in the termination of the agreement. The shorter-term horizons of private sector projects and resource mobilization pressures on country offices introduce a complex mix of factors which should be studied closely. The above-mentioned examples also point out the need for UNDP to reinforce and demonstrate its comparative advantage to Governments of MICs, many of which are increasingly looking to the private sector for advice on development issues.

Robust due diligence is an important aspect of private sector partnership. At corporate level, the UNDP private sector due diligence policy has been in place since 2013. A private sector due diligence committee is responsible for providing advice on proposed private sector partnerships. UNDP has been at the forefront in setting United Nations private sector partnership parameters, co-leading preparation of the United Nations Sustainable Development Group common approach to prospect research and due diligence for business sector partnership. As was evident in some countries studied for this evaluation, there remain reputational and financial risks of engaging with some private sector entities and a need for additional corporate guidance. UNDP is currently updating its private sector due diligence policy.

UNDP partnerships with private sector foundations, philanthropic and faith-based institutions are covered in Chapter 4, under SDG support.

## CHAPTER 4. UNDP CONTRIBUTIONS TO DEVELOPMENT RESULTS

This section presents the findings related to the UNDP contributions to development results and key factors in the performance of UNDP programmes. The results are structured by thematic and sub-thematic areas.

### 4.1 SIGNATURE SOLUTION 1: KEEPING PEOPLE OUT OF POVERTY

**Finding 10. MICs need support in economic specialization and building resilience to exogenous economic shocks while building competitive financial markets to sustain national development. UNDP has several relevant offerings, however their presence in MIC country programmes has been sporadic.**

As discussed under the context section, MICs continue to face challenges in three dimensions of sustainable development, poverty, inequality and environment degradation, which are the key development focus for the United Nations system. Additionally, governance (including rule of law, inclusive and accountable institutions and respect for human rights) is a key challenge for some MICs.

MICs need more specialized support in diverse areas ranging from economic diversification and resilience to exogenous economic shocks, competitive financial markets for trade, debt and private investment, fiscal management and pro-poor domestic revenue mobilization strategies, labour-friendly and job-inducing growth policies and strategies, gender-responsive and green economies and national programme implementation and monitoring systems.

The UNDP inclusive growth portfolio in MICs consists of several themes: structural transformation, diversification and competitiveness; SDG support; livelihoods and jobs focusing on access and empowerment to vulnerable and marginalized groups; youth employment; social protection; development financing; and sustainable management of natural resources. While UNDP has established a relevant track record in all these areas at the aggregate level, when viewed at the country level, only one or two areas are represented in country programmes and their presence does not necessarily ensue from a systematic assessment of priorities which UNDP is best positioned to address from a corporate knowledge and comparative advantage perspective; rather, these seem to be driven by government priorities and prospects for funding for specific themes.

In several areas such as competitiveness, economic diversification, social protection, jobs and skills development, engagement has been sporadic and fragmented without building intersectoral synergies under overarching strategies subsuming these thematic areas. The CPDs of the sample MICs reviewed lack due analysis of the entirety of the challenges represented by MIC status. Analysis of financing for development alternatives has also been missing in nearly all CPDs.

## Policies for economic development, structural transformation and poverty reduction

**Finding 11. Evidence-based policy support has been a constant feature in UNDP country level support; inclusive growth and poverty reduction policies and strategies were supported in about 75 percent of the middle-income country programmes reviewed.**

There are good illustrations of UNDP engagement in the areas of competitiveness, productivity and economic diversification in MICs. However, the UNDP approach could have been more systematic, leveraging the expertise of other relevant specialized United Nations agencies and enhancing institutionalization and dissemination of success and good practices emerging across countries.

UNDP supported several Governments of MICs in the formulation of policies and action plans addressing structural impediments and access gaps for the poor, marginalized and vulnerable groups. With widespread adoption of the 2030 Agenda and the realization that the SDGs are interconnected, there has been demand for multidimensional poverty measurement. The MPI<sup>80</sup> and HDI are UNDP flagship knowledge products which have had wide uptake at country level. UNDP has supported 15 MICs in constructing national and subnational multidimensional poverty and climate vulnerability indices for policy, planning and resource prioritization. In some cases, these were linked to countries formulating SDG implementation plans.<sup>81</sup>

In some countries, there was specific emphasis on policies to support productivity and competitiveness. These include, for instance in Turkey, technical support to policy formulation in areas such as productivity, environment and energy, and in the Balkans, policy support was linked to the European Union accession agenda and covered subjects of the Acquis Communautaire, with an emphasis on social inclusion, fiscal management and local area development.<sup>82</sup>

The strong institutional experience of UNDP was evident in the transparent and sustainable management of extractive sector initiatives, a key need for narrowly diversified MICs. UNDP made useful contributions to identification of development minerals and other sectors for diversifying from extractive sectors. The evaluation noted a considerable body of work by UNDP across regions, with an emphasis on transparency in management of the resource and redistribution of benefits, sustainable resource extraction and economic diversification, derisking from excessive dependence on extractive sectors. Increasingly, UNDP work is focusing on development minerals, which are mined primarily for

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<sup>80</sup> The MPI, developed in partnership with the University of Oxford, looks beyond income to measure and accelerate progress against Sustainable Development Goal 1, and influencing how countries gather and use data to make decisions

<sup>81</sup> Armenia, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras,

India (Andra Pradesh), Mexico, Nigeria, Panama, Pakistan, Philippines and Viet Nam. See:

<https://mppn.org/applications/national-measures/>

<sup>82</sup> Montenegro, the New Investment Framework, and Centre for Sustainable Development, management of new nature parks and increase in protected areas.

domestic industrial purposes and are more inclusive (due to being more localized and with lower capital requirements than the capital-intensive energy minerals).

At the regional level, the UNDP regional programme in the Asia-Pacific region on extractive industries conducted a set of studies in select countries. In Africa, UNDP supported the articulation of the African mining vision in 2017, which guides mineral sector plans for several African countries. Several examples were noted at the country level, such as in Jamaica, Mongolia and Nigeria.<sup>83</sup> While engagement on issues associated with extractive sectors is justified, the evaluation also learned that UNDP country offices prefer a calibrated approach balancing the in-sector opportunities with a broader diversification and derisking approach. As a result, there has been a conscious, gradual downsizing of UNDP engagements in countries where the mining sector towers over all other economic activities.

Supplier development programmes, competitive production clusters and strengthening of micro, small and medium-sized enterprises (MSMEs) and MSME support services were recurrent in a number of MICs (17 percent of the sample countries). The emphasis was on enhancing domestic competitiveness against imports, integration of MSMEs into supply chains of anchor manufacturing facilities, and integration into national and international value chains.<sup>84</sup>

One illustration of a systematic approach to evolve competitiveness and economic diversification as corporate practice areas (along the lines of development finance assessments, climate change reviews) was found by the evaluation in Turkey, where the Total Factor Productivity assessment was used to identify sectors with eroding competitiveness and those with future competitive potential (Box 2).

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<sup>83</sup> In Mongolia, a mining impact assessment in a significant mining area in South Gobi; in Nigeria, UNDP provided national-level support for the development of the National Mining Sector Roadmap, including a solid minerals sector strategy and revenue framework; and in Jamaica for formulating its Development Roadmap for the minerals sector.

<sup>84</sup> In Botswana, UNDP implemented the Supply Development Programme to enhance domestic competitiveness of SMEs by integrating them into supply chains. In Honduras, UNDP assisted the Secretariat of Economic Development to strengthen capacities of Business Development Centres to provide advisory services to microenterprises linked to supply and sourcing arrangements with two anchor companies for supply of footwear for school children. In Montenegro, it supported a Cluster Development Programme supporting nine clusters and a framework and action plan for life-long entrepreneurial learning for enterprise owners.



## Box 2. A comprehensive approach to productivity and competitiveness, UNDP Turkey

The Total Factor Productivity (TFP) initiative emanated from a strong rationale to address Turkey's labour and total factor productivity, which are below the OECD and United States averages by 40 and 50 percent, respectively.\*

A major structural feature of Turkey's lower productivity is the huge gap between the productivity of large enterprises and SMEs. The project involved firm-level assessments of over 3,000 enterprises for productivity trends and constraints to market and value-chain integration in several sectors. Assessments led to identifying horizontal policies to increase and incentivize firm-level productivity especially of smaller enterprises; vertical (sector) policies to build competitive edges in specific sectors, technologies and regions, to create globally competitive enterprises; and lastly new corporate interfaces for effective implementation of TFP policies (for example, development of services and networks connecting public, private, academia and business building programmes in strategic areas).

The TFP policy analysis had spin-off initiatives, such as Model Factory, SME Applied Capability Centres for lean manufacturing, and transformation of the Organized Industrial Zones for provision of services for improving management quality in enterprises. UNDP supported the establishment of the first model factory in Ankara through a public-private partnership with the Ankara Chamber of Commerce. Based on the Ankara Model Factory, similar centres are being planned in Izmir, Mersin and Bursa. In the next phase, the centres will add modules for digital transformation and focus on technology upgrading of strategic industrial clusters to build a future global competitive advantage (e.g., piping equipment for nuclear energy).

ICPE Turkey, 2019

\* UNDP, Support to Development of a Policy on Total Factor Productivity White Paper, November 2018. It was based on extensive consultations with industry, academia, and policy research institutions, and prepared with the assistance of McKinsey & Co. See: [https://www.undp.org/content/dam/turkey/white-book/White%20Paper%20Final%20Rev1%20\(1\)%20\(2\).pdf](https://www.undp.org/content/dam/turkey/white-book/White%20Paper%20Final%20Rev1%20(1)%20(2).pdf)

The evaluation noted missed opportunities in collating and disseminating such good practices through an effective knowledge management system. Similar projects in several countries could have benefited from lateral or coordinated consultations and knowledge exchange facilitated by regional offices or thematic leaders. The thermal energy-efficiency projects in Turkey and Mongolia had very similar elements – policy and regulatory push, financial incentives for modernization and development of alternative ecosystems – yet the experience of Turkey's National Energy Efficiency Action Plan and the energy-efficiency innovation centre in Gaziantep, Turkey (which were also featured in the country programme evaluation of UNDP Turkey as a success story) did not benefit from exchange of knowledge and good practices. Similarly, Mauritius, which is embarking on a large solar energy initiative, could

have benefited from the work of the renewable energy research centre in Turkey, which is implementing solar energy projects in agriculture value chains.<sup>85</sup>

While acknowledging the considerable footprint in policy support that UNDP has built in MICs, the evaluation notes that the term “support” is applied in a general sense without fleshing out the actual value added by UNDP in the substantive content of the policies. The extent to which engagements drew from UNDP global expertise can be distilled better through more specific assessments which could not be undertaken in this evaluation. In a number of cases, UNDP played more a facilitator role than being the source of expertise and knowledge leadership.<sup>86</sup> Thus, the term “UNDP support” should be defined as it can mean several types of contribution.

UNDP resource allocations to support a dedicated policy unit/economist in country offices have reduced over time, although in Africa, pools of dedicated macroeconomists are funded to serve two country offices each. In Asia, the Policy Unit has multi-country advisers playing this role. The restructuring in 2014-2015 affected policy advisory support to country offices. Some country offices<sup>87</sup> mentioned pursuing policy support with limited local funding and capacity. UNDP has sought to address these gaps through the Global Policy Network set up under the Strategic Plan, 2018-2021, which is intended to provide tailored support to countries and facilitate knowledge-sharing across countries and regions.

## Support to the 2030 Agenda and SDG localization

**Finding 12. Comprehensive support to mainstreaming, implementation, monitoring and reporting on the SDGs has emerged as a flagship and distinct UNDP offering and has attracted demand from several MICs.**

The long-standing UNDP engagement on the MDGs, especially support to the MDG Acceleration Framework (MAF), enabled a seamless transition to the adoption of the 2030 Agenda for Sustainable Development in 2015, and the MAF implementation plans in several countries<sup>88</sup> were subsumed into the SDG framework. SDG support was recorded in more than half of the MICs reviewed.

### *Mainstreaming, Acceleration and Policy Support*

Upon adoption of the 2030 Agenda, to facilitate the transition to the SDGs, UNDP played a lead role in formulating and implementing a coordinated approach – MAPS – to support Member States in SDG mainstreaming, acceleration, policy development, data, partnerships and accountability. Between 2016 and 2018, UNDP participated in MAPS missions to 27 MICs (15 lower-middle-income and 12

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<sup>85</sup> Details can be seen in the section on energy efficiency and renewable energy in the Turkey ICPE, 2019 (page 43-45).

<sup>86</sup> In Viet Nam, UNDP fielded a Policy Advisory Team to assist Governments in an array of policy-oriented approaches. In Turkey, UNDP commissioned McKinsey & Co to conduct the Total Factor Productivity assessments. In Mongolia, it supported the International Think Tank for Land-locked Developing Countries.

<sup>87</sup> These were cited in interviews with staff from the Egypt, India and Mongolia country offices

<sup>88</sup> In all, 53 countries undertook MAF plans, according to a UNDP report on MAF implementation.

upper-middle-income countries)<sup>89</sup> along with over 20 United Nations agencies. A number of guidance materials<sup>90</sup> and toolkits were prepared for the MAPS, including a Rapid Integrated Assessment tool developed by UNDP to support countries in assessing their readiness for SDG implementation by reviewing national plans against the SDGs.

