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Acronyms

|  |  |
| --- | --- |
| CO | Country Office |
| COVID | Coronavirus |
| CIS | Commonwealth of Independent States |
| CSOs | Civil Society Organizations  |
| CMK | Cabinet of Ministers of Kyrgyzstan |
| EA | Evaluability Assessment |
| EDB | Eurasian Development Bank |
| EBRD | European Bank for Reconstruction and Development |
| ECA | Europe and Central Asia |
| GDP | Gross Domestic Product |
| GoK | Government of Kyrgyzstan |
| HR | Human Rights |
| HRBA | Human Rights Based Approach |
| IFI | International Financial Institutions |
| IR | Inception report |
| MTE | Mid-term evaluation |
| M&E | Monitoring and Evaluation |
| MSME | Micro, small and medium-sized enterprises |
| OECD DAC | Organisation for Economic Co-operation and Development - Development Assistance Committee |
| PMF | Project Monitoring Framework |
| RBM | Results Based Management |
| RBEC | UNDP Regional Bureau for Europe and the Commonwealth of Independent States |
| RCO | UN Resident Coordinators Office |
| RKDF | Russian-Kyrgyz Development Fund |
| RRF | Results and Resources Framework |
| SDG | Sustainable Development Goals  |
| SME | Small and medium-sized enterprises |
| TOC | Theory of Change |
| ToR | Terms of Reference |
| UN | United Nations |
| UNDAF | United Nations Development Assistance Framework |
| UNDP | United Nations Development Program |
| UNEG | United Nations Evaluation Group |
| UNPF | United Nations Partnership Framework |

Executive Summary

The Kyrgyz Republic is a lower middle-income country. Growth has been subject to sharp fluctuations because of the narrow economic base. It has been primarily driven by remittances and minerals. The development of the private sector as the key engine of growth has been a major focus of reforms. Micro, small and medium-sized enterprises (MSMEs) remain the dominant force in Kyrgyzstan’s private sector landscape.

The Project *Strengthening capacities for sustainable development finance in the Commonwealth of Independent States (CIS) region* was designed in 2017 when the global economy was in a deep downturn. The Project is pursuing two results:

* Building capacity for preparation and implementation of investment development projects in the Kyrgyz Republic;
* Building capacity of the CIS member-states in accessing new development finance sources.

Two main activities and actions pursued to achieve the expected results include:

Activity 1. Technical assistance to the Kyrgyz Republic in identification, preparation and implementation of bankable projects for financing from the Russian-Kyrgyz Development Fund (RKDF): Action 1.1. Support to the strategic programming of development operations by the government and Action 1.2. Preparation of the high priority projects for RKDF financing.

Activity 2. Technical assistance in project preparation for potential financing by IFIs to governmental and business entities in Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Tajikistan, including the Eurasian Development Bank (EDB) clients: Action 2.1. Cooperation framework for targeted support to preparation of quality bankable projects for EDB's lending; Action 2.2. Capacity development for financial intermediary operations; and Action 2.3. Knowledge management to improve accessibility of development financing

The final evaluation of the Project covers the period from its starting date up to the date of the evaluation (2017-2021). The Project is expected to be completed at the end of 2021. The evaluation applied a non-experimental theory-based contribution methodology. Contribution analysis was used to develop an overall performance story and assess plausible Project contributions to observed changes. A mixed-methods approach was applied, involving a blend of qualitative and quantitative data collection methods such as a desk review and semi-structured interviews of Project trainings’ beneficiaries. Triangulation was applied for consistency, validity and reliability. The evaluation draws on the totality of evidence collected.

**Findings**

**The Project design included well balanced and complimentary components to achieve the Project’s diverse range of objectives, but it did not target the improvements in the enabling environment and was not explicitly focusing on UNDP priority areas.** Some aspects of Project design were strong, including its innovative approach to explore non-traditional to UNDP areas of partnerships with the International Financial Institutions (IFIs) such as support of medium and large businesses. The demand-driven delivery model is responsive to the needs identified by key Project partners, RKDF and EDB and businesses seeking loans but it lacked a strategic focus. The Project design includes a range of well balanced and complimentary components such as technical support of selected businesses in developing bankable proposals through the use of consultants and analytical support and building capacities of second tier banks. The outputs are coherent and logically inter-linked. The Project design however, paid little attention to advancing long-term strategic solutions directly linked to UNDP’s areas of expertise/focus nor explicitly promoted enabling environment supporting businesses in obtaining investment loans.[[1]](#footnote-1)The Project design did not envisage a mid-term evaluation that limited opportunities to make the necessary corrections and adjustments to reflect the learnings mid-course. The Project design correctly identified core venues and activities to achieve expected results, but it was less clear in identifying indicators to capture Project attribution and contribution to broader results outlined in the Project document.

**The Project is highly relevant** and is fully in line with the national priorities. The Project has shown fluidity, striking a balance between planned interventions and the room for maneuver to effectively respond to challenges posed by COVID-19. At the same time, as the mid-term evaluation was not envisaged, the Project missed an opportunity to re-balance its supports priorities mid-course to better reflect UNDP comparative advantages and promote CO’s priorities as well as strengthen the regional component. The Project underutilized UNDP position to promote deeper partnerships with other IFIs operating in Kyrgyzstan to exchange information and achieve synergies.

**The Project is somewhat effective.** The majority of targets will most likely be achieved by the end of 2021, with the exception of reaching the target on the number of bankable proposals under Activity 2. The Project has had some notable successes, particular in the area of identifying and supporting bankable business proposals and exploring new areas of financing such as green development in Kyrgyzstan under Activity 1. Capitalizing on these gains will require strategic vision, focus on effective collaboration with diverse partners, including IFIs, and advancing institutional models of capacity development.

UNDP managed to achieve important results despite the challenging operational environment which is characterized by political instability, inconsistent and insufficient Government’s commitment, economic hardships, deficiencies in policies and legislation and their implementation, and high turn-over of key partners decisionmakers and staff. Project support has contributed to improved quality of bankable proposals and improved technical capacities of second tier banks partners supported. The supports were flexible and beneficiaries-focused. In the consultant’s view, most borrowers who benefitted from the Project support most likely would experience success.

**The Project was able to achieve results in an economic manner** and with manageable transaction costs. There was near consensus amongst partners that the interventions’ results have been achieved with little waste and duplication. It is unlikely that the Project will utilize the full allocated budget before the Project completion. At the initial stages of implementation, the Project was constrained by limited technical capacity of UNDP.

The Project is effectively managed. Current staffing structure is efficient, but the Project operations in other supported CIS countries was not supported with the corresponding staffing modality. The Project Board was established as a steering and decision-making body to provide overall guidance and direction to the project, but in the absence of an institutionalized mechanism for regular strategic dialogue at the level of UNDP Resident Representatives of participating UNDP Country Offices (COs), UNDP Regional Bureau for Europe and the Commonwealth of Independent States (RBEC) and EDB and corresponding operational staff level dialogue, consistency and coherence in implementation of Project activities varied among participating country teams. At the operational level, involved UNDP staff in Armenia, Belarus, Kazakhstan and Tajikistan were not budgeted and their roles and responsibilities were not elaborated that negatively affected the Project results with regard to its Component 2.

The Project M&E framework is not comprehensive enough to support proper outcome level monitoring to assess the Project’s contribution to long-term strategic goals.

The unstable political situation in three of the five countries participating in the Project (the Kyrgyz Republic, Belarus, Armenia) create risks for sustainability. Regardless of that, there is **a relatively high probability that businesses supported by the Project will be profitable** but there is a limited evidence of institutional sustainability of the national Council for identification of potential business projects under the Ministry of Economy.

Training beneficiaries confirm that they have become more confident to implement new practices as a result of taking the trainings. Sustainability prospects of training schemes are limited. High quality practical resources/advice developed with the Project’s support were shared with the banks and other supported partners, but it is difficult to assess how extensively they will be used.

UNDP neutrality, impartiality, international and reputation are major advantages when engaging in complex dialogue with the IFIs. The consultant evidenced technical sophistication and commitment of Project management, who showed expertise, flexibility, creativity, innovative thinking and dedication.

**Lessons learned**

* Political instability resulting in the frequent Government ministers and deputy ministers’ change and limited institutional memory in a context of low government official capacity to implement, monitor, and report undermine progress on improving the enabling environment for business development. Any formal institutional mechanisms set to identify businesses to be supported by UNDP in developing business proposals funded by IFIs located within Government institutions are unlikely to be sustainable and effective.
* Greater access to qualified business consulting services is essential, especially for SMEs in Kyrgyzstan, in particular for the purpose of accessing credit programs.
* UNDP is well positioned to innovate and explore new partnership modalities with IFIs, but success of such innovations depends on its ability to build and engage the necessary expertise and critically re-assess its progress mid-course to make the necessary corrections and adjustments.
* The complexity of regional UNDP projects requires a a well-planned approach and clearly defined management, accountability and reporting processes set up front. Strategic coherence of COs actions and EDB expectations is critical for success.
* Close coordination and partnership with other relevant partners such as IFIs can facilitate information exchange and synergies.

**Recommendations**

Recommendation 1: UNDP can continue supporting businesses in accessing finance, but it is advised to utilize its experience gained through this Project and support state authorities at the national and local level to develop bankable proposals in such areas of strategic importance as green development and water management for IFI financing. It is recommended for UNDP to build partnerships with such IFIs as European Bank of Reconstruction and Development (EBRD) as well as improve internal partnerships with other relevant UNDP projects.

Recommendation 2: In politically unstable realities of Kyrgyzstan, UNDP is not advised to focus on providing direct policy advice to related ministries to support business development but rather focus on establishing a platform for a constructive dialogue of businesses, mostly SMEs with key decisionmakers responsible for policies supporting economic development that will help them to listen to, understand and act to address the needs of businesses.

Recommendation 3: UNDP is advised to pursue long-term institutional solutions to capacity building of businesses, with focus on SMEs, and partner with the Chamber of Commerce and business and banking associations.

Recommendation 4: In pursuing innovative solutions in those areas where local or corporate expertise is limited, UNDP is advised to conduct mid-term projects review and strengthen internal M&E systems to identify gaps and limitations and make timely adjustments and corrections to Projects implementation to ensure that they stay on track and are focused on results.