### *Localization of the SDGs*

The UNDP approach to SDG localization identifies five drivers of transformational change: (1) sensitization and engagement of local actors; (2) accountability mechanisms; (3) participatory planning and service delivery; (4) local economic development; and last but not least, (5) partnerships. UNDP is working closely with multiple United Nations agencies as well as the Local 2030 Initiative which brings all the United Nations agencies together under the Secretary-General. With UN-Habitat and the Global Taskforce of Local and Regional Governments, UNDP created a learning platform<sup>91</sup> with tools and guidance on localizing the SDGs. The evaluation came across several instances of UNDP work on localizing SDGs in MICs, including China<sup>92</sup> (a full-fledged SDG localization strategy and SDGs for three pilot zones), Mongolia<sup>93</sup> (SDGs for Ulaanbaatar City) and Malaysia<sup>94</sup> (SDG-based approaches for the excluded in remote regions).

### *Support to statistics and monitoring*

MAPS missions have consistently pointed out data gaps, insufficient coordination between data producers and the challenges of disaggregation and clear political commitment to data-driven decision-making.<sup>95</sup> UNDP supported 20 countries<sup>96</sup> with assessments of readiness of national statistical systems for SDG implementation and monitoring. UNDP also trained about 200 policymakers from 35 countries on modelling tools to inform policymaking for the SDGs. UNDP also supported Egypt and the Republic of Moldova in applying the International Futures forecasting model which showed that investments in inclusive governance, infrastructure and health would enable the greatest impact towards achieving the SDGs by 2030. The evaluation took particular note of the comprehensive

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<sup>89</sup> MICS receiving MAPS missions included: Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Brazil, Dominican Republic, Egypt, El Salvador, Guatemala, Jamaica, Kazakhstan, Mauritius, Mongolia, Republic of Moldova, Serbia, Sri Lanka, Trinidad and Tobago, Tunisia, Turkmenistan, Ukraine and Uzbekistan.

<sup>90</sup> Publications include: “What does it mean to leave no one behind”; “Financing the 2030 Agenda: Introductory Guidebook for UNDP Country Offices”.

<sup>91</sup> Website: [www.localizingthesdgs.org/](http://www.localizingthesdgs.org/)

<sup>92</sup> UNDP supported China to explore the use of SDG targets as a standard for social and economic development and economic policy decisions.

<sup>93</sup> In Mongolia, UNDP engaged with the Ulaanbaatar city government in local-level planning consistent with the SDG agenda.

<sup>94</sup> UNDP extensive participation in the Government’s Inter-Agency Planning Group and Technical Working Groups to review proposed programmes, and co-writing and peer review of Strategy Papers.

<sup>95</sup> Lessons documented from MAPS missions in Eurasian region.

<sup>96</sup> UNDP booklet on MAPS and SDG support.

support to Nigeria, which consisted of support for the MDGs to SDGs Transitioning Strategy and SDG data mapping at federal and state levels. Support to the Bureau of Statistics and the SDG Office included the design of an SDG data bond for federal and state-level officials, an SDG data mapping exercise with a supply responsibility framework and production of SDG indicator baselines.

**Box 3. SDG Coordination Centres: An example of the “whole of government” and “whole of society” approach, India**

UNDP engagement on SDG coordination in India is a useful example of the “whole of government” and “whole of society” approach to fast-track SDG progress. A dedicated SDG cell has been established to oversee the implementation and coordination of SDG implementation. India’s SDG localization strategy, consisting of eight actions, was formulated by the Government with inputs from partners including UNDP. The actions are awareness and sensitization; indicators; state data ecosystem; partnerships; coordination centres; dashboards for performance; review; and district ranking.

UNDP was chosen as a partner to support states in implementing their SDG plans. In these states, UNDP set up SDG Coordination Centres to assist the state governments in putting the localization plans into action, with a priority on the aspirant districts (the furthest behind). UNDP operations cover five states and include 24 of India’s 117 aspirant districts. In each state, UNDP supported the articulation of Vision 2030, and three-year action plans, using the standard model developed at the centre by Niti Ayog. Themes include health, nutrition, education, skills development, financial inclusion, etc. States and districts are also ranked on performance using the indicator framework and reimbursements of central support are linked to achievements. The model is now being scaled up and is also attracting international interest from Bangladesh, Indonesia and Mongolia and led to several South-South knowledge exchange actions.

Examples of support for the development of indicators and data could also be found in Mexico and in Paraguay, where UNDP helped in the development of the country’s 2015 MDG report, which included an analysis of the quality of indicators and data using the employment and decent work framework as a proxy. The subsequent budget featured important investments in the water and sanitation sector and a sharp increase in funds allocated to reduce undernourishment in Paraguay (more than 30 percent increase from previous year).<sup>97</sup> UNDP also supports countries through technical inputs and financial assistance in preparing “leaving no one behind” assessments, national SDG reports and voluntary national reviews (VNRs). In 2018, 47 countries presented VNRs (15 of them MICs),<sup>98</sup> up from 22 in 2016.

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<sup>97</sup> ICPE Paraguay, 2018.

<sup>98</sup> From VNR Database: Albania, Armenia, Cabo Verde, Colombia, Dominican Republic, Ecuador, Egypt, Jamaica, Lebanon, Mexico, Namibia, Paraguay, Senegal, Sri Lanka, Sudan.

## Development financing support

**Finding 13. UNDP made noticeable contributions to address the issue of development financing for the SDGs, including support to development finance assessments and engaging with private sector enterprises to expand the capital flows to meet the SDGs.**

The first estimate of SDG financing needs, presented in the UNCTAD World Investment Report 2014, estimated total annual investments of developing countries between \$3.3 trillion and \$4.5 trillion, and showed a \$2.5 trillion gap between needs and current funding. Similarly, the World Bank has estimated that annual investments to develop and maintain new SDG-related infrastructure and limit climate change to two degrees Celsius would cost around 7.2 percent of GDP.<sup>99</sup>

As reported by the IMF,<sup>100</sup> there has been progress in domestic revenue (excluding grants) trends in all developing countries: from 15.5 percent of GDP in 2000 to 18.5 percent in 2017 for low-income and lower-middle-income countries, and from 20 percent of GDP in 2000 to 26 percent in 2017 for upper-middle-income countries. Nonetheless, achieving the SDGs will require significant additional contributions from both the private and public sectors.

UNDP support to Governments and their partners to foster a more integrated approach to SDG financing in MICs is in progress at country level under the various service offers. The evaluation was able to collect limited information on these due to COVID-19.

**Development finance assessments.** UNDP developed a methodology for development finance assessments and supported assessments in nine MICs: Dominican Republic, Egypt, Honduras, Indonesia, Lesotho, Mongolia, Namibia, the Philippines and Viet Nam. The assessments have demonstrated their usefulness in identifying strategies to improve revenue performance through introducing excise duties and progressive taxes, strengthening the quality of revenue administration, substituting high-cost commercial borrowings with concessional loans, stimulating private investment in new industries, establishing sovereign wealth funds to manage volatile commodity revenues, and leveraging international public finance for clean energy and climate change adaptation.<sup>101</sup>

**Tax Inspectors Without Borders** is a joint OECD and UNDP initiative to support developing countries build cross-border tax audit capacity. It complements efforts to strengthen international cooperation

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<sup>99</sup> <https://www.ifc.org/wps/wcm/connect/842b73cc-12b0-4fe2-b058-d3ee75f74d06/EMCompass-Note-73-Closing-SDGs-Fund-Gap.pdf?MOD=AJPERES&CVID=mSHKI4S>

<sup>100</sup> Gasper et al, Fiscal policy and development human, social, and physical investment for the SDGs, 2019.

<sup>101</sup> Development Finance Assessment for Mongolia 2018. The main findings were that Mongolia remains a non-diversified natural resource-dependent economy with high levels of fluctuations in financial flows; compared to other countries with same income levels, Mongolia has high public debt, relatively high levels of tax revenues, low levels of net remittances and ODA grants, and average levels of concessional finance. A constrained national capital market has led to low levels of foreign direct investment and private debt. The assessment also outlined specific financing strategies to improve revenue performance, substituting high-cost commercial borrowings with concessional loans, stimulating private investment into new industries, establishing a sovereign wealth fund to manage volatile commodity revenues, and leverage international public finance in areas such as renewable energy, climate change and SME finance for the Sustainable Development Vision 2030.

on tax issues and strengthens capacities to counter tax losses in countries generating revenues and profits as a result of treaty shopping in low-tax jurisdictions. A number of pilot projects and international tax workshops are already under way, including in MICs such as Albania, Ghana and Senegal.

UNDP launched the **SDG Innovative Finance Initiative** to enhance understanding of impact investments, risk and return frameworks for private capital for social causes and enable an effective alignment of capital markets with the SDGs. Several countries have established investment funds for development under this initiative, including India and Sri Lanka. Moreover, UNDP has supported **Islamic finance and SDG financing**, collaborating with the Islamic Development Bank to establish the Global Islamic Finance and Impact Investing Platform in 2016. UNDP strengthened internal capacity on Islamic finance in 30 country offices and strengthened partnerships in Malaysia, Morocco and Turkey.<sup>102</sup> The flagship result in this area is Indonesia's sovereign Green Sukuk, a \$1.25 billion green Islamic bond which was oversubscribed three times. Similarly, Malaysia's Securities Commission is assessing listing of a global Green Sukuk instrument that can be traded on the bourses. Indonesia replicated the Armenia ImpactAim<sup>103</sup> programme as a model on impact investment. The UNDP Istanbul Regional Hub Alternative Finance Lab has developed crowdsourcing platforms in the Arab States and Europe and Commonwealth of Independent States regions to catalyse contributions from individuals.

Currently, there is rising demand from both Governments and private sector actors for UNDP to provide technical advice and certification support for SDG financing instruments. The UNDP **SDG Impact Standards for Private Equity**, which aim to drive private capital investments (private equity and bonds) towards the SDGs, are a good illustration of the same. UNDP can also play a useful role in impact monitoring of private financing (beyond the enterprise level) based on national and subnational SDG targets, and canvass for appropriate enabling environments for public-private partnerships.

SDG financing from the private sector also attracts increasing attention from IFIs, especially the World Bank and IFC, which have evolving strategies for debt finance for private sector investments around specific SDGs. UNDP will need to find new ways of working with IFIs as an aggregator of knowledge and opportunities and use the impact platforms being developed by UNDP and other United Nations system agencies.

UNDP work in climate finance and biodiversity finance are covered in section 4.3.

## Poverty and inequality-targeted programmes

**Finding 14. In country programmes in MICs, UNDP has designed and implemented a sizeable number of community-based livelihoods interventions, addressing the challenges of vulnerable and**

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<sup>102</sup> UNDP, [Partnership to unleash potential Islamic finance opportunities to implement the 2030 Agenda, press release](#), UNDP, New York, 27 September 2018.

<sup>103</sup> <https://impactaim.com/>

**marginalized groups. Some projects have shown effective linkages with upstream policy processes besides strengthening community livelihoods.**

Inequality is a consistent central theme in the UNDP development dialogue and advocacy and the primary lens in its programme engagements in MICs. UNDP enhanced its focus on leaving no one behind with a new marker identifying 18 priority groups in its programmes, including people living in rural areas; persons negatively affected by armed conflict or violence; internally displaced persons; people living in multidimensional poverty; women; youth; persons affected by natural disasters; refugees; unemployed persons; and persons with disabilities.

In many countries, inequalities have a territorial dimension (spatial exclusion), and therefore policies to reduce inequalities need to consider subnational and local development indicators and issues. In some countries, social exclusion lies rooted in cultural traditions and perpetuates isolation and lack of equitable access to services and opportunities. Many UNDP interventions address the livelihood needs of communities living in remote areas, or of those in conflict over natural resources with other sectors.

A recurring aspect of UNDP work with communities is in community-based natural resource management. In Mongolia, UNDP supported the establishment of a national database for local protected areas (LPAs) which is consulted while issuing licences for exploration and prospecting; nearly 500 LPAs have been registered.<sup>104</sup> An independent evaluation of the project reported a substantial decrease in the occurrence of fire and illegal hunting in these community-managed areas, in addition to positive results of ecosystem adaptation through rehabilitation of natural springs and reuse of abandoned pasture lands.<sup>105</sup> In Fayoum and Wadi El Gemma in Egypt, UNDP supported implementation of schemes such as community development, tourism, co-management and benefit-sharing and establishing ecotourism NGOs that include all tourism stakeholders. In Nigeria, UNDP has been actively engaged in the restoration of livelihoods in conflict-affected communities in the north-east including a project on an integrated approach to building peace in Nigeria's farmer-herder crisis.<sup>106</sup>

Respondents to the evaluation in several countries cited that a key factor in UNDP work with communities is the long-standing relationship of trust with both government and communities, and the promise of neutrality in bringing together diverse and at times opposing stakeholders to engage in discussions and resolve differences. This remains a major advantage for UNDP in livelihood support interventions.

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<sup>104</sup> UNDP also supported development of a database of associations of natural resource-dependent community-based organizations, as well as a pilot for community management and protection of ecological corridors for Argali sheep and white-tail gazelle movements in the western and eastern regions. UNDP direct support benefited a total of 1,243 herders of 418 herder families to form 33 communities, besides directly benefiting herder families in target LPAs.

<sup>105</sup> UNDP Mongolia, Terminal Evaluation Report, Managed Resource Protected Areas Project, 2018; Midterm Review of SPAN (Strengthening Protected Area Network in Mongolia), 2015; ROAR 2017-2018.

<sup>106</sup> Data from ROARs for 2017 for Nigeria. UNDP support aided close to 10,000 households in reviving farming and over 8,700 people in emergency income opportunities, and trained over 200 youth and close to 200 former militants to pursue business and vocational skills and reintegrate into the communities.



Livelihoods and jobs were supported in 38 percent of the sample MICs reviewed, and access and empowerment of vulnerable and marginalized groups in 30 percent of the sample countries. The evaluation noted a few interventions that led to sustainable linkages for income enhancement for the excluded and vulnerable groups or an increase in government coverage or efficiencies in service delivery to these groups. The evaluation took specific note of successful interventions in Egypt, India and Mongolia in this theme.

UNDP partnered with the Egypt Network for Integrated Development for skills development and access to job opportunities for women and youth living in the poorest areas in Upper Egypt (Sohag, Qena and Luxor). Based on its success in 45 villages in Upper Egypt and its impact on more than 10,000 lives,<sup>107</sup> UNDP has been requested by the Government to scale up this approach and has since built partnerships with 11 ministries and 50 local NGOs to promote the integrated approach. The complementary social entrepreneurship programme implemented with the Egyptian Corporate Responsibility Centre focused on development of Egypt's traditional arts and crafts ("Creative Egypt") while also enhancing digital literacy, information and communication technology skills and innovative social enterprise development among young people. The programmes are progressing satisfactorily towards the target of 700,000 new jobs by 2022; as of 2018, nearly 190,000 MSMEs had been supported and over 300,000 jobs had been created for vulnerable populations across governorates.

In Azerbaijan, women's resource centres have provided a safe space for over 3,000 rural women to share ideas on improving their livelihoods through economic empowerment. Established in 2011, the nine resource centres have as their main mission to help strengthen rural women's entrepreneurial skills and advance their competitiveness in the labour market, empowering them to overcome the many socioeconomic challenges faced by women living in rural areas.

In India, UNDP implemented the "Creating Employment and Entrepreneurship Opportunities for Women in India" project, popularly known as DISHA, with funding from the IKEA Foundation, during 2015-2019. The project had an ambitious target of improving the lives of 1 million women and girls through imparting of marketable skills and enabling access to employment or entrepreneurship opportunities, while at the same time developing innovative public-private partnership models and improving the connection between education, skills and jobs. Counselling and training enabled access to non-traditional jobs for women, such as employment in a large steel mill, and the project's model is being used in the government programme, targeted to reach over 1 million people in 2019.<sup>108</sup>

The Sustainable Cashmere project implemented by UNDP Mongolia is an interesting case of engaging with the private sector in strengthening market linkages for inclusive, sustainable, environmentally friendly, ethical and traceable products, using responsible corporate behaviour as the pivot. Cashmere has been Mongolia's second largest export by volume<sup>109</sup> and connects thousands of small herders to global markets. The growing demand for cashmere, especially with the upper-middle classes across countries, has led to a spurt in livestock rearing which has environmental impacts (greenhouse gas

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<sup>107</sup> Data from UNDP Egypt ROAR, 2018.

<sup>108</sup> Disha Project website, brochure on career counselling and guidance. [Career Guidance and Counselling \(375.6 kB\)](#)

<sup>109</sup> Cited in Skype evaluation interview with UNDP Mongolia.



emissions), besides production practices that violate international conventions on human and animal rights (machine shearing induces high stresses on mountain goats, especially after harsh winters).

### **Skills development, vocational education and training**

**Finding 15. UNDP efforts in MICs to improve livelihoods through vocational education and training are mostly stand-alone and are often not embedded within a larger strategy rooted in competitive diversification of the economy. UNDP interventions are often focused on the supply side rather than exploring and advocating for long-term human capital investments.**

MICs face challenges in structural transformation due to the increasing levels of automation and displacement of low-skill labour in formal sectors, and an exploitative environment in the largely informal economy settings.

The evaluation came across several illustrations of UNDP work to improve national technical and vocational education and training (TVET) systems, with a view to improve employability in sectors where demand for technical skills was on the rise. However, many interventions come across as stand-alone and not embedded within a larger employment-creation strategy rooted in competitive diversification of the economy.

In several country programmes in Eastern Europe and Central Asia, programmes had the majority of TVET components, although focusing on different aspects: such as modernization of the vocational education and training system, support to improving teaching quality and obtaining international accreditation, or setting up a national subcontracting centre for matchmaking between employers and jobseekers. In one country, the focus was on a modern vocational education and training system for agriculture, covering farmers, agriculture extension services and colleges.<sup>110</sup> The evaluation notes that this as an isolated UNDP pursuit in an area that is not a niche (these are established areas of FAO competencies and mandate) and lead to unsustainable outcomes. In Kazakhstan, UNDP engaged in the promotion of green jobs and access to microloans in line with the Green Economy model adopted in 2013, and this area has attracted interest from national partners and is to be scaled up through the Accelerator Lab initiatives.

More promising engagements can be found in North Macedonia and Turkey. In North Macedonia, UNDP complemented beneficiary-based interventions (training and equipment for self-employment) with guidance for the National Employment Strategy and the national Operational Plan for Labour Market Service and Active Employment Programmes. In Turkey, UNDP supported the capacity

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<sup>110</sup> Azerbaijan, Belarus, Georgia and Kazakhstan had TVET components. The Georgia ROARs reported a 10 percent increase in income among farmers in Ajara (45 percent of the beneficiaries were women). UNDP training of 2,500 students (30 percent women) in vocational education and training colleges led the Government to replicate the approach to modernize institutions providing business-skills training.

development of ISKUR, the national employment agency, by enhancing the supply capacity for skills and vocational training and labour absorption in selected value chains.<sup>111</sup>

**Youth employment initiatives.** The evaluation recognizes that youth employment and economic empowerment is one component of the UNDP multidimensional approach to youth empowerment. The UNDP approach, which is aligned with the 2018 United Nations Youth Strategy, focuses on: (1) civic engagement and political participation; (2) economic empowerment; (3) peacebuilding, prevention of violent extremism and resilience-building; and (4) engagement of youth in SDG implementation and monitoring. UNDP has been supporting policy advice and capacity development in more than 50 country offices through a global project on youth, sustainable development and peace. UNDP is also active at the global level, supporting, with other partners, the organization of global platforms and events and the development and dissemination of knowledge products on the role of youth in peacebuilding, prevention and responding to violent extremism, and SDG implementation. UNDP is co-leading and participating in several inter-agency youth initiatives (such as the inter-agency working group on youth and the SDGs, Global Initiative on Decent Jobs for Youth, Global Coalition on Youth, Peace and Security and Generation Unlimited).

This section focuses on youth employment initiatives, a key determinant of livelihood creation, inclusive growth and poverty reduction. At country level, youth employment initiatives were supported in only 17 percent of the MICs reviewed.

#### **Box 4. Youth employment: examples from Armenia and Nigeria**

Among the cases studied, the evaluation took note of UNDP work in Armenia and Nigeria as more comprehensive examples. In Armenia, UNDP contributed to the National Youth Aspirations Survey, the Armenian National Youth Report 2011 and the National Youth Strategy 2013–2017, besides establishing the Youth Research Institute to serve evidence-based and participatory youth policymaking. UNDP (with support from UNICEF) also created the social innovation lab in the region, to incubate youth-initiated social ventures focusing on poor rural areas and disadvantaged sections. In Nigeria, UNDP provided support to develop the National Strategy for Youth Employment and also the subnational State Youth Employment Roadmaps were formulated in Niger and Anambra States. These were complemented by sector-level livelihood support initiatives such as the Agribusiness Supplier Development Programme, supporting farmers on good agricultural practices, and the Lagos Employability Support programme. The Lagos Employability Support programme trained youth in six trade areas (garment making, construction, manufacturing, hospitality, health care and entertainment) and established labour-uptake commitments from large private industries. An evaluation of the project\* showed a 92 percent success rate in micro-entrepreneurship one year after beneficiaries started their businesses and noted that the UNDP livelihoods initiatives increased youth engagement in local dialogue, peacebuilding and community early warning.

Source: ADR Armenia, 2014; Lagos State Employability Project Evaluation 2019

\* UNDP Nigeria, Lagos State Employability Project Evaluation.

<sup>111</sup> UNDP assisted in operationalization of eight ateliers in Gaziantep Industrial Vocational Training Centre to provide specialized occupational capability development services to Turkish host communities as well as Syrians under temporary protection.

**Green jobs.** The increasing emphasis on “green growth” across developing countries has positive implications for new areas of employment. According to the ILO flagship report World Employment and Social Outlook 2018, 24 million new jobs will be created globally by 2030 if the right policies to promote a greener economy are put in place.

UNDP work on the Green Commodities Programme, focusing on the three major global agricultural commodities and the multi-city plastic waste recycling project in India, shows strong examples of green jobs. The Green Commodities Programme (launched in 2009), one of the few multi-country programmes that specifically responds to the needs of MICs, addressed sustainability challenges of global value chains in commercially important commodities such as palm oil, cocoa, coffee, pineapple, fisheries, soy and beef in several MICs (Brazil, Côte d’Ivoire, Dominican Republic, Indonesia, Mongolia, Paraguay, Philippines). A key result of these “green commodity” approaches is that Indonesia, the world’s largest producer of palm oil, adopted a National Action Plan for Sustainable Palm Oil in 2016, spurring the development of six regional action plans led by the Indonesian Government and supported by the World Wide Fund for Nature (WWF) and Conservation International.<sup>112</sup> Palm oil cultivation is estimated to employ 4 million persons in Indonesia and 721,000 in Malaysia, which together produce 82 percent of the world’s palm oil. Efforts to make the industry more environmentally sustainable can pay real dividends in the “greening” of these jobs.<sup>113</sup>

The plastic waste recycling programme in India (in partnership with Coca Cola and Unilever) represents an opportunity for incremental green jobs expansion for up to 35,000 pickers and handlers. Presently, it operates recovery and conversion centres in 28 cities and has cumulatively recycled over 50,000 metric tons of thin film plastic waste.<sup>114</sup>

## 4.2 SIGNATURE SOLUTION 2: GOVERNANCE FOR PEACEFUL, JUST AND INCLUSIVE SOCIETIES

UNDP has made important contributions to strengthened inclusive and accountable institutions in MICs, achieving important and at times transformative results. In general, its success is well evidenced and notable at output level, although long-term results are not yet reflected in key governance indicators.

The most notable achievements of UNDP are in the areas of electoral support, citizen security, conflict and peace, women’s political participation and strengthening of public institutions, where the focus has been on capacity-building, implementation support and process facilitation. Modest but important results were also achieved in human rights, including LGBTQ rights, where UNDP has successfully combined its institutional strengthening role with advocacy and policy support. The UNDP role in defending the rights of minorities and indigenous populations is viewed favourably. However, despite remarkable and transformative results in many countries, (China, Dominican Republic, Mongolia,

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<sup>112</sup> UNDP, Independent Country Programme Evaluation, 2019.

<sup>113</sup> <http://www.fao.org/faostat/en/#data/QC>; 2018

<sup>114</sup> Information from mission interviews in India.

Panama), overlapping mandates with other agencies and funding constraints limit the effectiveness of UNDP.

## Electoral support

**Finding 16. UNDP support to electoral processes has yielded significant results contributing to transparent, sound and credible electoral processes and leading to some transformative legislative and policy changes.**

UNDP has contributed to electoral processes, strengthening institutional capacities of electoral authorities and systems in 40 percent of the MICs reviewed. Notable examples include UNDP support to electoral bodies in Tunisia, which went on to conduct a series of successful electoral processes—parliamentary, presidential and local—between 2014 and 2018 that were deemed to be transparent, free and fair. Similarly, in Jordan, UNDP supported capacity-building of the electoral commission from its establishment in 2012 and assisted in creating the structures and functions to oversee transparent electoral processes. In Nigeria, UNDP supported the signature of the Agreement of Good Conduct by all political parties to ensure violence-free elections and a comprehensive Charter of Demands to support increased participation of women in the 2019 general elections.

The nature of UNDP support in MICs has varied, with the main focus on building institutional capacities of electoral authorities (predominantly in medium human development countries) by facilitating consultations and offering methodologies, tools and data for effective planning and implementation of electoral processes and fostering citizen participation through civic education, training and awareness-raising to reach missing voters (especially women and youth). The strength of UNDP as an impartial broker and facilitator, as well as its technical leadership in electoral support and reform processes, were mentioned as key factors for the achievement of results in previous independent evaluations.

UNDP supported increased participation of women and engaged in supporting transitions between the incoming and outgoing authorities in several countries including Dominican Republic and Panama.<sup>115</sup> In Montenegro, UNDP supported the Women’s Political Network, a unique alliance of women from 16 different parties across the country’s political spectrum. The network has served as the forum for dialogue between the parliamentary parties regarding Electoral Law amendments, to increase the percentage of women on electoral lists (30 to 40 percent). The Network has also advocated for creating an enabling environment for women’s economic empowerment, resulting in allocation of funding and introduction of local budget lines for women entrepreneurs in 16 municipalities.

UNDP has contributed to citizen participation in elections, promoting the engagement and role of civil society, particularly women, in decision-making processes. In Paraguay, UNDP supported increasing civil society participation and influence in democratic processes, particularly of women, facilitating consensus-building through sustainable tripartite dialogue platforms. In Kazakhstan and Tunisia, UNDP efforts to increase civil society participation in the electoral process have shown results with the

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<sup>115</sup> UNDP, ICPE Panama, 2019.

potential for transformative change. In other countries, progress has been impeded when electoral systems lacked a rights-based approach with an adequate balance between rights holders and duty bearers.<sup>116</sup>

## Rule of law, security and human rights

**Finding 17. UNDP contributed to strengthening institutional capacities at central and local levels, supporting development of normative and legislative frameworks, and strategic planning for improved citizen security, access to justice and rule of law.**

UNDP supported rule of law, access to justice and citizen security in 55 percent of the MICs reviewed. UNDP has a record of working in citizen security, especially in Latin America and the Caribbean, including Dominican Republic, El Salvador, Guatemala, Honduras and Jamaica, where it has been implementing programmes in support of institutional capacities and policy frameworks to reduce violence and promote peaceful coexistence in countries affected by violence and crime. UNDP support has been key for strengthening national capacities and policies for citizen security by supporting the development and implementation of national citizen security strategies and national and local plans.