Recommendation 5: Participating UNDP COs, RBEC and EDB should work to strengthen steering and advisory structures and ensure consistency in strategic guidance for regional implementation. It is advisable to conduct regular meetings at the senior management level to ensure strategic focus throughout the Project implementation. To avoid challenges associated with implementation of regional UNDP initiatives such as decentralized management and variability in expectations, it is recommended to strengthen the mandate of RBEC in managing similar projects. Roles of all COs involved into similar regional projects should be clearly articulated, positions in COs adequately funded and accountability lines articulated. It is recommended to improve joint planning through preparation of Annual/ Bi-annual Work Plans that would articulate specific activities and results for all UNDP COs involved into similar regional projects.

Evaluation Report Structure

This report presents the findings of an independent evaluation of the UNDP Project, *“Strengthening capacities for sustainable development finance in the Commonwealth of Independent States (CIS) region”* (the Project) that was commissioned by United Nations Development Program (UNDP) Kyrgyzstan and conducted between October and December 2021. Chapter one presents the country context, including high level overview of Kyrgyzstan progress in advancing business climate and banking sector and contains a brief Project overview. Chapter two presents the object, objective and scope of the evaluation as well as its methodology. Chapter three presents detailed findings for two Project components and assesses Project’s relevance, effectiveness, efficiency and sustainability/impact. Chapter four contains conclusions and lessons learned. Chapter five formulates detailed recommendations.

Annexes include a wide range of documents referenced throughout the report, including the evaluation Terms of Reference (TOR), evaluation matrix, results matrix, bibliography, a list of interviewed individuals, questionnaires, and other additional information.

1 Background

The Kyrgyz Republic is a landlocked and mountainous country in Central Asia bordering the People’s Republic of China, Kazakhstan, Tajikistan, and Uzbekistan. A former Soviet economy, the Kyrgyz Republic is currently the only multi-party parliamentary democracy in Central Asia, and has experienced political and social instability since independence in 1991.

The Kyrgyz Republic is a lower middle-income country. Growth has been subject to sharp fluctuations because of the narrow economic base. It has been primarily driven by remittances and minerals. The industrial sector largely collapsed after the transition from a Soviet republic to an independent country, but it has experienced a revival with the expansion of the garment industry and other private enterprises. Agriculture became the dominant sector in the 1990s, but it has more recently been replaced by the service sector. In 2018, the service sector accounted for approximately 50% of gross domestic product (GDP), as compared to 28% for the industry sector and 12% for agriculture.[[2]](#footnote-2)

Economic growth has been accompanied by socio-economic development. The incidence of poverty declined dramatically in the past few years, from 38% in 2012, to 22.4% in 2018. Still, approximately 1.3 million people in Kyrgyzstan lived below the national poverty threshold in 2019.[[3]](#footnote-3)

The development of the private sector as the key engine of growth has been a major focus of reforms. In spite of these reforms, the sources of growth have largely been from natural resource exploitation and remittances-based private consumption. The government formulated the National Sustainable Development Strategy, 2013−2017; the Export Development Strategy, 2015−2017; and the Development Program, 2018−2022 and the Development Program of the Kyrgyz Republic for the Period 2018– 2022 to stabilize progress and diversify the economy. These development strategies intended to create a more conducive economic environment for investment, a diversified economy, and develop further the private sector. The current Development Program of the Kyrgyz Republic (2018-2023), for example, aims to be the first stage toward developing the country into: “a free country with a strong economy, high quality of life, competitive human capital and recognized new contribution to world’s culture.” To do this, the development program recognizes that “private sector leadership and technological breakthroughs” will be necessary.[[4]](#footnote-4) The Kyrgyz Republic’s ranking in the World Bank’s Doing Business Ranking was 80th in 2020.[[5]](#footnote-5)

Frequent changes of the Government have made it difficult for any incumbent administration to commit to medium- and long-term economic and governance reforms. Corruption and government gridlock are major impediments to prospective investment and business development.[[6]](#footnote-6) Policy distortions, institutional shortcomings, and market constraints negatively affect the investment climate. Some of them include limited access to finance and financial services, limited capacities of businesses to develop bankable proposals, undiversified trade and investments, industry–labor market skills mismatch, and weak governance and high cost of doing business. A persistently weak investment climate and a complex legal and tax framework have impeded private sector participation and diversification of the economy. The informal economy persists as an established economic phenomenon in Kyrgyzstan. Estimates of the informal economy vary from 25 to 50% of the national economy in recent years.[[7]](#footnote-7) In the area of labour market, for example, job creation is not keeping pace with the rapidly growing population while the job productivity, or output per worker, is the lowest in Europe and Central Asia, and jobs outcomes are weak for youth and women, and there is a lot of geographic variation in jobs outcomes.[[8]](#footnote-8)

Micro, small and medium-sized enterprises (MSMEs) remain the dominant force in Kyrgyzstan’s private sector landscape. They represent the principal types of firms in the agriculture and services sectors, such as wholesale, retail trade and hospitality. MSMEs in Kyrgyzstan identified a lack of needed skills in the labour market, corruption, and competition from the informal sector as the main problems with the business environment.[[9]](#footnote-9)

The Project was designed when the global economy was in a deep downturn in 2017 that affected in particular the CIS countries where the EDB operates. Deteriorating macroeconomic conditions negatively affected people's lives, as unemployment increased and income plummeted.

When the Project was underway, COVID 19 made a significant negative impact on Kyrgyzstan’s economy. The COVID-19 had a deep impact on the key economic drivers of the country and prompted more private sector support. With substantial losses in major economic sectors—tourism, trade and consumer services, and construction—the country’s gross domestic product for 2020 was anticipated to contract by as much as 10%.[[10]](#footnote-10)

2 Evaluation object, objectives, and methodology

2.1 Description of the object of the evaluation

**The object of this evaluation is the Project Strengthening capacities for sustainable development finance in the Commonwealth of Independent States (CIS) region.** To achieve its objective of raising awareness and strengthening capacities of ministries and governmental agencies, national financial institutions, business entities and entrepreneurs in countries where the EDB operates, the Project is pursuing two results:

* Building capacity for preparation and implementation of investment development projects in the Kyrgyz Republic;
* Building capacity of the CIS member-states in accessing new development finance sources.

2.2 Evaluation objectives and scope

The main purpose of this final evaluation is to assess the programmatic progress, performance of the Project interventions from the point of view of relevance, effectiveness, organizational efficiency, sustainability and potential impact as well as to provide lessons learned highlighting areas where the Project performed less effectively than anticipated. The evaluation report has been prepared to support enhanced accountability for development effectiveness and learning from experience.

**The evaluation addressed the following four main evaluation questions.**

1. What did the UNDP Project intend to achieve during the period under review?
2. To what extent has the project achieved its intended objectives?
3. To what extent has UNDP project been able to adapt to the COVID-19 pandemic and support the country’s response and recovery process?
4. What factors contributed to or hindered Project’s performance to the sustainability of results?

**Expected users of this evaluation findings and recommendations.** It is expected that the information generated by the evaluation would be used by different stakeholders to contribute to building of the evidence base on effective strategies for strengthening the support to the Government and other stakeholders in business development. Main evaluation users include UNDP Country Office (CO) in Kyrgyzstan as well as the Government of Russian Federation (project donor) and key national stakeholders.

**The final evaluation of the Project covered the period** from its starting date up to the date of the evaluation (2017-2021). The Project is expected to be completed at the end of 2021. The major Project results for all two Project objectives were covered, with particular focus on long-term results. According to the TOR, the evaluation examined the Project’s relevance, effectiveness, efficiency, sustainability and impact, consistent with OECD DAC guidance and international practices as presented in Table 1 below. The consultant focused also on learning and developing lessons learned to inform future UNDP programming. Data collection methods are presented in Annex 3.

Table 1 Evaluation criteria for the Project under evaluation

|  |  |
| --- | --- |
| **Relevance** | The relevance of the Project activities to addressing key challenges of access to resources of IFIs, identified by the Project Document. The evaluation examined the extent to which the Project correctly identified key challenges of access to IFIs funding. Additional aspects of relevance that were examined included relevance of interventions to the priorities and objectives of the GoK in the area of economic development and needs of the beneficiaries. The consultant analysed the extent and nature of stakeholders’ involvement in the Project’s implementation. Potential unaddressed gaps and missed opportunities were identified. |
| **Effectiveness** | The extent to which the expected results changes intended by the Project have been realised, and whether a Project contribution has been demonstrated. As some activities of the Project were implemented in realities of COVID 19, the consultant assessed the degree of Project flexibility to timely and properly respond to these challenges and achieve results. |
| **Efficiency** | The evaluation does not present a comprehensive ‘value for money’ analysis, but comments on the resources allocation under the Project and their deployment relative to the results generated. The evaluation considered whether the Project employed the best mix of core roles, designed to complement the efforts of other partners and the aspects that should be enhanced to ensure better Project efficiency such as coordination. The evaluation analyzed the efficiency of the Project Board use. Other efficiency aspects such as Project and budget management, adherence to the timelines and quality of reporting, M&E mechanisms, staffing, planning and coordination within the Project including with stakeholders and Project communication on its implementation and results were examined as well.  |
| **Sustainability and impact** | Dimensions of sustainability that were assessed include: presence of Project’s appropriate sustainability and exit strategy; extent of GoK commitment to advancing key Project results reflected in their next national programs and forthcoming legislation and support through targeted budgets. In addition, the evaluation examined the extent to which the Project interventions enhanced key factors that need to be in place for the long-term strengthening capacities of ministries and governmental agencies, national financial institutions, business entities and entrepreneurs in collaborating with IFIs. The assessment of Project sustainability was conducted for key stakeholders and beneficiaries.  |

2.3 Methodology (including tools, evaluability assessment, limitations and ethical issues)

**The evaluation consisted of three main stages**. At the evaluation inception stage, the consultant conducted a number of kick-off zoom calls with the Project manager. The meetings clarified UNDP’s expectations and ensured that the consultant was fully aware of the parameters of the final deliverables. The consultant undertook a preliminary review of key documents shared by the Project and conducted the Evaluability Assessment (EA) to inform the scope, timing, key questions and steps towards the evaluation. The consultant reviewed the Project TOC and documentation to examine the underlying hypotheses, and assess whether the bottlenecks, stakeholder analysis, assumptions and risks were still relevant and correct. The consultant assessed whether the available indicators and data/evidence collected by the Project were sufficiently robust and if there were reliable information available. The consultant also obtained key information about the background of the object of evaluation, in particular the business and economic climate in Kyrgyzstan. During zoom calls, evidence gaps and methods to address them were discussed and the Project manager uploaded additional resources into the shared folder.