UNDP support contributed to strengthening national capacities for effective promotion of human rights and good governance in several of the MICs reviewed.<sup>117</sup> UNDP made significant contributions in a number of countries, strengthening national capacities and systems for improved rule of law and access to justice, including for vulnerable populations. A notable example is in Guatemala, where despite the complex and volatile political and social context, UNDP was successful in promoting progressive institutional change in key justice and rule of law institutions, following support in enhancing the normative framework of the Public Prosecutor's Office and its criminal investigation work.<sup>118</sup> However, this has not yet led to a reduction in impunity levels, due to persistent weaknesses in the justice system.

Though not a dominant theme in the sample MICs, UNDP legal and regulatory advice and capacity-building were instrumental in strengthening public safety through the safe management of small arms and light weapons, demining and border management in reaching higher levels of compliance with both national and international requirements and best practices on small arms and light weapons and Anti-Personnel Mine Ban Treaty Convention.<sup>119</sup> In the Europe and Commonwealth of Independent States region, the South Eastern and Eastern Europe Clearinghouse for the Control of Small Arms and Light Weapons has worked to reduce the adverse effects of misuse and proliferation of small arms on women and men through the implementation of gender-responsive control policies which consider specific risks women and men face with regard to small arms in seven countries of the region.

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<sup>116</sup> UNDP, ICPE El Salvador, 2019.

<sup>117</sup> In Botswana, Mexico, Uzbekistan and Viet Nam, legal and regulatory frameworks and strategies have been improved with the integration of human rights principles.

<sup>118</sup> UNDP, ICPE Guatemala, 2019.

<sup>119</sup> UNDP supported Azerbaijan, Belarus and Turkey, as well as Kosovo.

## Public administration, modernization of the State, accountability and transparency

**Finding 18. UNDP support contributed to strengthened institutional structures and policy frameworks for improved transparency, accountability and governance by enhancing capacities of civil servants, supporting processes and structures for organizational efficiency and effectiveness and facilitating citizen oversight and participation.**

UNDP supported anti-corruption initiatives in 74 percent of the MICs in the sample. Areas of support ranged from technical assistance in drafting national strategies and action plans (e.g., Egypt, Namibia, Tunisia); strategic risk assessment and critical engagement with national assembly members, resulting in improved corruption risk index (e.g., Nigeria); and training of government officials and support in the establishment of anti-corruption and good governance commissions (Côte d'Ivoire, Tunisia). While achieving intermediate outcomes such as progress in reporting and investigation of corruption cases (e.g., in Tunisia and also in Kosovo), anti-corruption initiatives have yet to demonstrate visible actual reduction of corruption levels due to limited ability to address the drivers of corruption.<sup>120</sup> In Egypt, Morocco and Tunisia, UNDP engaged successfully with and supported capacity development of civil society, but on the whole, UNDP is often more focused on working with State institutions while addressing systemic issues such as corruption.

UNDP strived to ensure greater citizen participation in the public agenda. UNDP supported the creation of governance architecture built on democratic values of inclusiveness, participation, accountability and good governance. Emphasis was on developing procedures for citizen engagement and feedback on policy decisions, e-governance tools to support interaction between elected representatives and their constituencies and strengthening local self-governing councils for more effective performance.

UNDP has been supporting civil service reforms and modernization efforts for greater transparency, accountability and efficiency of public service institutions. UNDP promoted the use of open data in the public sector to monitor transparency in public management (Argentina, Dominican Republic, Honduras and Panama) through the flagship regional programme, System and Management Capacity Development for Governance, known as SIGOB.<sup>121</sup>

There were less prominent results in local development and decentralization. UNDP has been more successful in building local capacities and providing management tools than stimulating decentralization processes and policy transformations at local level. Support to decentralization ranged from administrative and technical support, strengthening capacities and knowledge for the effective management and auditing of public policies, diagnostic studies of subnational governments and design of road maps and pilot initiatives, to mainstreaming gender, results-based management and environmental concerns in local plans and decentralization policies. UNDP had limited financial leverage and human resource capacities to make meaningful structural changes at the policy levels and is often confined to clusters of capacity-building projects.

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<sup>120</sup> UNDP, ICPEs Côte d'Ivoire, 2019; Tunisia, 2018; Namibia, 2017. Also, Kosovo, 2019.

<sup>121</sup> Ibid.

## Human rights, migration and trafficking

**Finding 19. UNDP work in human rights in MICs has led to significant achievements in strengthening institutional frameworks and spaces for the protection of the rights of minorities and vulnerable groups including LGBTQ persons, indigenous communities, migrants and trafficked persons, often in partnership with other United Nations agencies.**

Citizenship and human rights were supported in 29 percent of the MICs reviewed, leading to transformative results, introducing laws and policies related to female genital mutilation, discrimination of indigenous peoples and Afro-descendants, discrimination of religious and sexual minorities and anti-racism (e.g. Egypt, Honduras). In Uzbekistan, despite overall limited success, UNDP facilitated the follow-up to the Universal Periodic Review with the national human rights institutions. In the Philippines, UNDP support to regional human rights issues helped lead to the development of a Regional Human Rights Commission in the Autonomous Region in Muslim Mindanao, which was the first of its kind in the Philippines and considered ground-breaking for providing access to human rights services for remote groups without access to such services.<sup>122</sup>

The UNDP role and contribution in advancing the rights of LGBTQ persons and people living with HIV/AIDS has the potential to lead to modest but impactful results (e.g., in China, Honduras and Mongolia).<sup>123</sup>

In the areas of migration and trafficking, examples of UNDP contributions include North Macedonia, where UNDP supplemented the humanitarian aid provided by other United Nations agencies with actions seeking to enhance the resilience of two particularly affected municipalities during the 2015 migration crisis; Turkey, where UNDP supported Integrated Border Management; and Jamaica, where UNDP work in building the capacity of State institutions to combat trafficking in persons contributed to the country's upgrade in 2016 by the United States Department of State from the Tier 2 Watch List to Tier 2. As a result of UNDP support, in Jamaica the draft National Policy to Combat Trafficking in Persons 2018-2030 was finalized, providing a comprehensive framework to eradicate human trafficking in the country. The ongoing UNDP contribution to improving the country's capacity to combat trafficking in persons, in collaboration with UNODC, led Jamaica to become the first Caribbean country to adopt the Blue Heart Campaign in 2018.

**Finding 20. Notwithstanding the above-mentioned positive contributions, the UNDP inclusive and accountable institutions portfolio in MICs is informed more by government demand rather than theories of change and diagnosis underlying country programme formulation. Potential political sensitivities and the dependence on government financing cause underrepresentation of some areas which are important for achievement of the SDGs.**

The CPDs of the MICs reviewed show that UNDP support to inclusive and accountable institutions consists of capacity-building of government officials and promoting internal organizational changes. Country programmes do not always reflect the root causes of national challenges. As a result, programmes have been unable to canvass transformative opportunities in areas that warranted the

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<sup>122</sup> UNDP, ICPE Philippines, 2018.

<sup>123</sup> UNDP, ICPE China, 2019; Results-oriented Annual Reports, UNDP Mongolia, 2014-2018; MIC evaluation case study.



highest priority from national impact perspectives. In these conditions, country offices are often forced to adapt their support to the changing contexts and government demands, which at times works to the overall benefit of the programme but often results in scattered projects loosely tied with the theories of change or developed outside the overall programme logic in response to the demands.

The proportion of GCS in the inclusive and accountable institutions portfolio in MICs has remained high, ranging from 46 to 57 percent between 2014 and 2019. Within this modality, DSS is the most prevalent support area in the top 12 government cost-sharing programmes in MICs. This high incidence of DSS overshadows UNDP policy and institutional advisory services and will challenge the ability of UNDP to expand its value proposition beyond DSS.

### **4.3 SIGNATURE SOLUTION 4: ENVIRONMENT: NATURE-BASED SOLUTIONS FOR DEVELOPMENT**

#### **Natural resource management (including forest and other habitat management and biodiversity conservation)**

**Finding 21. UNDP work related to natural resource management, including forest and other habitat management and biodiversity conservation, has resulted in significant policy and regulatory changes in most regions. Further, natural resource management initiatives in all regions have engaged frequently with local communities, including some efforts at benefit-sharing and payment for ecosystem services to help keep them engaged. As a result, observable improvements in habitat quality and protected area coverage have been noted in most regions, contributing to SDG 15 (life on land).**

The long UNDP association with GEF funding and facilitation of project implementation, as well as the long time frame of projects and their multipronged approach, covering institutional and policy development right down to “on the ground” pilots and demonstrations, has allowed natural resource management initiatives in all regions to develop and produce results in a harmonized manner.<sup>124</sup> Many countries in all regions have natural resource management challenges and there have been similar approaches in all regions, based on sharing lessons and experiences. Natural resource management initiatives were supported in 81 percent of the MICs reviewed. These initiatives in many cases have produced actual forest and other habitat improvements (area and quality, with biodiversity stabilized in some cases), which can be considered outcome-level results.

For example, in Honduras, as a result of UNDP support, a partnership with the Ministry of Environment helped establish 857,111 hectares with sustainable forest management, promoting connectivity between corridors and protected areas, with fire and pest monitoring and established water-producing

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<sup>124</sup> GEF resources have been a key source of funding and continuity, allowing UNDP to maintain a strong foothold in environment, natural resource management and climate change initiatives in MICs (and elsewhere). Increasingly, GCF funding is supporting climate adaptation initiatives in MICs; for example, Viet Nam has one GCF project (coastal resilience and housing) underway and is just embarking on a new GCF project in mountain forest areas, with UNDP support and guidance. Further, the Small Grants Programme have been instrumental in helping local communities to engage in initiatives associated with the larger themes and projects (the ones supported by GEF and GCF; see Chapters 2 and 3).



micro-basins. In Egypt, UNDP helped to upgrade nine protected areas to become world-class touristic sites equipped to attract international visitors. In the Dominican Republic, UNDP contributed to maintaining 532 hectares of forest cover through the promotion of sustainable production systems in middle and upper basins, as a result of support to grass-roots community groups. In Malaysia, forest management initiatives have resulted in evidence of sustainable logging practices in operational agreements with forest users in Sabah, development of a Forest Policy, upgrading of forest conservation status in Sabah and now some evidence of improved connectivity, with recent WWF data indicating that there are positive spin-offs for wildlife, with the orangutan population, at least, stable in the last 15 years. In Kyrgyzstan, UNDP has helped to strengthen the capacities of women rangers, who play an important role in national park management and biodiversity protection. In Namibia, 8 of 10 planned community forests have been gazetted. In Albania, UNDP supported the establishment of the first marine protected area, and Armenia's protected areas system was expanded by 38,828 hectares with UNDP support. These examples all reflect enlargement and improved quality of habitats expected to be under protection and proper engagement of communities to draw pressure off sensitive habitats, as well as facilitation of these efforts with relevant policies and regulations.<sup>125</sup>

As noted above, there have been evident benefits to some local communities which must rely on these habitats or adjacent areas, through developing alternative livelihoods without compromising natural resources. These are essential and must be clearly demonstrated and sustained for the longer-term viability of efforts to conserve habitats and biodiversity. For example, in Honduras, UNDP and the Ministry of Environment, working with the Forest Conservation Institute, the Institute of Property and the Secretary of Agriculture and Livestock, developed framework regulations to give the population access to conservation benefits. In the Ecuadorian Amazon region, UNDP and the Ministry of Environment, working with indigenous communities, are restoring 7,601 hectares of forests. In addition, incentive mechanisms are in place to promote the transition to sustainable and deforestation-free production practices. In Egypt, with new protected areas, the increase in number of tourists to the sites has generated more income to both the local communities displaying their goods and to the Government. In Namibia, there has been effective support for community livelihoods and ecotourism related to biodiversity conservation. These initiatives reflected the increased benefits to communities with reasonable alternatives, compared to unsustainable resource exploitation. There are also a few examples of poor uptake of community conservation initiatives, where obvious benefits to local communities could not be adequately demonstrated beyond the conceptual level.

The most successful natural resource management initiatives appear to occur when there are no net "losers" with new habitat or biodiversity management, with local communities maintaining their natural resource base, drawing in revenues from outside (with ecotourism, as in Egypt) and commercial enterprises like logging companies actually seeing sustainable longer-term profits in selective cutting, replanting multiple species and offset schemes as demonstrated in Sabah, Malaysia. In the Dominican Republic, support provided by UNDP for the sustainable production of cocoa, coffee and other productive activities helped to improve the livelihoods of almost 2,500 people (of whom 53 percent are women), while also strengthening environmental awareness, technical capacities and community actions for the conservation of threatened biodiversity of some 2,500 people (49 percent

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<sup>125</sup> There are other examples such as in Côte d'Ivoire, Jamaica, Montenegro, North Macedonia.

women). More than 250 officials and technicians from institutions and researchers also benefited from training on equitable access to genetic resources.

Monetization of social and environmental benefits of proposed natural resource management changes, as has been done in Europe and the Commonwealth of Independent States (for example, in Belarus), helps to clarify beneficiaries and benefits, which as noted previously encourages the engagement of local communities. Other success factors include practical monitoring and enforcement systems (remote sensing and on the ground) in which local communities can be engaged, but these are not cited very often and probably need a higher profile in natural resource management-type projects.<sup>126</sup> These various success factors have been developed and expanded over time, based on the UNDP experience with natural resource management projects globally, and show up in most of these projects that involve communities. The uptake varies from country to country, depending on specific priorities and institutional opportunities and constraints.<sup>127</sup>

**Finding 22. There have been some successes with development and implementation of sustainable financing mechanisms in MICs, notably in the Latin America and the Caribbean and Europe and the Commonwealth of Independent States regions. However, sustainable financing continues to be a challenge, as it requires significant policy changes related to taxation, revenue collection capacities and monetization of environmental resources.**

There have been efforts to experiment with sustainable financing mechanisms, so that natural resource management and conservation initiatives can continue without further project support. The sustainability of these initiatives, however, is dependent on full uptake and support in national and local government policies and regulations. Slow political acceptance and cumbersome bureaucracies have been perhaps among the biggest challenges with UNDP-supported change in natural resource management and conservation initiatives, with financing concepts being articulated but then difficult to implement. There are many examples of attempts with sustainable financing mechanisms for forest management and biodiversity conservation, many involving partnerships with banks and the private sector.

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<sup>126</sup> Just coral reef monitoring in the Dominican Republic and UNDP support in Mexico for a forestry and environmental remote monitoring system are clearly cited in documents.

<sup>127</sup> As noted previously, the regional tabulations in the synthesis report document all the objective evidence on programme types, financing sustainability, partnerships, and programming challenges on a country-by-country and regional basis, precluding footnoting of all examples noted in this particular report, which rolls up country details to overall trends and conclusions.

## Box 5. Examples of sustainable financing mechanisms: Botswana, Dominican Republic, Malaysia

In the Dominican Republic, the National Commission of Biodiversity is made up of representatives of public and private institutions, which has apparently facilitated some private sector investment in biodiversity conservation. Further, the establishment of a pilot mechanism in Las Terrenas to raise funds through voluntary donations for the management of coastal ecosystems associated with tourism, is in the process of being formalized. At the community level, self-saving groups have been established in cocoa-producing communities led by women and benefiting some 184 people (73 percent women). These kinds of mechanisms, which create local revenue, certainly help draw pressure off natural habitats.

The Malaysian experience also reflects the challenges noted above. The absence of business cases (clear evidence of net economic benefits from new actions) was raised by various agencies in the context of the need for increased attention to financial sustainability.<sup>128</sup> There has been insufficient documentation of compelling economic reasons for households, practitioners, the private sector, state governments, etc. to invest time and money in actions related to natural resource management and other environmental actions. These business cases, done as cost/benefit analyses, would greatly enhance the uptake of new practices, for example, the implementation of sustainable forest practices over the long term. Some of the related projects have funding and financing mechanisms defined and even budgeted for. They are ready to be used, but uptake needs to be encouraged and then the initial actions supported by these new funds examined for the business case. This kind of information would reinforce the utility of the specific actions, e.g., net forest value gain due to sustainable logging and conservation in the same area, etc. There are similar issues in Mauritius. While there was a legal review, leading to the Native Terrestrial Biodiversity and National Parks Act (2015), expansion of the protected area system has not been happening as there are no viable options or economic incentives to bring private land into the protected area system.

Similarly, in Botswana, it is not clear that efficiency and effectiveness lessons have been learned from past GEF experience. For example, while business planning and market analyses were apparently done for some initiatives within the GEF projects (for example, charcoal sales), the communities involved feel as though they cannot continue without further funding support. These GEF projects involve several layers of government and a lot of assistance with delivery on the ground. They are actually huge subsidies to any innovative actions within local communities, and as such skew the business model for specific initiatives (for example, provision of free equipment and training, and technical assistance, that disappears when the project ends).<sup>129</sup>

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<sup>128</sup> While the need for sustainable financing of initiatives is a given in all development initiatives, developing the correct assumptions about stakeholders and monetizing all environmental and natural resource management actions continues to require site-specific data and rigorous research and analysis, for example, the Payments for Ecosystem Services applications experience in Malaysia; in El Salvador, there has not been full uptake of wetlands protection by local communities, since they are not convinced about the socioeconomic benefits of doing so. In theory, with long GEF project experience, the “toolbox” for determining self-financing options that can work in specific areas should be getting bigger, more practical and further disseminated from project to project.

<sup>129</sup> Similar challenges with sustainable financing of natural resource management and biodiversity conservation initiatives have been documented in Albania, Botswana (where there have been attempts at increasing protected area fee retention), El Salvador, Honduras, Indonesia, Nigeria (lack of support from oil companies) and Paraguay. In Malaysia, ABS (access and benefit-sharing of natural resources) and forest conservation initiatives have certainly given a higher profile, and some empowerment and self-determination, to local communities in rural and forest areas. A cautionary note is that the

## Environmental management (including hazardous chemical management)

**Finding 23.** The UNDP work related to environmental management has mostly supported institutional development for more effective planning and improved environmental quality, as well as contributing to meeting international obligations related to hazardous chemicals such as mercury, polychlorinated biphenyl (PCBs) and ODS. These initiatives have tried to address specific local pollution or waste issues, and from the sample countries there are clear examples of collection and proper disposal of hazardous chemicals and waste, with elimination of attendant health issues.

**Environmental management** initiatives were supported in 66 percent of the MICs in the reviewed sample. These initiatives have been technically focused and less directly engaged with communities, unlike the natural resource management initiatives discussed in the previous finding. UNDP programmes have mainly supported protocol compliance reporting (for example, elimination of ODS under the Montreal Protocol) and reductions in ODS have been logged.<sup>130</sup> Almost all actual interventions have been quite targeted on specific industries, locations and technologies, and this problem-solving focus has helped with successful environmental management and chemical controls. Examples include mine waste remediation in Latin America and the Caribbean (mercury management in artisanal gold mining in Honduras, Jamaica, with its Minerals Policy, Argentina's mine waste remediation); waste reclamation in Africa and the Arab States region (Nigeria's UPOPs (a type of persistent organic pollutant) initiatives, Eswatini's waste reclamation and similar initiatives in Lebanon); and disposal of hazardous chemicals in Europe (Montenegro). UNDP has also supported several countries with developing their compliance with the Minamata Convention (mercury management), including India, Malaysia, Mauritius, Montenegro, Panama and Serbia. UNDP has also supported several country partnerships with municipalities (and sometimes the private sector) to improve management of solid waste and other hazardous wastes.<sup>131</sup> UNDP has supported more specialized waste management in some countries, such as e-waste and medical waste in China and Egypt, e-waste in Kazakhstan, and persistent organic pollutant/PCB management (Argentina, China, Honduras, Kazakhstan, Panama).

Institutional development related to environmental management, in particular environmental management information systems, has been more challenging than the technical problems noted above. In some cases, information system development has languished due to poor planning and lack of institutional capacity-building and system maintenance. Unlike land waste management issues, air quality management has had very limited support from UNDP (just in Montenegro and India, with

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development of benefit-sharing (from natural and locally processed products) will be fraught with concerns about benefit-sharing (ratios of federal, state and local community revenues) and issues related to unreasonable expectations of effort required to develop products and global markets for them. ABS projects will eventually require sustainability through self-financing mechanisms, with equitable benefit-sharing in communities (every site will likely have unique requirements; however, institutional structures and processes have been defined to handle these).

<sup>130</sup> One of the most frequent programme subthemes in MICs has been support for the Montreal Protocol obligations, which requires phasing out hydrochlorofluorocarbons (HCFCs, ODS). This kind of support, with attendant actual reductions in ODS, is evident in Armenia, Belarus, Chile, China, Colombia, Congo, Egypt, Georgia, India, Malaysia, Nigeria, Panama and Uzbekistan.

<sup>131</sup> Botswana, Honduras, India, Indonesia, Lebanon, Maldives, Turkey, Viet Nam.

some success). UNDP-supported initiatives in this sub-theme of environmental quality and pollution/waste control have contributed to SDG 6 (clean water and sanitation) in a very limited manner, and SDG 12 (responsible production and consumption) with more expansive support in all regions.

#### 4.4 SIGNATURE SOLUTION 5: CLEAN, AFFORDABLE ENERGY

**Finding 24. UNDP has increased support for climate change and energy-related initiatives in the last six years, with significant development of climate change mitigation and adaptation strategies and associated actions on energy efficiency and development of renewable energy options.**

Climate change-related interventions were supported in 83 percent of the MICs reviewed. In more than half of the countries in the sample, UNDP supported their compliance reporting obligations related to climate change. This has been a pro forma approach that is generally “tried and true” in almost all cases, with development of greenhouse gas inventories and elaboration of mitigation and adaptation strategies.<sup>132</sup> There have been few challenges with these kinds of initiatives, except in developing greenhouse gas estimation assumptions in some cases (for example, Malaysia) and in developing institutional frameworks to include many government agencies and partners. In a few cases, there has been associated institutional development (for example, Malaysia’s National Climate Change Centre), which is very positive, indicating increased ownership of climate change management at the national level. Further, there is international leadership in some areas; for example, India is leading the International Solar Alliance.

UNDP supported energy-related interventions in 68 percent of the MICs reviewed. Initiatives that have leveraged energy efficiency and renewable energy approaches into urban green growth strategies were supported in most regions, but especially MICs in Europe, Asia and Latin America, which will help with more expansive uptake of climate change mitigation approaches.<sup>133</sup> For example: Malaysia, with UNDP support, has embarked on a low carbon cities initiative that includes buildings and transport systems; Argentina has launched a “Resilient Cities” programme; Panama is similarly trying to engage municipalities in energy programmes and climate change adaptation; India has pushed energy efficiency (with new building codes) and renewable energy uptake in various sectors (agriculture, education, health, steel, transport) and has promoted solar power in two states; Mongolia has an updated energy-efficiency building code, has piloted implementation of a solar rooftop system and has implemented a Law on Energy Efficiency; China has developed energy-efficiency guidelines for the brick industry and buildings and is working on new fuel systems; and Belarus has formulated green urban development plans at the local level (energy efficiency, sustainable transport) and has promoted

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<sup>132</sup> Many countries have had UNDP support for required climate change reporting under the United Nations Framework Convention on Climate Change, including Albania, Argentina, Armenia, Azerbaijan, Botswana, Colombia, Côte d’Ivoire, Congo, Dominican Republic, Ecuador, Egypt, El Salvador, Gabon, Honduras, India, Indonesia, Jamaica, Lebanon, Malaysia, Mongolia, Montenegro, Morocco, Pakistan, Panama, Paraguay, Philippines, Serbia, Tunisia and Viet Nam. These have generally followed the required formats for greenhouse gas inventories, mitigation plans and adaptation plans, in various phases of the reporting cycle.

<sup>133</sup> UNDP initiatives in Africa have tended to focus on cookstove efficiency, introduction of biogas and installation of solar photovoltaic panels, mostly at the community level. Egypt, as well, has been supported in the uptake of biogas.

energy efficiency (building codes, energy audits) and renewable energy within a concept for a national strategy for renewable energy until 2030.<sup>134</sup> In Uruguay, UNDP has helped to almost completely transform the country's energy matrix, replacing the use of fossil fuels (oil and derivatives) with renewable sources (Uruguay currently generates 98 percent of its electricity from renewable sources: biomass, solar, wind, hydraulic).<sup>135</sup>

UNDP has supported numerous local-level climate adaptation initiatives, including climate-smart agriculture (especially in Africa; Nigeria, for example, has worked with youth innovation platforms to develop viable solutions for climate adaptation); water conservation (Jamaica, the Maldives and Mongolia, for example); and coastal adaptation (Gabon, Egypt and Mauritius, for example, with appropriate coastal protection infrastructure); and other kinds of climate-proofing (e.g., rural buildings in India). UNDP nature, climate and energy programming in the Arab States region is a good example of how programming and solutions have been tailored differently across sub-typologies of MICs. For example, in the crisis-affected MICs of the region, UNDP has generated a tailored set of green programmes and solutions geared to the needs of poor and displaced communities. These UNDP initiatives in all regions have supported SDG 7 (affordable and clean energy) and SDG 13 (climate action).

National energy costs are subsidized and can have a significant effect on uptake of both energy-efficiency options and renewable energy technologies, and these remained as barriers or constraints in some countries. If energy for all or some consumers is subsidized by the Government, the initial investments needed to create energy-efficient buildings or systems or to install solar panels, is not paid back quickly enough (within five to eight years) to encourage such investments.<sup>136</sup>

In summary, energy efficiency appears to have been a more successful and pervasive kind of initiative, reflecting relatively quick returns on initial investments (depending on national energy costs, whether subsidized or not). Renewable energy uptake supported by UNDP has apparently been more sporadic.<sup>137</sup> Almost all initiatives in this sub-theme were focused on more limited domestic solar panel installations; support for industrial solar power plants has been more elusive.

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<sup>134</sup> Kazakhstan, Montenegro, Serbia and Uzbekistan have similar initiatives, supported by UNDP, as does Kosovo. In Latin America, there have been similar renewable energy initiatives pushing into remote rural areas, for example, solar power and micro-hydropower in Panama and Dominican Republic.

<sup>135</sup> UNDP has been the main partner with the Government of Uruguay for the renewable energy initiatives that have completely reshaped the energy matrix in the country (funded by GEF). UNDP has worked mainly with the Ministry of Housing, Land Management and Environment on the Project for the Production of Electricity from Biomass in Uruguay and Uruguay Wind Energy Programme.

<sup>136</sup> Namibia, for example, could not proceed with a solar power plant concept due to pricing issues.

<sup>137</sup> UNDP energy-related programming was evident in the following manner (frequency of countries): Latin America and the Caribbean (12 MICs in this evaluation): 33 percent with renewable energy programmes and 42 percent with energy-efficiency programmes; Africa (9 MICs): 33 percent renewable energy and 22 percent energy efficiency; Arab States (5 MICs): 80 percent renewable energy and 60 percent energy efficiency; Europe and the Commonwealth of Independent States (12 MICs): 42 percent renewable energy and 58 percent energy efficiency; and Asia-Pacific (9 MICs): 33 percent renewable energy and 67 percent energy efficiency.