The consultant concluded that there is **a satisfactory level of information to answer many of the evaluation questions, but additional information had to be collected** to provide rich and consistent responses to those TOR Evaluation Questions that pertain to Project sustainability/impact and the Project contribution. The consultant developed a comprehensive evaluation matrix (see Annex 2) with linkages to specific evaluation instruments.

**The consultant has identified a number of methodological limitations** that included resourcing and timing restrictions, which limited the ability to conduct full in-depth assessment of all Project diverse components. The main challenges were complexity and diversity of areas and countries covered by the Project that required tailored evaluation tools.

The Inception Phase resulted in the Inception Report (IR), which included the methodology, a detailed work plan, a comprehensive set of the proposed data collection and evaluation tools, proposed roles and responsibilities of parties in the evaluation process as well as a suggested outline of the final evaluation report.

The second, online field Phase consisted of an in-depth desk review to gather secondary quantitative and qualitative data as well as field work to collect primary data from key stakeholders. The consultant ensured that his obligations (independence, impartiality, credibility, avoiding of conflicts of interest, accountability) were met and that all analyses were sufficiently transparent and explicit to produce robust and reliable findings that would be replicated by an independent team using the same evidence. The evaluation methodology combined a Results-Based Management with a Human Rights Based Approach (HRBA) to programming and evaluation. The HRBA was guided by five core principles: normativity, participation, non-discrimination, accountability and transparency.

The consultant collected evidence against each criterion for each area under consideration. Cumulatively, the evidence available against each question and for each area provided evidence to inform responses to evaluation questions. In order to assess attainment of stated targets for outputs and outcomes, the consultant collected and carefully assessed data and evidence provided by the Project and collected through secondary data analysis, taking into account contextual factors.

**A mixed-methods approach was applied, involving a blend of qualitative and quantitative data collection methods from different data sources and used different analysis methods to arrive at findings, conclusions and recommendations. Triangulation was applied for consistency, validity and reliability. The evaluation draws on the totality of evidence collected.**

**The methods utilized the best mix of data gathering tools** to yield the most reliable and valid answers to the evaluation questions and generate maximum learning within the limits of resources and availability of data. Data collections methods are presented in Annex 3.

* **Desk review.** For purposes of this evaluation the Project created a shared folder with all the relevant information that can be easily accessed by the consultant. The consultant reviewed all the relevant Project and programme documents, researches and studies; government strategies and policy and legal documents, primary and secondary data reports and performed initial validation of resources and final definition of the scope for the evaluation. It helped to identify additional sources of secondary data as well as specific methodological difficulties that could have been encountered through the evaluation process. The desk review helped also to identify those areas where primary data was needed to complement limitations in terms of quality and availability of secondary data. Bibliography can be found in Annex 4. The desk review informed the consultant’s assessment of the Project progress that was captured in the results framework template in Annex 8.
* **Interviews:** The consultant conducted more than 20 semi-structured interviews with a diverse range of partners such as implementing partners, businesses, second tier banks, IFIs, etc. This method has been selected to obtain diverse perspectives, including expert and non-expert, beneficiaries and partners. It enabled a rich understanding of different perspectives about the Project programming. Through interviews, the consultant has explored the relevance, effectiveness, efficiency, sustainability and impact of the Project. As the interventions implemented by the Project were too complex and diverse, the interviews were very different and hence the key informant interview guides were not developed. See Annexes 5 and 6 for a list of key informants interviewed and the questionnaires.

Given the complexity of the Project evaluation, the consultant provided regular updates to UNDP on the progress to ensure ongoing alignment with UNDP expectations and quickly resolve any emerging challenges. The Phase 2 was completed with a debriefing session with the Project on the preliminary findings and recommendations of the evaluation.

During the Phase 3, the consultant analyzed the evidence and data collected during the first two phases and integrated in the draft evaluation report, in accordance with the UNDP guidelines. The draft report was shared with UNDP and other partners for feedback that was received, analyzed and addressed in the final version of the report.

The evaluation followed the UNEG Norms and Standards as well as the UNEG Ethical Guidelines for Evaluation.[[11]](#footnote-11) The consultant was independent, impartial, free of any conflicts of interest and accountable for its findings and recommendations. The human rights angle was captured through evaluation questions.

The evaluation blended confirmatory analysis (determining the extent to which specific, expected results outlined in the Project document were achieved), exploratory analysis (examining what happened and what is currently happening without preconceived notions), and forward-looking analysis (identifying strategies and approaches that worked and have a strong potential to be effective in the future).

**The evaluation quality assurance process**. The consultant had at least four check points for quality assurance:

1. A discussion of the IR and plans of action to ensure that the consultant’s understanding of what is required corresponds to UNDP expectations and evaluation standards.
2. Presentation and discussion of preliminary findings.
3. A review of a draft, or mid-point of evaluation.
4. An acceptance quality review for completed report.

Adjustments were made to reflect feedback at each of these points. This process ensured that multiple opportunities were provided to resolve issues and challenges throughout the evaluation exercise.

3 Evaluation Findings

3.1 Assessment of Project design

The following challenges to expanded use of development finance in the CIS countries have been identified at the Project development phase:

* lack of capacity of the local financial institutions and their clients in selection, preparation and implementation of projects; and
* lack of presence, understanding and/ or access to the local level by the IFis.

Overall, the Project design is well-structured, justified and includes two results:

* Building capacity for preparation and implementation of investment development projects in the Kyrgyz Republic;
* Building capacity of the CIS member-states in accessing new development finance sources.

Two main activities and actions pursued to achieve the expected results include:

* Activity 1. Technical assistance to the Kyrgyz Republic in identification, preparation and implementation of bankable projects for financing from the Russian-Kyrgyz Development Fund (RKDF): Action 1.1. Support to the strategic programming of development operations by the government and Action 1.2. Preparation of the high priority projects for RKDF financing.
* Activity 2. Technical assistance in project preparation for potential financing by IFIs to governmental and business entities in Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Tajikistan, including the Eurasian Development Bank (EDB) clients: Action 2.1. Cooperation framework for targeted support to preparation of quality bankable projects for EDB's lending; Action 2.2. Capacity development for financial intermediary operations; and Action 2.3. Knowledge management to improve accessibility of development financing

In essence, “bankability” simply means that loan risk is acceptable. But loan risk is weighed on two bases: cash flow risk (how likely the business will be able to service the loan out of its profitability) and recovery risk (how likely the bank can recover the funds it has advanced in the case that the business cannot service the loan out of cash flow). Strategically, the Project is addressing both the supply side by strengthening ability of lenders to manage and reduce loan risk and the demand side by improving capacities of businesses to access credit. Significant efforts are made into building selected clients' capacity to engage with the IFls' financing.

Among the financial institutions operating in the CIS, the EDB and the RKDF possess great but at times underutilized potential to promote economic growth and sustainable development in the region and in Kyrgyzstan respectively. The Project is extensively partnering with EDB and RKDF.

**Finding 1. The Project components are well balanced and complimentary to achieve the Project’s diverse range of objectives**. **The Project design however, paid little attention to advancing long-term strategic solutions directly linked to UNDP’s areas of expertise/focus nor explicitly focused on improving the enabling environment.**

The Project correctly identified a need to promote development investment support to mitigate the impact of the crisis on the region and achieve the Sustainable Development Goals (SDG) 8.10 "strengthening the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all" (SDG 8.10). The solutions to achieve this strategic objective were more limited in terms of scope and depth and focused on strengthening capacity of the local financial institutions and their clients to prepare and implement “bankable” projects and provide EDB and RKDF with the necessary information and advice to better understand specifics of economic activities in the local context.

The Project represents a complex, cross-country initiative combining in-wide approach (covering Kyrgyzstan and other selected CIS countries) with the in-depth approach (e.g. building capacity of businesses to develop bankable proposals and second tier banks to improve quality and range of services provided). The Project design includes a range of well balanced and complimentary components such as technical support of selected businesses in developing bankable proposals through the use of consultants and analytical support and building capacities of second tier banks. The outputs are coherent and logically inter-linked.

The consultant reconstructed the Project TOC by expanding a list of assumptions that had to be in place for the Project’s TOC to be realized. The TOC provides a broad framework for assessment for this evaluation. It includes a description of the assumptions, and a graphic illustration linking Project core activities and expected results (outputs, outcomes, and impacts).

**Figure 1 Reconstructed Project Theory of Change (TOC)**



Risks are not included in this reconstructed ToC, as they were in detail outlined in the Project Document.

The demand-driven delivery model is responsive to the needs identified by RKDF and EDB and businesses seeking loans but it did not focus on long-term goals and sustainability. It resulted in Project engaging in lower impact non-sustainable areas such as capacity building of a few selected second tier banks or support of selected businesses in developing bankable proposals, which have addressed the well identified short term needs but lacked strategic focus. The Project’s assumptions about reaching the outputs were realistic in terms of the technical feasibility and the time required to implement its two components, but its contribution to high level results such as enhancing capacity for investment development projects preparation and implementation in the Kyrgyz Republic and enhancing capacity of the CIS countries in accessing new development finance sources was limited and not measured.

The evidence of engagement of businesses or business associations in Project document development was not available. As a result, the Project design did not reflect and address a diverse range of challenges faced by businesses such as poor enforcement of Government regulations that limited its strategic focus.

The regional component of the Project was not well elaborated in the Project document. Its management and accountabilities were not clearly spelled out so the partner UNDP COs were not guided and supported in identifying potential businesses to support them with developing bankable proposals.

**Finding 2: The Project Results and Resources Framework (RRF) captures some important output results that are logically linked to Project activities. Some Project outcomes do not have corresponding indicators.**

The Project’s results were tracked using the indicators outlined in the Results and Resources Framework (RRF), developed at the Project design stage. Each output has three indicators that were collected and reported against.

Overall, in consultant’s assessment the output indicators are well elaborated and clear and allow capturing the Project’s progress towards achieving Output 1: Enhanced capacity of financial institutions and business entities in investment development projects preparation and implementation in the Kyrgyz Republic and Output 2

Enhanced capacity of the select CIS countries in accessing new development finance sources (see Annex 8).