## Overall findings

**Finding 25. The UNDP environment and energy programme has been mostly effective, especially in developing strategies, policies and associated regulations in the different subprogrammes and themes, and in experimenting with and therefore better understanding new partnerships and sustainable financing mechanisms, which are subsequently tested in pilots and demonstrations in MICs in all regions.**

Overall, the UNDP programme has contributed to different types of results in different regions. The Latin America and Caribbean and Europe and the Commonwealth of Independent States regions had the main weight of their programme results in plans, policies and other “set up”-type results (i.e., dialogue, information gathering, plans, capacity-building and dissemination, policy/law, specific technical tools or mechanisms, institutions). Africa and Asia-Pacific had more results “on the ground”, i.e., demonstrations and pilot projects. The Arab States region had about an even balance between “set up” results and results “on the ground”, many of these dealing with energy efficiency and renewable energy uptake.

The UNDP environment and energy programme in MICs has been anchored by the UNDP implementing agency role with the GEF since 1992. Since 2008, UNDP has enabled 140 countries with access to more than \$2.8 billion in GEF grant climate finance.<sup>138</sup> With UNDP support, MICs in Europe, Asia and parts of Latin America and the Caribbean (compared to the other regions) have successfully progressed to various options for climate financing, including tax code changes and emissions trading systems, that will help encourage and sustain climate mitigation measures. For example, with UNDP support: Albania has prepared a policy paper on carbon finance; China has launched an emissions trading system; Belarus has issued a Presidential Decree on the Carbon Market and related amendments to the Tax Code, and there is a draft resolution of the Council of Ministers on the procedures for the establishment of prices of electricity produced using renewable energy sources; UNDP helped Uruguay develop a series of incentives for energy efficiency for residential and micro or small business users; and Jamaica is developing a sustainable market-based instrument for the implementation of energy-efficient and renewable energy interventions which would result in a reduction of the upfront equipment cost, supported with energy performance measurement protocols. The UNDP Biodiversity Finance Initiative (“BIOFIN”), a global partnership working with 36 countries to undertake country-level assessments to develop a biodiversity finance plan, has also helped ministries of finance and environment in 30 countries to design creative solutions to fill biodiversity finance gaps. At the time of this evaluation, initiatives were ongoing in India and Mongolia.<sup>139</sup>

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<sup>138</sup> UNDP and Climate Change: Scaling up Climate Action to Achieve the SDGs. 2016 (page 8-9)

<sup>139</sup> The BIOFIN methodology is currently implemented in 36 countries. The global BIOFIN team works with interdisciplinary national teams, customizing the methodology to the national context and implementing prioritized finance solutions. BIOFIN MICs are across three regions. In Eurasia, Asia and Pacific: Fiji, Georgia, India, Indonesia, Kazakhstan, Kyrgyzstan, Malaysia, Mongolia, Philippines, Sri Lanka, Thailand, Viet Nam; in Africa: Botswana, Namibia (implemented by GIZ), South Africa; and in Latin America and the Caribbean: Belize, Brazil, Chile, Colombia, Costa Rica, Cuba, Ecuador, Guatemala, Mexico, Peru.

**Finding 26. There is a strong link between the effectiveness of programme results in the environment and energy theme and the relevance of the programme actions. Technical/technological innovations which can be applied and tested in demonstrations and pilot projects could play a key role in delivering results.**

Within the GEF portfolios, the long participatory planning process and the multi-year nature of the projects (four to five years), as well as some effort in each of the steps in the development spectrum, have allowed UNDP to clarify needs and relevance and facilitate change at the outcome level in many countries (especially maintaining and expanding critical habitats and forest areas, and implementing energy-efficiency options, with associated business cases and self-financing starting to be developed).

There is a considerable interest in these innovations, and UNDP has made considerable efforts to include innovative technical approaches in its environment and energy initiatives, such as in waste management, energy efficiency and monitoring wildlife. It has also included innovations related to revenue collection and distributions to ensure the financial sustainability of the various initiatives. However, innovative revenue schemes often require policy changes that many Governments are slow to effect, or are possibly reluctant to do so,<sup>140</sup> based on political interests.

**Finding 27. The effective delivery of the UNDP energy and environment programme has been frequently constrained by complex institutional contexts of national partners in MICs.**

Notwithstanding the significant programme results noted in previous findings, there were some common residual challenges that may have suppressed the full delivery of expected results. Constrained government coordination in complex institutional scenarios or in remote areas, cumbersome bureaucracy, low absorptive capacity, staff turnover, lagging regulations, lack of political will and inadequate government funding have led to delays and negatively impacted programme implementation and results on the ground. Project design and planning at times overwhelm local capacities. The scaling-up of community issues is challenging due to local governance issues and the difficulty to embed change within routine government practice.

Some other often-cited residual challenges are related to the eventual self-financing of initiatives for their sustainability. There appear to have been many barriers to monetizing and distributing benefits from good environmental practices and taking up energy-efficiency and renewable energy options, most of these sitting within existing government policies, which may be obstructive or at least slow to change. In the case of natural resource management-related work, it is difficult to merge ecosystem approaches and financing for human behavioural change. The net benefits to communities and the private sector are obscure, making scaling-up from pilot to routine difficult. Regulatory and land ownership issues prevent expansion of protected areas or new management measures. In the energy-

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<sup>140</sup> In Malaysia, for example, access to genetic resources and benefit-sharing (ABS) and forest conservation initiatives have certainly given a higher profile, and some empowerment and self-determination, to local communities in rural and forest areas. A cautionary note is that the development of benefit-sharing (from natural and locally processed products) will be fraught with concerns about benefit-sharing (ratios of federal, state and local community revenues) and issues related to unreasonable expectations of effort required to develop products and global markets for them. ABS projects will eventually require sustainability through self-financing mechanisms, with equitable benefit-sharing in communities (every site will likely have unique requirements; however, institutional structures and processes have been defined to handle these).



related work, the distorted energy market prices and the lack of financial inducements are key challenges leading to the slow uptake of energy efficiency and renewable energy innovations. It is also a challenge to get industries to adopt and comply with environmentally friendly standards and norms. There is often lack of clear exit plans for sustainability of initiatives.

Sustainability is also heavily dependent on project partnerships and smooth coordination during project implementation. In order to strengthen the prospect for sustainability of results achieved, UNDP has invested a significant amount of time and resources in developing partnerships (especially with various government entities, local communities and the private sector) through the design phase to project implementation. Although the relatively long duration of some projects, especially the GEF-funded projects, has accommodated the development and testing of partnerships, the sustainability of project partnerships in the eventual uptake of new initiatives (in the absence of ongoing projects) is still fragile. In some cases, government restrictions led to limited engagement with NGOs. Engagement of the private sector in new initiatives is limited and it is difficult to develop and sustain partnerships (especially communities, private sector), beyond projects. For regional projects involving more than one country, regional coordination is often slow and difficult due to multiple agendas.

Technical design issues and weak partnerships were also relatively frequent problems. The environment and energy portfolio faces several technical challenges such as in mangrove replanting, tree planting, development of micro-hydropower, coastal protection, solar power plant design and waste management. It is also difficult to apply one approach to areas that have diverse social, economic and environmental conditions, but UNDP regional experience helps in that aspect. There are problems of flawed design and unrealistic timescales in some cases, and the monitoring and information systems are not easily updated, staffed and maintained. It is also challenging to establish measures of impact of biodiversity conservation initiatives. Security issues are also a challenge in some areas.

#### **4.5 SIGNATURE SOLUTION 6: GENDER EQUALITY**

**Finding 28. The inclusive growth and inclusive and accountable institutions programmes demonstrated greater gender mainstreaming efforts, contributing to the achievement of gender results in MICs. However, in general, gender equality programming continues to experience challenges in priority setting and identifying transformative opportunities.**

The UNDP Gender Equality Strategy, 2018-2021 provides the framework to integrate gender equality into all aspects of UNDP work and accelerate progress towards the 2030 Agenda. Gender equality and women's empowerment are treated both as a cross-cutting theme across all programme pillars – inclusive growth, governance and resilience – as well as stand-alone interventions in UNDP programmes.

The evaluation noted gender results in several country programmes in MICs. In Azerbaijan, support for women, youth and persons with disabilities has been a strong theme. In the Latin American and Caribbean region, assessments are positive of UNDP work on gender in Uruguay. Relevant contributions have been made in the labour market, promoting the inclusion of gender clauses in collective agreements between employers and labour unions, promoting co-responsibility between men and women in the care of children and supporting innovative solutions towards equality involving

the public administration, the private sector, unions and civil society. The contribution to improving the working conditions of domestic workers was also relevant.<sup>141</sup> In Argentina, UNDP advocacy and technical advisory work contributed to the reduction of gender stereotypes in the Government and to the introduction of policies to promote gender parity and improve governance in local institutions.<sup>142</sup> In Botswana, UNDP technical support to the Gender Affairs Department contributed to drafting and endorsement of the gender and development policy, providing the legislative framework for gender mainstreaming in national policies in compliance with international treaties.<sup>143</sup> UNDP advocated for women's inclusion in political and decision-making processes in several countries, including Lebanon, Panama and Viet Nam. In Tunisia, UNDP advocacy and provision of gender orientation/sensitization to electoral management bodies and Members of Parliament during the revision of the electoral legal framework produced parity provisions which helped to increase both the proportion of women elected to Parliament and municipal governments (women received 47 percent of the votes in recent local elections), and the differential needs of men and women and the equitable distribution of benefits.<sup>144</sup> Partnerships with parliamentarians, local counsellors and civil society in Armenia, Kyrgyzstan and Montenegro have also had visible results.

Compared to the positive illustrations cited above, there were observations which are less positive in evaluations of other countries, with recurrent mentions of resource constraints, insufficient ownership and cultural constraints. There was consistent mention of country offices in MICs approaching gender equality and women's empowerment as a mandatory exercise to be reported against, and less as a key programme results area. MIC country programme evaluations noted that gender mainstreaming is at times perceived as contrived and minimalistic — an additional layer of requirements and generally considered last. Other evaluations reflected a lack of strategic gender prioritization weaknesses in gender analysis or resource constraints. The continued practice of targeting women as beneficiaries as the main emphasis of gender-responsive programming was also raised in these assessments, as well as the evolving national environments.

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<sup>141</sup> UNDP, ICPE Uruguay, 2019.

<sup>142</sup> Evaluation of the UNDP Contribution to Gender Equality and Women's Empowerment, Independent Evaluation Office, UNDP, 2015.

<sup>143</sup> Ibid.

<sup>144</sup> ICPE Tunisia.

## Box 6. Contribution to gender equality and women's empowerment: UNDP Egypt

UNDP assisted the Egyptian Micro Small and Medium Enterprise Development Agency (MSMEDA) in receiving Gender Equality Seal certification in recognition of its efforts to improve gender responsiveness in the agency. This has been due to effective engagement and good use of UNDP access to several ministries to promote gender mainstreaming across ministries, aided by national initiatives such as the adoption of the National Strategy for the Empowerment of Egyptian Women 2030 and heralding 2017 as the Year of Egyptian Women.

Under the National Strategy for the Empowerment of Egyptian Women 2030, UNDP held training workshops to support government efforts in gender mainstreaming, including gender-sensitive communications training for the National Council for Women and the Ministry of Communications and Information Technology. For the Ministry of Social Solidarity, UNDP provided inputs for improved targeting of women beneficiaries in social protection.

UNDP supported the formulation of a gender strategy and mainstreaming gender equality in the work of MSMEDA. This led to significant increases in women's access to financial services: 52 percent of beneficiaries in micro-enterprises and 41 percent in small enterprises were women. There has also been an increase in the provision of non-financial services to women such as entrepreneurship training (81 percent), women participants in exhibitions (43 percent), one-stop shops for women, etc. These attainments qualified the MSMEDA to receive the coveted Gender Equality Seal.

The gender team in the country office has focal points in the programme, communications, monitoring and evaluation and human resources teams, and there are terms of reference and action plans with indicators in all functions. Every project has a gender strategy. The country office's sustained commitment to gender mainstreaming across programme areas led to it being twice awarded the gold Gender Equality Seal.

Projects in the environment and energy portfolio in MICs in general also have not demonstrated very strong gender awareness. Most of the gender results are associated with women as end users or participants in activities such as training or pilot projects. For example, in Latin America and the Caribbean, most of the initiatives with significant engagement of women have involved training related to natural resource management and development of businesses in a more productive landscape,<sup>145</sup> including examination of value chains and marketing, such as cocoa and coffee enterprises.<sup>146</sup> In Africa, the engagement with women has been associated much more with conservation agriculture including farming methods and water conservation, energy efficiency with cookstoves and use of biogas which is linked to agriculture. There have also been several projects in community forestry with engagement of women. While projects that involved women as end users such as biogas and water harvesting were relevant, there appears to have been more traction with projects that have boosted revenues for women business owners, given the more sustainable activities and spin-offs to other participants in

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<sup>145</sup> For example, the Coastal Biodiversity and Tourism Project in the Dominican Republic had significant involvement of women in training and development for economic empowerment that combined biodiversity benefits with tourism revenues coming from outside the region.

<sup>146</sup> In Panama, there was further support provided to secure land titles to help sustain these initiatives.

the value chain, for example in Honduras.<sup>147</sup> There is limited evidence of results contributing to changes in norms, cultural values, power structures and the roots of gender inequalities and discriminations.