The Project design correctly identified core venues and activities to achieve expected outputs, but it did not elaborate all indicators necessary to capture Project attribution and contribution to broader outcomes outlined in the Project document such as increased awareness and strengthened capacity of ministries and government agencies, national financial institutions, business entities and entrepreneurs in dealing with IFI projects in the select CIS countries and enhanced effectiveness of development assistance via collaboration in countries where the Russian Federation is providing bilateral development assistance.

* 1. Relevance

Relevance was assessed by exploring a degree of alignment of the Project with the needs of private clients of the banking system, national priorities, and needs of stakeholders and beneficiaries. The assessment of relevance was based on the analysis of the national context.

**Finding 3. Partners and beneficiaries find the Project relevant. The Project missed an opportunity to better reflect UNDP strategic priorities and countries’ realities mid-course.**

The Project directly responded to the GoK commitment to establish a transparent mechanism for selecting and supporting businesses with developing bankable proposals as well as the needs identified by the RKDF and EDB to improve quality of bankable projects.

The Project established a Project Board that included the donor, implementing partners, UNDP senior management and key national counterparts that helped the Project to stay relevant. It improved the overall effectiveness and flexibility in Project implementation and strengthened the partners’ ownership of the Project. During regular board meetings, progress reports were presented but potential adjustments in the course of Project implementation were not explored. To some extent, limited Project flexibility can be traced back to the Project document that did not foresee a mid-term review/evaluation that could have potentially enabled the Project to respond to the changing political context and emerging needs. Another factor that negatively affected Project focus on strategic results were frequent changes in RKDF and UNDP senior management that undermined collective ownership, commitment, and a clear strategic vision. The Ministry of Economy involvement was inconsistent due to frequent Government changes and ministry reorganization.

In consultant’s view, the Project missed an opportunity to make some adjustments mid-term to focus more explicitly on the areas of critical importance for UNDP and the Government of Kyrgyzstan such as green growth or digital development. A mid-term review could have potentially helped to strengthen the regional component (Activity 2) by clearly identifying the barriers to its implementation and revising the implementation modality to support other UNDP COs in identifying businesses to be supported with developing bankable proposals for EDB financing.

**Finding 4. Project timely adjusted some of its operations in response to COVID-19**.

The COVID-19 pandemic is far more than just a healthcare crisis, as it affected almost each area of the social, economic, political and cultural life of the country. The Project was responsive to COVID-19 challenges by reprogramming some of its activities and adjusting its operations. Some of activities were moved into the virtual space or substituted with others to ensure a progress towards the targets and objectives. For example, the Project did not conduct travel and face to face events. The trainings were delivered online. Although some national partners observed that it was challenging for some training beneficiaries to adjust to new modality of training delivery, they quickly learned and found it effective.

3.3 Effectiveness

Effectiveness was assessed by examining the extent to which the Project attained planned objectives and results. Using the reconstructed ToC, the consultant analyzed to what extent the Project activities contributed to the attainment of planned outputs and outcomes. Using the evidence collected, the consultant analyzed the factors that contributed or hampered the achievement of results.

**Finding 5: The Project is moderately effective in terms of achieving its planned outputs**. **Core expected outputs under Activity 1 will most likely be achieved, while the targets for Activity 2 are unlikely to be achieved by the Project end.**

UNDP managed to achieve important results despite the challenging operational environment which is characterized by political instability, inconsistent and insufficient Government’s commitment, economic hardships, deficiencies in policies and legislation and their implementation, and high turn-over of all partners decisionmakers and staff. Project support has contributed to improved quality of bankable proposals and improved technical capacities of second tier banks partners supported. The supports were flexible and beneficiaries-focused.

Under Activity 1, the Project focused on strengthening capacity of the Ministry of Economy, RKDF and business entities in identification, preparation and implementation of “bankable” projects for RKDF financing and providing technical assistance to strengthen capacity of respective banks in Kyrgyzstan in implementation of the RKDF development lines of credit. In consultant’s assessment, one of important Project accomplishments under this Activity is the establishment of the Council in charge of making up the list of priority investment projects under the Ministry of Economy that could be seen as an important mechanism to promote business projects aligned with the national priorities. Although the membership on the Council can be further expanded to include more representatives of the business community, the Council could be institutionalized as a permanent mechanism to advance the national priorities by supporting businesses operating in priorities areas and sectors.

The Council for the formation of a list of priority investment projects founded under the Ministry of Economy of the KR conducted a number of meetings through the Project duration. The Project provided the technical support to the Ministry of Economy in identification of potential bankable business projects from 2019 to present time and supported development of criteria for selection of projects. The approved applications have been supported by the Project in preparation of feasibility studies. Most of the applicants requested amount range from 200,000 to 400,000 USD. In 2020 the RKDF had decreased the minimum amount of direct financing in regions to 100,000 USD per project to enable smaller and less developed businesses to access credits. Out of 33 approved proposals, 18 businesses were supported with bankable proposals development, 15 applicants did not want to continue due to COVID, changing economic realities. Financing was approved for 2 projects and 12 are still being reviewed by RKDF.[[12]](#footnote-12) One business approved by RKDF decided not to proceed as one of the approve dealing with the production of smart water meters faced barriers dealing with lack of national standards in production of water meters and poor enforcement of procurement rules favouring local manufacturers. One proposal was not approved by RKDF due to high financial and judicial risks. The consultant is concerned about a relatively high withdrawal rate of business applications: Out of 22 business applications that have been approved by the Council to receive technical support in the development of feasibility studies, 15 applications were withdrawn. See Table 2 for more information on businesses supported by the Project under Activity 1. Although COVID-19 affected some of businesses decisions, it may be a sign of a more systemic issue of limited capacity of business to realistically assess their needs and commit to developing bankable proposals.

Table 2 The number of businesses that were supported by the Project in developing bankable business proposals

|  |
| --- |
| **Business projects that received support in development of bankable proposals (as of December 10, 2021)** |
|
| Number of Projects approved by the Council to receive the support in developing feasibility studies | 33 |
| Number of projects withdrawn by the applicants, out of projects approved by the Council | 15 |
| Number of projects developed and submitted to the RKDF out of projects approved by the Council: | 18 |
| Number of projects, financing of which is approved by the RKDF out of the submitted projects | 2 |
| Number of projects that are under review by the RKDF out of the submitted projects | 12 |
| Number of projects, rejected by the RKDF, out of the submitted projects | 1 |
| Number of projects withdrawn by the applicants out of the submitted projects | 3 |

Overall, the businesses that received Project’s support in developing bankable proposals appreciate the support provided. The Project conducted extensive consultations with the business sector related to the financing of the RKDF and built its capacity to improve quality of proposals for RKDF funding. The Project supported business projects development in a wide range of sectors such as production of juices; processing of nuts; production of bricks; cattle farming and production of dairy products; production of roll coverings and paving stones; and crop production and storage.

In the consultant’s view, the borrowers who benefitted from the Project support would most likely experience success. It is expected that the Project would be able to capture such important indicators as financial sustainability of businesses that obtained loans and impact on the borrowers such as profit increases, employment growth, and increased assets. As there were only a few businesses supported, the cumulative impact on business development in Kyrgyzstan is limited.

The second tier banks staff that received trainings under Activity 1 were deeply appreciative of Project’s support. The training component is covered in depth under Finding 6.

Under Activity 2, the Project provided technical assistance in project preparation for potential financing by IFIs to governmental and business entities in Armenia, Belarus, Kazakhstan, Kyrgyzstan and Tajikistan, including the EDB clients; capacity building of the national commercial banks implementing credit lines, financed by the EDB, and supported knowledge management to improve accessibility of development financing.

The Project faced the most significant challenges in delivery of the sub-activity related to the technical support for the development of proposals for the EDB financing.[[13]](#footnote-13) The identification of business proposals for EDB has been carried by the local representative offices of the EDB and UNDP in Armenia, Tajikistan, Kazakhstan and Belarus. The consultant finds that the regional component was not well elaborated, with unclear reporting and accountability structures that undermined its effectiveness. The key informants identified a number of issues that prevented projects financing such as high ceiling for funding. Some companies prepare feasibility studies themselves and do not need support in this area, some of them could not or were unwilling to secure Government guarantees while in some smaller countries UNDP COs were unable to find businesses that would require such significant loans from EDB.[[14]](#footnote-14) The EDB did not adjust its existing credit products and did not design new products responding to the needs of businesses that would reflect countries and business environment realities.

While outputs have been delivered, the evidence that they have contributed to the ultimate Project objective of increased awareness and strengthened capacity of ministries and government agencies, national financial institutions, business entities and entrepreneurs in dealing with IFI projects in the select CIS countries is limited.

**Finding 6. Capacities of supported businesses in developing business proposals and second tier banks have strengthened through training and direct support. It is unlikely that the training content and delivery modalities will be institutionalized.**

The partners agreed that the Project succeeded in bridging the critical, short and sometimes long term capacity gaps. The Project has contributed to capacity development of businesses in developing their business proposals and delivered comprehensive and customized trainings for second tier banks supported by EDB. The Project offered customized training packages, based on partner and beneficiary needs, and the range of training sessions offered to beneficiaries was wide. During some trainings, the participants with the start-up project ideas gained knowledge on key aspects related to how to start the business from a scratch, how to effectively manage the business, how to develop the business plan and received practical support in preparing their business plans. The training programmes covered also the development of IT solutions for SMEs in the fields of production, marketing and resource management. The information on the number of trainings delivered and numbers of individuals trained can be found in Table 3 below.

Table 3 Project trainings beneficiaries

|  |
| --- |
| Data on the trainings conducted by the Project (as of December 10, 2021) |
|
| Number of trainings delivered | 6 |
| Number of people trained | 434 |
| Number of women out of people trained | 204 |
| Number of men out of people trained | 230 |
| Share of women trained | 47% |

The trainings delivered to the second tier banks were based on a needs assessment conducted by independent consultants and focused on banks from Kyrgyzstan, Armenia, Belarus and Kazakhstan. On the basis of the conducted assessments, the priority directions for training were identified and included risk management and compliance, process optimization and other important areas.