The above observations reflect challenges in gender mainstreaming in country programmes in general. Despite being a strong feature of country programmes, UNDP contributions to gender equality and women's empowerment are often defined by both the external country context and the internal gender-responsiveness of the country offices. In terms of external country context, there may be some cultural factors at play with the relative frequency and degree of engagement of women in UNDP-supported projects. Women in Latin America and the Caribbean and Africa, compared to the Arab States, for example, have a prominent profile in household finances, farming activities and small enterprises, and projects that relate to their experiences and priorities resonate and have a good chance of uptake, especially if financing is available. The internal gender-responsiveness of country offices is often reflected in the formation of a gender team. Some country offices incorporated the Gender Equality Seal programme as part of a restructuring exercise, facilitating a shift from a structural approach that revolved around self-contained focal areas to an issue-based approach that allowed for easier horizontal collaboration, as was the case of UNDP Egypt, and strong attention to gender equality and women's empowerment. UNDP Montenegro also adopted similar strategies and was awarded the Gender Equality Gold Seal in 2017 for strong internal arrangements and leadership which contributed to influencing the national policy agenda on gender equality. In the Dominican Republic, the country office's award of the Gold Seal in 2017 was related to a presence of a dedicated gender team under direct supervision of senior management and closely engaged in advocacy and upstream policy work.

#### 4.6 RESPONSE TO COVID-19

The evaluation did not cover the pandemic response since it was carried out as the pandemic was unfolding. The UNDP response is still evolving and evaluative evidence to ascertain results is not available. However, the evaluation makes the following observations based on the review of available response plans and documentation.

In March 2020, UNDP presented its integrated response to the COVID-19 pandemic with a focus on three immediate priorities: health system support; multisectoral crisis management; and socioeconomic impact assessments and response.<sup>148</sup>

The UNDP COVID-19 response builds on its current engagement at the country level and does not distinguish between MICs and non-MICs. UNDP works across six signature solutions – poverty, governance, resilience, environment, energy and gender – to address the three immediate priorities of its response to the pandemic: supporting the health response including the procurement and supply of essential health products, under WHO leadership; strengthening crisis management and response;

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<sup>147</sup> A significant number of women involved in workshops on natural resource management and climate change adaptation improved their productivity and decision-making processes. UNDP has been coordinating with the public bank Banhprovi on the development of financial products tailored to mainstream women.

<sup>148</sup> COVID-19 UNDP integrated response.

and addressing critical social and economic impacts. UNDP has launched the COVID-19 Rapid Response Facility to which countries can apply for funding (up to \$250,000) for initial action through a fast-track mechanism.

Country-specific socioeconomic need assessments are being produced for many countries, MICs and non-MICs. The assessments have clearly demonstrated that the pandemic triggered severe fiscal stress for countries which already have high levels of public debt. The IMF has received an unprecedented number of calls for emergency financing as well as debt relief in the last few months. As grants for debt relief were only provided to the poorest and most vulnerable members of the IMF, MICs with high levels of public debt need to renegotiate debts individually with sovereign and non-sovereign creditors.

Examples are emerging of the UNDP response to the pandemic that address governance constraints. UNDP is supporting the protection of the rights of minorities and vulnerable populations, including elderly people with disabilities, in several countries.<sup>149</sup> UNDP is also supporting the development and implementation of national and local-level public awareness and communications campaigns aiming to raise awareness of the virus, tackle discrimination and stigma and address gender-based violence.<sup>150</sup> UNDP is also responding to local-level institutional capacity needs to deliver subnational responses, providing election-related consultations and piloting online training modules using digital governance in the public sector for crisis management.<sup>151</sup>

The review of available United Nations response plans at the time of the evaluation suggests a limited integrated approach during the initial phase. Despite some good examples of UNDP interventions, an in-depth, comprehensive analysis of the COVID-19 response was missing in general and where available, the proposed solutions were predominantly focused on socioeconomic impacts of the pandemic with limited analysis of the impact on governance and broader resilience of communities. It is important to note that the UNDP response is still evolving.

Three months after the launch of the initial response plan, UNDP recently elaborated the next phase of its response, which builds on the lessons learned since March. In this new phase, UNDP aims to help decision makers look beyond recovery, towards 2030.<sup>152</sup> The response in this new phase is more comprehensive, with a focus on four main areas: governance (building a new social contract); social protection (uprooting inequalities); green economy (rebalancing nature, climate and economy); and digital disruption and innovation (for speed and scale). There is again no clear distinction between MICs and non-MICs, although these areas may evolve in line with countries' changing needs.

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<sup>149</sup> Botswana, Chile, China, Guatemala, Eswatini, Malaysia and Uruguay.

<sup>150</sup> Albania, Indonesia, Kyrgyzstan, Lebanon, Montenegro, Nigeria, Paraguay and Uruguay.

<sup>151</sup> Azerbaijan, Côte d'Ivoire, Gabon, Jordan, Kazakhstan and Mauritius.

<sup>152</sup> UNDP, *Beyond recovery: Towards 2030*.

# CHAPTER 5. CONCLUSIONS, RECOMMENDATIONS AND MANAGEMENT RESPONSE

## 5.1 CONCLUSIONS

**Conclusion 1. Despite recognition of the heterogeneity among MICs, UNDP has not established segmented approaches to programming strategies for MICs. UNDP programmatic responses are undifferentiated, with country programmes exhibiting similar features across subgroups of MICs.**

There is no particular distinction between programmatic approaches in middle-income and other countries. At the same time, there is no articulation of the UNDP engagement strategy within the MIC group which takes into account the huge diversity within the subgroups of MICs (small and large natural resource extraction-based economies, large emerging economies, long-term MICs, recently-transitioned MICs, etc.). Over time, UNDP has gradually moved away from viewing MICs as having a distinct development profile. The current UNDP approach to country typologies is essentially limited to the Strategic Plan's differentiation of three development settings and offer of six integrated signature solutions which should be tailored based on each development setting.

**Conclusion 2. The income-based approach to the allocation of regular resources has been a significant constraint for UNDP programming in MICs, with the results acutely experienced in countries transitioning to middle-income status.**

The transition to middle-income status has led to lower allocations of regular resources for UNDP country offices in MICs. As countries attain middle-income status, ODA and concessional financing also decline, creating pressures of funding development from domestic resource mobilization. At the same time, not much has changed for these countries in terms of challenges, and integration into the global economy even introduces new risks. In these conditions, applying income classification as the prime criterion for cooperation and resource allocations for MICs can be disadvantageous, given the existence or even amplification of the same challenges that least developed and low-income countries encounter.

**Conclusion 3. The UNDP contributions to development results in MICs show two distinctive features: policy and institutional support to integrated economic, social and environmental approaches increasingly linked to the 2030 Agenda for Sustainable Development; and an emphasis on inequality, vulnerability and exclusion as the key priorities in these efforts.**

UNDP has helped to facilitate and support Governments of MICs in formulating policies and action plans addressing structural impediments and access gaps for poor, marginalized and vulnerable groups, and advocated for attention to the root causes of poverty, inequality and exclusion when developing country programmes.

The UNDP flagship products, the HDI and MPI, have been strong entry points for poverty reduction policies and strategies in MICs. These have been reinforced through comprehensive support for

mainstreaming, implementing, monitoring and reporting on the SDGs, which has emerged as a flagship UNDP offering.

**Conclusion 4. UNDP has demonstrated its adaptive ability in engaging in new thematic areas to stay relevant. Programming approaches around the 2030 Agenda, natural resource management, climate change and energy, financing for development and private sector engagement are the most evident examples of adaptation in MICs, as well as a progressive positioning at subnational and local levels to support last-mile challenges.**

Building on the development of a new package of support services around the SDGs, UNDP is supporting MICs in mainstreaming, localizing, monitoring and reporting on the Goals. UNDP has also evolved a suite of development financing products and services specifically relevant to MICs, including integrated national financing frameworks, development finance assessments, climate and biodiversity expenditure reviews, Tax Inspectors Without Borders, participation in the United Nations Secretary-General's Joint SDG Fund, etc. Another illustration of proactive adaptation by UNDP in MICs has been the progressive shift to subnational institutional capacity development. This approach found resonance with Governments given the larger capacity gaps in regions lagging on development indicators.

The UNDP environment and energy programme continues to evolve, placing greater emphasis on green economies, value chains, innovation, access and affordability. The fact that Governments of MICs continue to utilize UNDP despite having options for direct access to GEF funds is a recognition in itself of the value proposition that UNDP offers to them as an implementing partner for the GEF. Its reliance on vertical funding for its environment and energy programming poses a challenge for UNDP that will be amplified in MICs where increasingly non-grant financing requires different financing instruments to deliver on the types of environment and energy initiatives required by countries and other donors.

UNDP has earned consistent appreciation for being an agile and responsive agency ready to undertake a diversity of requests and present alternative options using its international expert networks and global suite of knowledge products. Equally appreciated has been its flexibility to use regular resources as catalytic seed funding for initiatives with potential for scalability.

**Conclusion 5. The UNDP engagement with the private sector has helped to attract private capital for development programmes. However, private sector partnerships can pose reputational risks that have not been adequately analysed.**

The status of UNDP as an intergovernmental development agency is a key advantage in partnering with private sector foundations on corporate social initiatives. However, the quality of implementation of field programmes for the private sector needs to deliver on the high expectations generated by the long-standing presence and track record of UNDP. UNDP engagements on responsible corporate citizenship and business ethics require high-calibre skills on the part of programme staff, which can be in short supply when offices are increasingly staffed by short-term recruits with little institutional grounding in UNDP. The Global Policy Network is an effort to counteract this problem but is a recent initiative. In working with the private sector, UNDP is also subject to several commercial and compliance processes that may not recognize the usual exemptions applicable to an

intergovernmental body and which create additional transaction costs that need to be incorporated in the business model.

## 5.2 RECOMMENDATIONS AND MANAGEMENT RESPONSE

**Recommendation 1. UNDP should revisit its positioning in MICs, including rethinking the income-based approach. The HDI and/or other criteria should be utilized to create a more differentiated programmatic approach, which could also include new financial strategies to assist newly classified MICs.**

UNDP should stimulate a broader discussion among development partners on the use of the HDI and other human development parameters for developing more differentiated programmatic approaches to support the wide diversity of MICs. Rethinking the income-based approach to programming is especially needed for recently classified MICs, whose development challenges are similar to those faced by least developed and low-income countries.

### **Management Response:**

UNDP acknowledges that there is wide heterogeneity among the middle-income countries and that the Human Development Index and other measures beyond income might provide a more accurate categorization of countries' development challenges and therefore of appropriate programmatic approaches. For UNDP, programming and prioritization on the ground are primarily informed by country context and demand.

Rethinking the income-based approach requires a better understanding of different alternatives, examining potential thresholds, adequate development parameters to be considered, countries' categories and financial implications. UNDP also recognizes that such a decision implies a deep transformation in both programmatic approaches and financial operations. Therefore, this decision rests with Member States in general and the Executive Board in particular.

UNDP recognizes that the middle-income country concept is a bidimensional (income and population-based approach) categorization of a complex reality, with middle-income countries home to 75 percent of the world's population and representing about one third of global GDP. UNDP has pioneered several indices and options which were explored, in the context of the 2018-2022 budget, to alter the GNI-based methodology for allocation of regular resources. Those options included the proposed use of the Human Development Index, inequality or Multidimensional Poverty Index or a hybrid. These proposals resulted in extensive discussions within UNDP and with the Executive Board as part of the preparation of documentation for approval by the Board. UNDP will engage with the Executive Board for a more adequate methodology to address the diversity and needs of the huge variety of countries classified as middle-income as it prepares its 2022-2025 budget, noting the financial context in which it is operating in the light of the COVID-19 pandemic. Hence, the volume of available regular resources is not guaranteed and may be one of the main challenges as UNDP re-engages with the Executive Board in this discussion.



Key Action(s)	Time Frame	Responsible Unit(s)	Tracking*	
			Status	Comments
1.1 Undertake an analysis of programmatic, operational and financial implications of utilizing the Human Development Index and other development parameters (to be defined) as the paradigm for country categorization, providing alternative scenarios.	1 February 2021	Bureau for Policy and Programme Support Regional bureaux		
1.2 Launch dialogue process with different stakeholders (donors, Executive Board members, other Member States, country offices, among others) to discuss implications of scenarios for middle-income countries.	June 2021	Executive Office Bureau for Policy and Programme Support Regional bureaux Bureau for External Relations and Advocacy		
1.3 Present options to alter the GNI-based methodology for allocation of regular resources as part of preparations for the 2022-2025 integrated resource plan and integrated budget	September 2021	Bureau for Management Services, Office of Finance and Resource Management		
<p><b>Recommendation 2. UNDP should seek balanced programme portfolios in MICs, with development services support generating opportunities for strategic thought leadership aimed at enhancing the effectiveness of public policies and achievement of the SDGs.</b></p> <p>UNDP has a comparative advantage in having both operational and conceptual/analytical arms, which it needs to use to the greater benefit of national partners. UNDP strategic thought leadership should be an integral component of country programming. It should support Governments in their efforts to rethink the effectiveness of public policies and prioritize actions for achievement of the SDGs. UNDP should continue to make use of its flagship products such as the HDI and MPI as entry points and maintain equality and social inclusion as central themes for development dialogue and advocacy in MICs.</p> <p>Under the new United Nations resident coordinator system, with UNDP no longer responsible for United Nations country team coordination, UNDP has an excellent opportunity to redefine and promote its strategic advisory capabilities, including through SDG integration and impact finance, as well as other cross-cutting areas such as climate finance and energy efficiency. UNDP should</p>				

leverage its internal corporate knowledge networks effectively to respond to the diverse needs of MICs, including the Global Policy Network and knowledge-sharing initiatives such as SparkBlue.

#### **Management Response:**

UNDP acknowledges the need for a balanced portfolio in middle-income countries that combines thought leadership with high programmatic impact. Both UNDP conceptual/analytical and operational interventions on the ground are always guided by national development plans and government-specific demands, supported by context analysis and theories of change and are in alignment with the Strategic Plan as articulated in country programme documents.

UNDP has realigned its policy function into a Global Policy Network to enable the mobilization of cross-practice, cross-bureau and multidisciplinary expertise globally across headquarters, regional hubs and country offices to provide more effective integrated responses to the complex development challenges countries face in achieving the Sustainable Development Goals and responding to crisis in an integrated and coherent manner. This integrated approach is already being put in practice in the context of COVID-19, with the rapid deployment of high-level expert advisers and training on the use of analytical tools to complement the expertise of UNDP country offices to fulfil the lead technical role on the socioeconomic pillar of the United Nations response to the pandemic.

UNDP will continue to elevate its support to national Governments in implementing policies to ensure the achievement of the Sustainable Development Goals, together with other United Nations system entities. UNDP will enhance its thought leadership by better harnessing its flagship products and tools and methodologies and developing specific products for evidence-based policymaking, in line with national priorities and context. Through its Finance Sector Hub, UNDP will continue to support middle-income countries in scoping sources of fiscal space, protecting people through social assistance and insurance systems, including through the work of Tax Inspectors Without Borders (a joint OECD-UNDP initiative) and integrated national financing frameworks.

Key Action(s)	Time Frame	Responsible Unit(s)	Tracking*	
			Status	Comments
2.1 Advocate and roll out corporate flagship products and solutions such as the Human Development Index and Multidimensional Poverty Index, among others, to advance equality and social inclusion as central themes for development dialogue and agendas in middle-income countries.	December 2021	Bureau for Policy and Programme Support Regional bureaux Country offices		

2.2 Tailor and build on new and existing corporate solutions to support integration and advancement of the Sustainable Development Goals for reduction of poverty and inequalities, leveraging expertise across the United Nations system and capitalizing on innovations from the network of country Accelerator Labs.	December 2020	Bureau for Policy and Programme Support  Regional bureaux  Country offices and Accelerator Labs		
2.3 Launch the UNDP Sustainable Development Goal finance web platform, a place where all tools and experts for both public and private financing will be available; encourage and support country offices to use these tools and products effectively to build and strengthen an integrated approach to achieving the Goals in middle-income countries.	December 2021	Bureau for Policy and Programme Support  Regional bureaux  Country offices and Accelerator Labs		
<p><b>Recommendation 3. UNDP governance work in MICs should maintain its focus on the effort to build inclusive and accountable institutions and strengthen the enabling environment for institutional reform.</b></p> <p>As UNDP alone does not have sufficient human and financial resources and standing to address the root causes of weak institutions, it should promote long-term change processes required for systemic transformation of accountable institutions, and seek to better leverage knowledge networks and multidisciplinary partnerships that include civil society as an essential actor with a crucial role to play in improving the quality of governance and demanding transparent, free and accountable institutions.</p>				
<p><b>Management Response:</b></p> <p>In many middle-income country contexts, concerns with inequality, injustice and corruption have heightened tensions and highlighted the need for a new rights-based social contract. The COVID-19 crisis may serve to reinforce disparities, magnify tensions and worsen mistrust in governance systems. Weak State institutions may be unable to respond effectively to the pandemic, further reducing trust in governance systems. On the other hand, in some contexts, the crisis also provides opportunities to discuss the measures needed for transformation, including through leveraging the power of digital technologies to support accountable, effective and inclusive governance.</p> <p>UNDP work on governance recognizes that resilience is manifest in the ability of countries to anticipate and prepare for shocks. This in turn depends on the technical capacities of organizations</p>				

and institutions at the front lines of the development and crisis response to sustain core government functions, the overall functioning of national and subnational systems, and inclusive, trusted governance structures, based on rule of law, human rights and participation, as envisioned in Sustainable Development Goal 16. The UNDP offer 2.0, “Beyond Recovery: Towards 2030”, which promotes a forward-looking approach to COVID-19 recovery, identifies governance and support to the social contract as one of the four UNDP priority areas in the coming period. The UNDP governance offer in middle-income countries will maintain its focus on: (a) supporting national and local government institutions to uphold rule of law and human rights; (b) strengthening equitable public service delivery, including through strengthening subnational institutions, rights-based advocacy networks and people-centred e-government; (c) strengthening transparency, accountability and effectiveness; (d) promoting social cohesion and peaceful societies, and breaking with drivers of discrimination and bias; and (e) strengthening social capital – the habits, norms and systems for voice, inclusion and solidarity – and engagement with civil society, including through digital governance. These approaches will support long-term change, including creating the enabling environment required for systemic transformation.

Given the challenges of addressing root causes, as well as the lack of human and financial resources, partnerships, including with civil society, networks and the private sector at all levels will indeed be critical. Partnerships around Sustainable Development Goal 16 will be particularly important in this regard.

Key Action(s)	Time Frame	Responsible Unit(s)	Tracking*	
			Status	Comments
3.1 With relevant United Nations entities and partners, support Governments of middle-income countries to prioritize accountability and transparency as integral to national COVID-19 response and recovery efforts by enhancing systems and institutions for checks and balances and integrating anti-corruption measures across the five pillars of the United Nations framework for the immediate socioeconomic response to COVID-19.	August 2021	Bureau for Policy and Programme Support Regional bureaux		
3.2 Draw on existing and new partnerships to deliver advisory support and tools on digital governance in middle-income countries, with a focus on	December 2021	Bureau for Policy and Programme Support		

enhancing knowledge, building capacities for a renewed public sector, shaping policy frameworks for responsive government and inclusive societies in the digital age, and reduction of digital and other inequalities.				
3.3 Develop adaptive learning programmes and tools to assist middle-income countries to localize the Sustainable Development Goals through integrated, participatory local planning and delivery, supporting the partnerships required for local-level transformation to achieve the 2030 Agenda and the Sustainable Development Goals.	December 2021	Bureau for Policy and Programme Support		

**Recommendation 4. UNDP should consolidate and sustain the results achieved to date under the environment, natural resources management and climate change programmes in MICs.**

The themes of environment, natural resource management, climate change and energy will continue to be critically important in MICs as economic and population growth will continue to pressure the global community. There is a strong link between the effectiveness of programme results in the area of environment and energy and the relevance of the overall UNDP programme actions.

Many of the issues in the environment and energy sector have their grounding in governance. UNDP should capitalize more on its implementation role in environmental funding platforms such as the GEF to engage in high-level policy discussions with Governments of MICs and leverage domestic financing in addressing cross-sectoral institutional barriers to achieve scale and sustainability on environment and energy initiatives. UNDP should leverage its innovation agenda to come up with new business approaches to fully harness partnerships with private sector and United Nations organizations that have financing instruments which UNDP could use in MICs.

**Management Response:**

UNDP works closely with Governments in middle-income countries to address their nature, climate and energy priorities in full alignment with their national development strategies. In this respect, UNDP supports the recommendation to leverage domestic and other financing to achieve scale in environment and energy initiatives with seed funding from vertical funds and in partnership with the private sector and other United Nations organizations. To this end, UNDP will continue to strengthen its work in:

- Leveraging vertical funds to unlock parallel co-financing (public and private) to advance the Sustainable Development Goals; building capacities of State and non-State actors, at national, subnational and local levels, to integrate climate risks into policy/planning/budgeting/decision-making, including with private sector entities.
- Responding to country requests with top-notch, cutting-edge technical know-how and knowledge to design interventions that not only meet the requirements and objectives of different funds, but also to crowd in partners and other sources of private finance for greater development impacts.
- Exploring ways of using new innovative financial instruments such as innovation challenge awards and guarantees for catalysing private sector capital.
- Assisting countries in identifying innovative solutions, by leveraging the UNDP Global Policy Network and its thought leadership.
- Encouraging cross-cutting and cross-thematic programming to provide integrated solutions that will result in multiplier and dual development and environmental/climate benefits at scale, leaving no one behind.
- Aligning solutions with those of other United Nations organizations, multilateral development banks, IFIs, development finance institutions and public domestic resources to bring about multiplier effects of development impacts.

Key Action(s)	Time Frame	Responsible Unit(s)	Tracking*	
			Status	Comments
4.1 Support the development of scaled-up environment and energy programmes in partnership with the private sector in at least three middle-income countries.	December 2021	Bureau for Policy and Programme Support Regional bureaux Country offices		
4.2 Support the development of scaled-up environment and energy programmes in partnership with other United	December 2021	Bureau for Policy and Programme Support Regional bureaux		

Nations agencies in at least three middle-income countries.		Country offices		
4.3 Deliver a COVID-2019 2.0 offer that tackles the challenges and meets the needs and aspirations of middle-income countries in a green recovery, including a focus on green jobs and livelihoods.	December 2020	Bureau for Policy and Programme Support Regional bureaux Country offices		

**Recommendation 5. UNDP should establish clear corporate norms for implementing private sector initiatives in MICs, including appropriate standards for programme staff and implementation processes.**

Private sector engagement is an important aspect of UNDP partnership, particularly in MICs. UNDP is placing greater emphasis on private sector funding partnerships, but there remains considerable ambiguity as to the derived benefits for all partners and insufficient consideration of reputational risks. UNDP should strike a balance between its role as convener of SDG platforms promoting impact investments and that of implementer of corporate social initiatives of large conglomerates.

**Management Response:**

The UNDP private sector strategy seeks, in partnership with Governments, civil society and businesses, to make markets work for the Sustainable Development Goals, with a strong emphasis on inclusion of poor and marginalized communities. This strategy builds upon the long-standing adoption by UNDP of a market system approach,<sup>153</sup> which is also the main basis for the work on private sector development and partnerships championed by a number of other international agencies.<sup>154, 155</sup> It is deploying a suite of service offers, in collaboration with other United Nations

<sup>153</sup> The features of a market system approach “focus on interventions that modify the incentives and behaviour of businesses and other market players – public, private, formal and informal – to ensure lasting and large-scale beneficial change to poor people. It also requires that each market is a complex 'system' involving many stakeholders, each with a particular set of unique characteristics, any intervention must take this complexity into account” <https://beamexchange.org/market-systems/key-features-market-systems-approach/> and characterizes the market system “in terms of three distinct elements: core market transactions, institutions (including the business environment) and services and infrastructure.” BEAM Exchange. (2014). [Market systems approaches: A literature review](#).

<sup>154</sup> It builds on the UNDP “inclusive markets development” approach adopted in 2007 and a number of other approaches championed by various international agencies including value chains (particularly by GIZ and the United States Agency for International Development), and “Making Markets Work for the Poor” (known as M4P) supported by the Swedish International Development Cooperation Agency, the Swiss Agency for Development and Cooperation and the United Kingdom Department for International Development, the Donor Committee on Enterprise Development, and the Consultative Group to Assist the Poor. It also provides the conceptual underpinnings for the current United Nations Capital Development Fund policy on “inclusive finance” and for various UNDP programme initiatives. The Donor Committee for Enterprise Development is the forum consisting of 22 funding and inter-governmental agencies that support the growth of the private sector in developing countries and the Consultative Group to Assist the Poor is a global partnership of 34 development organizations that seek to advance financial inclusion.

<sup>155</sup> See <http://www.uncdf.org/financial-inclusion>

and non-resident agencies in areas such as sustainable value chains and inclusive business, gender equality in markets, digital finance and closing the energy gap. These are tailored to the specific country contexts in middle-income countries. Furthermore, several relevant initiatives that align business activities with the Sustainable Development Goals, in the context of COVID-19 include:

- The recent UNDP focus in developing innovative global partnerships that do not necessarily provide direct financial contributions to UNDP (e.g., Microsoft, GSMA, Samsung, WhatsApp, etc.);
- UNDP programme engagement with the private sector in middle-income countries (e.g., the Philippines, Turkey) focuses on multi-stakeholder platforms like the Business Call to Action to promote inclusive business impact and reporting; and the UNDP-Office for the Coordination of Humanitarian Affairs Connecting Business Initiative on disaster response;
- “SDG Impact” activities in middle-income countries such as the investor maps, in-depth country-level reports on investment opportunities to enable the Goals in targeted markets and sectors (e.g., Brazil);
- The Gender Equality Seal for Public and Private Organizations has aimed to promote gender equality and women's empowerment in the business world. Since 2009, it has led to the creation of 16 national certification programmes, with more than 600 diverse companies in the fields of energy, telecommunications, service, logistics and tourism in Latin America.

UNDP is committed to risk-informed decision-making for private sector partnerships and has a dedicated, rigorous policy for due diligence with regard to such partnerships in its programme and operations policies and procedures. All private sector partnerships are informed by a risk assessment of the proposed partner and expected outcomes, which guides senior management in its decision-making, and are also supported as relevant by risk management and communication plans.

Key Action(s)	Time Frame	Responsible Unit(s)	Tracking*	
			Status	Comments
5.1 In alignment with the UNDP private sector strategy, roll out a package of services to support small and medium-sized enterprises in middle-income countries as part of the COVID-19 response.	January 2021	UNDP Finance Sector Hub  Istanbul International Centre for Private Sector in Development		
5.2 Support the deployment of the “SDG Impact” platform tools, products and services to middle-income countries, and leverage innovative financing and partnership solutions to	December 2021	UNDP Finance Sector Hub		



mobilize private capital for the implementation of the Goals.				
5.3 Finalize update of the UNDP policy, guidance and tools for private sector due diligence and provide implementation support for the updated policy to build staff capacities for risk-informed approaches for private sector engagement.	Policy update: December 2020 Implementation support: December 2021	Bureau for Policy and Programme Support		

\* Status of implementation is tracked electronically in the Evaluation Resource Centre database.

# ANNEXES

Annexes to the report (listed below) are available on the website of the IEO at:

<https://erc.undp.org/evaluation/evaluations/detail/9526>

Annex 1. Detailed financial and other analyses

Annex 2. Social network analysis

Annex 3. Evaluation terms of reference



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