The vast majority of interviewed beneficiaries agreed that the trainings achieved their intended purpose of imparting actionable knowledge on their given subject relevant to banks or businesses operations. Most beneficiaries credited the exceptional skills of the trainers in achieving these results. “The trainer was very open-minded, and didn’t mind answering my questions,” explained one beneficiary. “She used to give everyone a chance and made sure everyone was learning efficiently.” The training materials were evaluated as very useful and practical, and the format of training was viewed as effective. In terms of short-term impacts of the training, the beneficiaries most commonly responded that they had acquired and started to apply better skills relevant to their work.

The Project conducted regular surveys of training participants that helped to improve their relevance and effectiveness. As the surveys present, the attendees of the training opportunities expressed their high satisfaction with the organization and methodology of trainings. The trainings beneficiaries appreciated the most the practical trainings.

**Finding 7. The Project coherence strategies were limited to core partners such as the Ministry of Economy, RKDF and EDB and did not explore wider partnerships with the national Chamber of Commerce, business and banking associations or such key IFIs as EBRD to achieve synergies.**

The consultant examined the extent to which the Project work was aligned and complimentary to relevant interventions implemented by other partners and if synergy effects were achieved.Internal coherence assessment focused on the synergies and interlinkages between the Project and other interventions carried out by UNDP. External coherence assessment examined the consistency of the Project with other actors’ interventions in the same context, including complementarity, harmonization and co-ordination with others.[[15]](#footnote-15)

Globally UNDP has demonstrated the valuable benefits of joint programming and partnerships by bringing synergies and complimentary expertise for a larger overall impact. In the consultant’s assessment, the Project maintained good working relations with the Ministry of Economy, EDB, RKDF and other UNDP COs involved into the Project. Partners were very positive in their feedback on partnership with the Project, which can be attributed to a strong emphasis on relationship management by the Project. The Project, for example, supported the Ministry of Economy in the organization of the first-ever EMPRETEC Programme that is a flagship capacity building initiative by UNCTAD that supports the promotion of entrepreneurship and micro, small and medium-sized entrepreneurs to facilitate sustainable development and inclusive growth.[[16]](#footnote-16)

The Project however underexplored partnerships with other IFIs that have significant technical expertise and willingness to partner with UNDP on green development, digital solutions and other common areas of interest.[[17]](#footnote-17) Such potential partnerships could have helped the Project to address the expertise gaps and achieve synergies.

The Project tried to explore potential partnerships with other relevant UNDP projects, but the broad parameters for RKDF and EDB financing envisaged large businesses and significant loans that were outside of other UNDP projects’ focus. The consultant could not assess all Projects implemented by UNDP Kyrgyzstan, but it looks the Project is well positioned to partner with such interventions as Aid for Trade in Central Asia (phase IV) and the Biodiversity Finance Initiative (BIOFIN).[[18]](#footnote-18)

**Finding 8. Women economic empowerment was not consistently pursued.**

The gender disaggregated data collection and analysis was conducted for training programs beneficiaries, but the tasks of the economic empowerment of women were not explicitly pursued. With access to networks of financial, physical, and social capital, the private sector creates and shapes opportunities for women across all industries and sectors. The private sector not only creates jobs, it also provides an important pathway to self-reliance and sustainability. The private sector is a vital stakeholder in achieving global women’s economic empowerment goals and the Project is very well positioned to pursue it.

In consultant’s assessment, the Project missed an opportunity to provide targeted support of women owned businesses. As UNDP Kyrgyzstan has a very elaborate gender equality program and integrates gender equality principles across its all areas of work: sustainable development, democratic governance and peacebuilding, climate and disaster resilience,[[19]](#footnote-19) better synergies could have helped the Project to improve gender mainstreaming in its operations.

* 1. Efficiency

Efficiency was assessed by evaluating the extent to which the management of the Project ensured timeliness and an efficient utilization of resources to achieve its objectives, including budget monitoring. The consultant assessed whether, given the budget, the specified output could have been achieved at a lower cost. As some elements of Project’s interventions included elements of soft assistance (e.g., training, consultant engagement) it makes the application of conventional efficiency indicators to these areas not feasible.As a result,the evaluation does not present a ‘value for money’ or full efficiency analysis, but comments on the resources allocation under the Project and their deployment relative to the results generated.

**Finding 9: Results are achieved in an economically efficient manner and with manageable transaction costs. At the initial stages of implementation, the Project was constrained by limited technical capacity of UNDP.**

The consultant finds that UNDP has allocated sufficient resources to achieve the Project objectives. Although many partners interviewed for this evaluation could not answer the questions on efficiency as they were not familiar with the Project financial management, those who were more closely involved with the Project operations confirmed that the results have been achieved with little waste and duplication. The reported financial data indicate that there was straightforward spending as per approved budget by UNDP, with funds spent in an accountable and cost-effective manner.

The Project optimized efficiencies through the following strategies:

* local experts and organizations were engaged whenever possible instead of more expensive international consultants;
* open, transparent and value-for-money UNDP procurement processes were utilized; and
* innovative online training modalities were used

The Project established effective partnerships with EDB, RKDF, second tier banks and UNDP offices in partner countries. Further efficiencies could have achieved by establishing formal partnerships with IFIs and banking and business associations. Such partnerships could have resulted in joint or cost-shared activities in the area of training, developing and disseminating joint analytical products, etc. and ultimately improve cost-efficiencies. [[20]](#footnote-20)

The consultant finds that is highly unlikely that the Project will use 100% of its budget by the end of December 2021. Although COVID-19 affected some activities such as face-to-face training, which had to be cancelled due to travelling restrictions and security measures, the main reason why the budget was not realized was the Project’s inability to find and support relevant bankable proposals under Activity 2.

First few years of Project implementation proved a learning curve for UNDP as it had very limited expertise in private business lending at the country and corporate levels. The Project experienced slow start that partially can be attributed to limited UNDP technical capacity, and a need to ensure that all Project partners have the same expectations. The Project did not have a manager for almost a year that also negatively affected its operations.

In consultant’s view, UNDP missed an opportunity to conduct an in-depth internal needs analysis to identify capacity gaps and needs upfront to effectively execute the Project. It seems the nature of technical skills required could have warranted extensive search for the national and potentially international expertise deploying head hunting and non-traditional to UNDP HR practices as often the individuals with the necessary skills set do not search for UNDP job. UNDP was able to engage the Project manager with the required skills set only in 2020 that accelerated the Project implementation.

**Finding 10: The Project is effectively managed. Current staffing structure is efficient, but the Project operations in other supported CIS countries was not supported with the corresponding modality. The Project experienced continuous challenges with engaging the necessary international and technical expertise.**

Project manager was highly praised by all partners for her excellent managerial skills, dedication, political acuity and focus on results. These key informants’ observations are supported by the Project documentation. Regular progress reports and annual reports were produced by the Project throughout the Project period according to UNDP guidelines. They provided comprehensive information on the activities implemented by the Project and the implementation timeframe.

The Project Board was established as a steering and decision-making body to provide overall guidance and direction to the project, authorize any major deviation from the project document and agreed annual plans; review annual progress reports and make recommendations and perform other functions. The Project Board was meeting annually. In the absence of an institutionalized mechanism for regular strategic dialogue at the level of UNDP Resident Representatives of participating UNDP COs, UNDP RBEC and EDB and corresponding operational staff level dialogue, consistency and coherence in implementation of Project activities varied among participating country teams. At the operational level, involved UNDP staff in Armenia, Belarus, Kazakhstan and Tajikistan were not budgeted and their roles and responsibilities were not elaborated that negatively affected the Project results with regard to its Component 2.

Some coordination of activities and exchange of information among UNDP COs working on Component 2 and EDB proved to be insufficient to achieve results or make the necessary adjustments of Project outcomes and activities. In the absence of the higher-level strategic coherence of the UNDP COs’ and EDB’s expectations, the results as outlined in the Project Document proved to be difficult to achieve.

The consultant finds that one of the most significant challenges to Project implementation was lack or unavailability of Kyrgyz companies and experts with relevant knowledge and skills. The Project did not develop a functional database of experts and companies that can be approached and deployed if necessary on a short notice that significantly delayed the recruitment process. Although the Project tried to use the UNDP vendor of record lists, it was unable to find the right expertise as the areas of banking and large enterprise lending are outside of UNDP core areas of focus. Such challenges could have been potentially addressed through partnerships with IFIs and such UN agencies as Food and Agriculture Organization (FAO), United Nations Industrial Development Organization (UNIDO) or UN Environment Programme (UNEP) that have vetted rosters of consultants with the necessary skills sets.

**Finding 11: The Project regularly collects and reports on core output indicators but does not have a well-developed M&E function**

An M&E framework was not comprehensive enough to support proper outcome level monitoring to assess the Project’s contribution to long-term strategic goals that was complicated by the fact that for many targets’ indicators were not developed. Some indicators are not sufficiently specific, measurable and time bound. Often the measurement of inputs and activities was overemphasized at the expense of focus on attaining broader and strategic development goals and subsequent reporting focused mainly on activities and outputs. The Project monitoring system, for example, captured well such output indicators as the number of individuals trained or resources/knowledge products developed rather than improvement of capacities of national partners and banks.

3.5 Sustainability and Impact

Sustainability and impact were assessed by examining the extent to which the benefits achieved by the Project are sustainable (are likely to continue beyond the intervention cycle) and have long-term effects. The evaluation assessed to what extent the outcomes and benefits generated by the Project would continue to exist after the Project is completed. It also evaluated the effectiveness of the Project sustainability enhancement strategies. The consultant assessed also potential long-lasting effects produced by the Project interventions.

The unstable political situation in three of the five countries participating in the Project (the Kyrgyz Republic, Belarus, Armenia) create risks for sustainability at the levels of all three groups of partners involved: national authorities, banks and businesses. Businesses, for example, are less willing to take risks and expand their businesses while the Ministry of Economy of Kyrgyzstan is unlikely to institutionalize the mechanism of selecting businesses to be supported with bankable proposals development.

**Finding 12. There is a relatively high probability that businesses supported by the Project will be profitable but there is a limited evidence of institutional sustainability of the mechanism established in the Ministry of Economy in Kyrgyzstan.**

One of potentially sustainable results of the Project was the establishment of the national Council for identification of potential business projects that could have become a key mechanism of the Government of the Kyrgyz Republic in realizing the Program of the Government of the KR for 2018-2023 entitled “Unity. Trust. Creation”. This mechanism represented a new approach and developed the national additional capacity to identify potential projects in the prioritized sectors of the economy that require strategic and targeted support. Particularly important was a wide membership on the Council that included the governmental offices (the Office of the Government of the Kyrgyz Republic, Ministry of Economy), the RKDF, and the business associations. The frequent changes of Government resulted in changes in the Ministry of Economy and the RKDF Project focal points and undermined sustainability of established mechanisms. It is unlikely that the Council will be operational after the Project is closed.

There is some evidence that the Project marginally improved the commercial provision of finance through the introduction of new products suited to Kyrgyzstan by RKDF. In the consultant’s assessment, the Project overemphasized the ad hoc businesses and banks capacity building support at the expense of promoting policies and institutional solutions, a limitation that was pre-determined by the Project design. The consultant recognizes that the Project has limited resources to advance any major strategies and policies, but some targeted policy advice in the areas championed by UNDP such as green development could have been explored. The shortcoming of limited strategic focus can be traced to limitations of the Project design that was compounded by the underutilization of the M&E system, which meant it was not able to measure fully how inputs led to outputs and the desired outcomes.

**Finding 13. Training beneficiaries confirm that they have become more confident to implement new practices as a result of taking the trainings. Sustainability prospects of training schemes are limited.**

The trainings beneficiaries who were interviewed for this evaluation were asked to assess how participation in Project training events has impacted their knowledge and skills and confirmed effectiveness of trainings delivered.

The consultant finds that trainings delivered are very well received by the beneficiaries. Key informants employed by the second-tier banks confirmed that they use skills obtained through trainings that is validated through surveys conducted by the Project. There is no evidence that any of these trainings are or will be institutionalized.

The Project was one of organizers ofa Conference on “Green funds of the Kyrgyz Republic: trends and prospects of sustainable finance development”. The conference was attended by 80 participants who represented the Government of the KR, the Parliament of the KR, the Ministry of Finance, Ministry of Economy, Ministry of Agriculture, Food industry and Melioration - National Bank of the KR, Commercial banks and micro-finance companies, Large, medium and small private businesses, International organizations and development funds, Academy of science and other academic communities, media and civil society and other stakeholders.[[21]](#footnote-21) In the consultant’s view, the Project underutilized UNDP strategic position to widely disseminate its effective practices and advice and influence key partners in such sectors as green development and effective water use.

**Finding 14: High quality practical resources/advice developed with Project’s support were shared with the banks and other supported partners, but it is difficult to assess how extensively they will be used by EDB and other partners.**

The consultant finds that all four knowledge and advisory products developed by the Project are of high quality. Some of them such as the "Analysis of the best practices and methodologies of countries on the development of "Green Economy" and "Analysis of the best international practices and methodologies of IDBs and IFIs in the field of financing green projects" contain solid analysis and practicable recommendations. The individuals interviewed in the course of evaluation who have read the documents praised them for their easy to follow format and clear language.

Interviewees acknowledged the importance, high quality, timeliness and relevance of analytical documents produced by the Project and confirmed that they were discussed and considered in EDB and RKDF decision making processes. The EDB has indicated that the analytical products developed by the Project will inform its work in the area of green business development.

The Project also supported a high quality study of credit products offered by various IFIs to support EDB in adjusting the existing credit products and designing new ones responding to the needs of the business environment and the second-tier banks.[[22]](#footnote-22) According to key informants, this study is under the EDB senior management consideration.

Partly as a result of spreading too thin and focusing on outputs, and due to limited attention paid to effective dissemination of knowledge products, the Project underutilized UNDP strong position with the Government and other stakeholders to disseminate these products widely and consistently to affect a broader policy environment.

4 Conclusions and Lessons Learned

**Conclusions**

UNDP neutrality, impartiality, international and reputation are major advantages when engaging in complex dialogue with the IFIs. The consultant evidenced technical sophistication and commitment of Project management, who showed expertise, flexibility, creativity, innovative thinking and dedication.

**The Project design** was relatively successful in ensuring that its results are seenas a shared responsibility by all partners involved, although the expectations of partners varied. Some aspects of Project design were strong, including its innovative approach to explore non-traditional to UNDP areas of partnerships with IFIs. The Project design however, paid little attention to advancing long-term strategic solutions directly linked to UNDP’s areas of expertise/focus nor explicitly promoted enabling environment supporting businesses in obtaining investment loans.[[23]](#footnote-23)The Project design did not envisage a mid-term evaluation that limited opportunities to make the necessary corrections and adjustments to reflect the learnings mid-course. The Project design correctly identified core venues and activities to achieve expected results, but it was less clear in identifying indicators to capture Project attribution and contribution to broader results outlined in the Project document.

**The Project is highly relevant** and is fully in line with the national priorities**.** The Project has shown fluidity, striking a balance between planned interventions and the room for maneuver to effectively respond to challenges posed by COVID-19. At the same time, as the mid-term evaluation was not envisaged, the Project missed an opportunity to re-balance its supports priorities mid-course to better reflect UNDP comparative advantages and promote CO’s priorities as well as strengthen the regional component.

**The Project underutilized its potential and UNDP position to promote** cross-sectoral collaboration that would have facilitated coordinated responses focusing on improving the enabling environment.

**The Project is somewhat effective.** The majority of targets will most likely be achieved by the end of 2021, with exception of the planned number of bankable proposals under Activity 2. The Project has had some notable successes, particular in the area of identifying and supporting bankable business proposals and exploring new areas of financing such as green development in Kyrgyzstan under Activity 1. Capitalizing on these gains will require strategic vision, focus on effective collaboration with diverse partners, including IFIs, and advancing institutional models of capacity development.

**The Project was able to achieve results in an economic manner** and with manageable transaction costs. There was near consensus amongst partners that the interventions’ results have been achieved with little waste and duplication. It is unlikely that the Project will utilize the full allocated budget before the Project completion.

**Sustainability of the gains made by the Project and its impact are limited.** To some extent, the limited impact and sustainability of Project results can be traced back to its design that did not have a clear sustainability or scaling up Project work strategy.

**Lessons learned**

* Political instability resulting in the frequent Government ministers and deputy ministers’ change and limited institutional memory in a context of low government official capacity to implement, monitor, and report undermine progress on improving the enabling environment for business development. Any formal institutional mechanisms set to identify businesses to be supported by UNDP in developing business proposals funded by IFIs located within Government institutions are unlikely to be sustainable and effective.
* Greater access to qualified business consulting services is essential, especially for SMEs in Kyrgyzstan, in particular for the purpose of accessing credit programs. Consistent and systemic training of multiple groups of professionals such as business owners, banks staff, and state services responsible for supporting businesses is needed to have real effect to enable businesses to prosper and access financing, if needed.
* UNDP is well positioned to innovate and explore new partnership modalities with IFIs, but success of such innovations depends on its ability to build and engage the necessary expertise and critically re-assess its progress mid-course to make the necessary corrections and adjustments. Internal and external capacity assessments followed by strategies addressing the identified capacity gaps can positively contribute to Project success.
* The complexity of regional UNDP projects requires a a well-planned approach and clearly defined management, accountability and reporting processes set up front. Strategic coherence of COs actions and EDB expectations is critical for success.
* Close coordination and partnership with other relevant partners such IFIs can facilitate information exchange and synergies.

5 Recommendations

The following recommendations are aligned with evaluation key findings.

**Recommendation 1: UNDP can continue supporting businesses in accessing IFI finance, but it is advised to utilize its experience gained through this Project and support state authorities at the national and local level to develop bankable proposals in the areas and sectors of strategic importance to UNDP and GoK. Improved partnerships with such IFIs as EBRD as well as other relevant UNDP projects can be pursued to ensure synergy.**

Recommendation is informed by findings: 5, 6, 7,

UNDP, relying on its extensive and overall successful experience of supporting businesses in developing bankable proposals in Kyrgyzstan, can offer its supports to national and local authorities in developing “bankable” proposals in such critical areas as green development, water management and others and provide technical support with their implementation. UNDP can contribute to assessment of a potential project’s expected value by understanding government’s vision and supporting strategic thinking in identifying IFIs for specific purposes; surveying different financial instruments, like blended finance or guarantee schemes, to identify the most appropriate financial instrument for the given purpose and other technical aspects. UNDP may be an effective dialogue mediator among state authorities to clarify technical aspects and address potential IFIs’ requests such as government guarantees or co-financing. During projects preparation, UNDP can support development of feasibility studies and social impact assessments, helping governments to identify priority projects and ensure that such interconnected issues as multidimensional poverty, inequality and exclusion, and sustainability are addressed with focus on building local capacity. UNDP can engage the IFIs in their advisory capacity role to assess the relevant capacity of the implementing agencies in financial management, procurement, reporting, and monitoring and evaluation.

UNDP is not advised to establish any mechanisms for identification of potential business projects within the state institutions given high political instability. Such mechanisms could be established with RKDF, Chamber of Commerce or any other other business institutions. It is advisable to ensure wide membership on this selection mechanism that could include the governmental offices such as the Ministry of Economy, the business and banking associations.

There is a number of areas where UNDP can consider focusing on:

* **Use of digital technologies.** While ICT has been recognized as a major driver of economic growth and development, use of digital solutions for economic and human development are low. In rural areas, ICTs with lower costs, combined with the increasing literacy and sophistication of rural communities have the potential to revolutionize rural information systems, providing more and better information directly to farmers, extension agents, agribusinesses, and other intermediaries. Application of ICTs may increase the flow of information of all types, and facilitate market transactions, changes in employment, emergence of new industries, and social development.
* **Promoting community level sustainable water supply systems in rural areas.** Environmentally friendly agriculture such as cold storage facilities and greenhouses can play an important role in absorbing the slack in the labour market and generating productive employment opportunities. It can contribute to food self-sufficiency and has the potential of reducing poverty in rural areas. The productivity of water use has to improve and water saving approaches have to be widely disseminated to ensure sustainability of agricultural practices. Some potential infrastructural projects in the area of integrated water management include: modernization of water infrastructure (reconstruction, repair and modernization of canals; modernization of the hydraulic structure), expanding the use of water-saving technologies (drip, sprinkler, irrigation with portable flexible hoses, etc.) and modernization of pumping stations.
* **Support off-grid renewable energy systems in critical social sectors.** UNDP in partnership with other IFIs can assess the potential of such solutions for regional and national scalability by assessing the issues of affordability of up-front costs of such systems, financial sustainability, and technical capacity and awareness for these technologies utilization. UNDP can test institutional solar PV that serve institutions, such as a clinic, or a school with such common applications as refrigeration of vaccines, video health assessments, and computers for schools and PV agricultural pumping.

UNDP should promote a consistent approach to supporting vulnerable groups through its work of supporting businesses. Women economic empowerment should be explicitly pursued.

**Recommendation 2: UNDP is advised to facilitate dialogue of SMEs with the Government to contribute to improvements of the enabling environment.**

Recommendation is informed by findings: 1, 3, 5, 7, 12

The private sector and especially SMEs in Kyrgyzstan are an engine of economic growth and job creation and is a major contributor to poverty reduction. In politically unstable realities of Kyrgyzstan, UNDP is not advised to focus on providing direct policy advise to related ministries to support business development but rather focus on establishing mechanisms enabling continuous constructive dialogue of SMEs and business associations with key decisionmakers that will help them to listen to, understand and act to address the needs of businesses.

Lending to SMEs, in new sectors and to new clients, while offering new lending products, is perceived by banks to be riskier than lending to large enterprises and known borrowers, using traditional forms of finance. Asymmetric information, inadequate expertise and a lack of incentives to expand balance sheets due to the current market environment together mean that banks overwhelmingly base their lending decisions on collateral coverage and target sectors with lower perceived risk. SME lending is seen by large banks as difficult for profitability, because of the high operating costs. UNDP could collaborate with other IFIs such as EBRD that are working on easing the collateral requirements to improve the enabling environment to support SMEs by supporting the banks to make their collateralized lending approach more welcoming towards SMEs.

SMEs and business associations could be more systemically supported in building the necessary skills to be involved into economic and business policy making. UNDP can advocate for a range of policies to support SMEs and can engage SMEs into policy development by strengthening data collection regarding businesses needs and communicating key recommendations to decisionmakers. More efforts need to be made to ensure involvement of businesses and other key partners into decision-making and delivery at the local levels.

**Recommendation 3: UNDP is advised to pursue long-term institutional solutions to capacity building of businesses, with focus on SMEs, and partner with Chamber of Commerce and business and banking associations.**

Recommendation is informed by findings: 1, 5, 6, 7, 12, 13, 14

UNDP is advised to support the Chamber of Commerce, business and banking associations with establishing sustainable knowledge management and training mechanisms. Rather than providing one-off trainings to the banks or supporting individual businesses, UNDP can conduct regular training needs assessments of the business and banking sectors and support them with developing online and face to face knowledge mobilization and training solutions.

These bodies could be supported in preparing and disseminating information and user-friendly “how-to” handbooks and manuals on business planning, development of bankable proposals, contracts management, alternative dispute resolution, use of accounting software and others that are useful to their members, with particular focus on SME. As business owners, especially SME find the Government documents too complex to understand, there is a need to build capacity of the Chamber of Commerce and business associations in presenting complex laws, regulations, policies and instructions in easy to understand format to address the needs of its members. UNDP may support these organizations in more effective utilization of these organizations’ web sites by posting all analytical products there as well as creating webinars and training courses as well as on-line forums to promote members networking. Regional and local offices of these organizations could be strengthened to be financially viable institutions that will be able to expand the range of services provided and continuously improve their quality.

**Recommendation 4: In pursuing innovative solutions in those areas where CO’s and corporate expertise is limited, UNDP is advised to conduct mid-term Projects reviews and strengthen internal M&E systems to identify gaps and limitations and make timely adjustments and corrections to Projects implementation to ensure they stay on track and are focused on results.**

Recommendation is informed by findings: 1, 2, 3, 5,

There is a need to strengthen the M&E architecture of Projects that pursue innovations and reinforce the culture of results chain, so that monitoring and measuring of the outcome level and impact changes would become an integrated approach and valued exercise that can be undertaken systematically. Realistically formulated results, proper planning, communication, improved coordination and effective monitoring can keep the Project ToC and RRF relevant and useful throughout its cycle. The results framework in the next Projects focusing on partnering with IFIs and business development should have a consistent set of indicators that are relevant to the expected outcomes; adequately specified baselines, targets, intermediate milestones and timeframes. UNDP can be held accountable for meeting its targets only if indicators can credibly by attributed to UNDP. UNDP is advised to improve linkages of results frameworks of its projects, with putting more focus on long-term results and impacts. ToCs should be well articulated, interlinked so that it provides clear and elaborate change pathway, and justification for the selected course of action so that the stakeholders are able to trace a clear and compelling story line.

It is advisable to strategically invest in strong M&E systems. The M&E budget should reflect the costs not only spent on decentralized evaluations, but on monitoring as well. Relying on robust monitoring data, it is strongly recommended to conduct mid-term evaluations and Projects’ reviews to learn from innovations implementation, identify gaps and take corrective actions, if necessary.

Recommendation 5: Participating UNDP COs, RBEC and EDB should work to strengthen steering and advisory structures and ensure consistency in strategic guidance for regional implementation.

Recommendation is informed by findings 1, 5, 10

It is advisable to conduct regular meetings at the senior management level to ensure strategic focus throughout the Project implementation. To avoid challenges associated with implementation of regional UNDP initiatives such as decentralized management and variability in expectations, it is recommended to strengthen the mandate of RBEC in managing similar projects. Roles of all COs involved into similar regional projects should be clearly articulated, positions in COs adequately funded and accountability lines articulated. It is recommended to improve joint planning through preparation of Annual/ Bi-annual Work Plans that would articulate specific activities and results for all UNDP COs involved into similar regional projects.

6 Annexes

### Annex 1. Terms of Reference (TOR)

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| --- |
| **TERMS OF REFERENCE****Final Evaluation of the regional project “Strengthening capacities for sustainable development finance** **in the Commonwealth of Independent States (CIS) region”** |

|  |  |
| --- | --- |
| **Title of the Programme:**  | “Strengthening capacities for sustainable development finance in the Commonwealth of Independent States (CIS) region” |
| **Short title of the assignment:**  | International Evaluation Consultant  |
| **Duty station:**  | Home based with travels to Bishkek, Kyrgyzstan. |
| **Contract type:**  | Individual Contract  |
| **Duration:**  | October-November 2021 (18 effective person days) |

**BACKGROUND**

The regional project “Strengthening capacities for sustainable development finance in the Commonwealth of Independent States (CIS) region”, funded by the Russian Federation, was launched in November 2017 for an initial period of 36 months and in October 2020, it was extended for additional 14 months. The current project ends in December 2021.

In general, the project contributes to the UNDAF Outcome 1: By 2022, inclusive and sustainable industrial, agricultural and rural development contribute to economic growth, decent work, improved livelihoods, food security and nutrition, especially among women and vulnerable groups, as well as CPD Results Area 1: Sustainable and Inclusive economic growth with the respective CPD output: Women, youth and people from the regions with high poverty rate benefit from improved services and infrastructure, better skills, access to resources, sustainable jobs and livehoods. The project’s objective is to raise awareness and strengthen capacities of ministries and governmental agencies, national financial institutions, business entities and entrepreneurs in dealing with international financial institutions’ (hereinafter referred to as IFIs) projects in the Commonwealth of Independent States countries (Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Tajikistan, including clients of the Eurasian Development Bank) (hereinafter referred to as CIS).

The achievement of the following results shall support this objective:

* Building capacity for preparation and implementation of investment development projects in the Kyrgyz Republic;
* Building capacity of the CIS member-states in accessing new development finance sources.

The following two activities shall contribute to the achievement of these results:

Activity 1. Technical assistance to the Kyrgyz Republic in the identification, preparation and implementation of bankable projects for financing from the Russian-Kyrgyz Development Fund (hereinafter referred to as RKDF).

Activity 2. Technical assistance in project preparation for potential financing from the International Financial Institutions to governmental and business entities in Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Tajikistan, including clients of the Eurasian Development Bank (hereinafter referred to as EDB)

Overall, the project has two contributing outcomes to achieve the project targets: Outcome 1Growth and development are inclusive and sustainable, incorporating productive capacities that create employment and livehoods for the poor and excluded; Outcome 4. Development debates and actions at all levels prioritize elimination of poverty, inequality and exclusion, consistent with our engagement principles.

The main implementing partners of the project are the Ministry of Economy and Finance of the Kyrgyz Republic, the Russian-Kyrgyz Development Fund, and the Eurasian Development Bank.

In accordance with the Project Document and UNDP Evaluation Plan, the project has to undertake an independent evaluation by its end. The aim of the evaluation is to assess the progress and results achieved within the project’s lifespan.

**OBJECTIVE**

The objective of the evaluation is to assess achieved results under Project, sustainability of benefits and draw lessons that can contribute to the decision making regarding the further engagement of this issue.

The main purpose of this final evaluation is to assess the programmatic progress, performance of the project interventions from the point of view of relevance, effectiveness, impact, organizational efficiency, sustainability as well as analysis of lessons learnt highlighting areas where the project performed less effectively than anticipated. The findings of the evaluation will contribute to effective programming, refining the approaches, organizational learning and accountability.

The evaluation presents an opportunity to assess the achievements of this project and its overall added value to building integrated disaster risk governance capacities in Kyrgyzstan and regional cooperation in central Asia.

**Key Evaluation questions and guiding principles.**

Final evaluation of Project will be conducted according to the guidance, rules and procedures established by UNDP as reflected in the UNDP Evaluation Guidelines[[24]](#footnote-24). The Evaluation will assess the Project according to standard evaluation criteria, as elaborated below, in line with the United Nations Evaluations Group norms and principles. However, the consultant in his methodology may propose new or different questions in close coordination and consultation with UNDP. The evaluation will address the following four main evaluation questions.

1. What did the UNDP Project intend to achieve during the period under review?
2. To what extent has the project achieved its intended objectives?
3. To what extent has UNDP project been able to adapt to the COVID-19 pandemic and support the country’s response and recovery process?
4. What factors contributed to or hindered Project’s performance to the sustainability of results?

To address above mentioned questions, a project Theory of change (ToC) approach will be used to better understand how project’s interventions are expected to lead the sustainable finance management in CIS countries. Also, question 3 will help us examine UNDP’s support to COVID-19 response at the Country level. In addition to the above questions, the evaluation is expected to produce answers surrounding the evaluation criterial of relevance, effectiveness, efficiency and sustainability and impact, national ownership and lessons learned. Below are guiding questions.

* Relevance
	+ Was the Project relevant in addressing key challenges of access to resources of international financial institutions, identified by the Project Document?
	+ Whether important gaps exist, or opportunities are being missed?
	+ Did the Project activities and strategies fit the objectives, i.e. is there internal coherence between what the Project is doing and what it is trying to achieve?
	+ To what extent were the Project interventions relevant to the needs and priorities of the target groups/beneficiaries?
	+ Did the Project’s outcome is expected to produce the desired change?
* Effectiveness
* To what extent did the Project achieve its intended objectives and contribute to the project’s strategic vision?
* Assess the degree to which Project implementation was flexible and adaptive to the context.
* To what extend did the Project mainstream a gender dimension and support gender responsive activities?
* To what extent did the Project complement work with different entities and have a strategic coherence of approach.
* How have stakeholders have been involved in the project’s implementation?
* Efficiency
* Assess whether the Project has utilized Project funding as per the agreed work plan to achieve the projected targets.
* Analyze the role of the Project broad and how efficiently did the Project use the Project board.
* Assess the timeline and quality of the reporting followed by the Project.
* Analyze the performance of the M&E mechanism of the Project and the use of various M&E tools (any data available to the project etc.).
* Assess the qualitative and quantitative aspects of management and other inputs (such as equipment, monitoring and review and other technical assistance and budgetary inputs) provided by the project vis-à-vis achievement of outputs and targets.
* Identify factors and constraints, which have affected Project implementation including technical, managerial, organizational, institutional, and socio-economic policy issues in addition to other external factors unforeseen during the Project design (e.g. Covid-19 factor).
* How efficient was the overall staffing, planning and coordination within the project (including with stakeholders? Have project funds and activities been delivered in a timely manner?
* How well did the project communicate on its implementation and results?
* Overall, did the project provide value for money? Have resources been used efficiently?
* Sustainability and Impact
	+ Assess preliminary indications of the degree to which the Project results are likely to be sustainable beyond the Project’s lifetime (both at the community and government level) and provide recommendations for strengthening sustainability.
	+ Did the intervention design include an appropriate sustainability and exit strategy?
	+ How strong is the commitment of the Government and other stakeholders to sustaining the results of Project’s support and continuing initiatives?
	+ To what extent have national partners committed to providing continuing support (financial, staff, aspirational, etc.)?
* National ownership
	+ Assess the degree of involvement of national partners and aligning to existing priorities of the local government in targeted areas.
	+ How has the project enhanced and contributed to the development of national capacity?
* Lessons learnt/ Conclusions
	+ An analysis of the main lessons learnt in relation to the effectiveness of foreseen strategies and theories of change to achieve the Project’s objectives
	+ An analysis of the main lessons learnt in relation to the effectiveness of implementation modalities

The review will cover the full period the project has been operational. And it is expected that the evaluator will develop and consecutively refine an evaluation matrix, which will relate to the above questions, the areas they refer to, the criteria for evaluating them, the indicators and the means for verification as a tool for the evaluation. The final evaluation matrix will be approved in the evaluation inception report.

Also, the project evaluation should cover the cross-cutting issues like Human Rights and Gender equality in line with the UNDP’s Gender mainstreaming strategy and Gold Gender equality seal obtained in 2020. Gender disaggregated data will be collected, where available, and assessed against its project outcomes and awarded gender marker.

* To what extent have gender equality and the empowerment of women been addressed in the programme strategic design, implementation and reporting? Are there key achievements?
* In what way could UNDP enhance gender equality and human rights?

**Evaluation Methodology**

The evaluation will be summative and will employ a participatory approach whereby discussions with and surveys of key stakeholders provide/ verify the substance of the findings. The evaluation will be based on gender and human rights principles and adhere to the UNEG Norms and Standards and Ethical Code of Conduct. Proposals submitted by prospective consultants should outline a strong mixed method approach to data collection and analysis, clearly noting how various forms of evidence will be employed vis-à-vis each other to triangulate gathered information.

Proposals should be clear on the specific role each of the various methodological approaches plays in helping to address each of the evaluation questions. The methodologies for data collection may include but not necessarily be limited to:

* Data collection method. During this phase, the evaluation consultant will be engaged in data collection activities. Given the current travel limitations due to COVID some of the data collections and interviews will be undertaken virtually. The evaluation consultant will liaise with CO staff and management, key government stakeholders and other partners and beneficiaries during this stage.
* Rigorous **desk review** of documentation supplied by UNDP team: Project documents, previous evaluations, project reports, key intervention reports and policies, etc. Where possible and relevant more detailed monitoring information will be analyzed, such as community monitoring data and activity reporting.[[25]](#footnote-25)
* Stakeholder engagement. A participatory and transparent process will be followed to engage with multiple project stakeholders. Key informant **interviews** as appropriate, with major stakeholders (Interviews will be conducted in person or online). Stakeholders will be selected in close coordination with the Project and will at minimum include:
* Government authorities with a key responsibility towards the project;
* UNDP COs in Kyrgyzstan, Kazakhstan, Belarus, Tajikistan and Armenia
* Implementing partners, such as IFIs, experts and consultants.
* Project beneficiaries.
* Other stakeholders if relevant.
* *Desk research:*

Desk review of relevant documents such as project documents, progress reports, financial records, other relevant documents/reports, and secondary data or studies relating to the country context and situation.

* *Interviews & focus group discussions with stakeholders (to be conducted in person or online):*

These interviews can take place on an individual basis or in groups, and have to cover all groups of partners, beneficiaries, implementing agencies, partners.

All meetings and conversations will be held only once the appropriate approvals have been obtained, for which UNDP will take primary responsibility. If approvals cannot be obtained on time, it is possible that some of these stakeholders may not be interviewed.

* *Validation*

The review findings will be presented to UNDP to collect feedback on these main findings and serve as a validation exercise.

Products expected from the evaluation:

1) Inception report with finalized and agreed terms of reference, evaluation matrix, questionnaires and agreed methodology of evaluation;

2) A comprehensive evaluation report with findings, recommendations, lessons learned.

The draft Report and Final Reports: The Report should be logically structured, contain evidence-based findings, conclusions, lessons learnt and recommendations, and should be free of information that is not relevant to the overall analysis. The Report should respond in detail to the key focus areas described above.

Presentation: For presenting and discussing the draft final report interactively, UNDP will facilitate a concluding workshop for the Project stakeholders

The evaluation will be independent and led by the expert. The evaluation will be a consultative, inclusive and participatory process. The evaluation will be managed by the Project coordinator, UNDP M&E officer and Team Leader of UNDP SEG program leader to oversee evaluation management and quality assure throughout the evaluation process.

UNDP will help facilitate contacts and set up meetings, and overall support the evaluation.

**Time Schedule**

The timeframe and responsibilities for the evaluation process are tentatively as follows:

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| --- | --- |
| **Tentative time schedule** | **Period (all tbc)** |
| **Inception report with agreed evaluation methodology, questionnaires, and action plan** | 2 days |
| Initial desk research  | 2 days |
| Interviews and\or group discussions  | 5 days |
| **Preliminary analysis and the provision of the first draft report** | 3 days |
| Validation and the inception meeting with UNDP | 1 days |
| **Submission of final report (with minimum two rounds of comments)** | 3 days |
| Final discussion of the project with UNDP  | 2 day |

FINAL DELIVERABLES

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| --- | --- | --- |
| **Deliverables** | **Due date** | **Payment structure** |
| 1 | Provided Deliverable 1 (The first approved draft report) | November 15th, 2021 | 50% |
| 2 | Provided Deliverable 2 (The final approved report) | November 30th , 2021 | 50% |

**Evaluation ethics.**

This evaluation will be conducted in accordance with the principles outlined in the UNEG ‘Ethical Guidelines for Evaluation’ which are available here: http://www.unevaluation.org/document/detail/102. The consultants must safeguard the rights and confidentiality of information providers, interviewees and stakeholders through measures to ensure compliance with legal and other relevant codes governing collection of data and reporting on data. The consultants must also ensure security of collected information before and after the evaluation and protocols to ensure anonymity and confidentiality of sources of information where that is expected. The information knowledge and data gathered in the evaluation process must also be solely used for the evaluation and not for other uses without the express authorization of UNDP and partners.

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| **REPORTING REQUIREMENTS** |
| **Accountability and reporting:** Under the leadership and guidance of UNDP M&E officer and UNDP Sustainable Economic Growth Team Leader and under the direct supervision of the UNDP Sustainable Economic Growth Team Leader, the Consultant will fulfill the task within this ToR. The UNDP M&E Officer will provide overall strategic oversight and guidance for the entire process, and the coordination support will be assured by the CO respective team (Outcome 1 cluster). The Consultant will be certified against each deliverable by the UNDP Sustainable Economic Growth Team Leader, which will serve as a justification for payments.1. All reports should be provided in electronic versions in English language, with the detailed description of the fulfilled tasks, according to the present Terms of Reference, and the direct contribution of the expert. Analytical documents, reports and notes developed by experts should be attached to the reports as annexes, which will serve as a justification for payment.

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| **QUALIFICATION REQUIREMENTS**  |
| * Minimum Master’s degree in social science or other areas, relevant to the subject of the assignment.
* At least of 5 years of professional experience in the field of development finance in CIS countries /in conducting evaluations / development finance related strategies and/or policies and/or programs and/or projects
* Strong knowledge of UNDP and its working approaches including partnership approaches with Government, civil society and community groups;
* Language requirements: fluency in English.
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| **TRAVEL** |
| This assignment does not require travels.All envisaged travel costs must be included in the financial proposal. This includes all travel to join duty station/repatriation travel. In general, UNDP should not accept travel costs exceeding those of an economy class ticket and daily allowance exceeding UNDP rates. Should the Consultant wish to travel on a higher class he/she should do so using their own resources.In the case of unforeseeable travel, payment of travel costs including tickets, lodging and terminal expenses should be agreed upon, between the respective business unit and Individual Consultant, prior to travel and will be reimbursed.

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| **ADDITIONAL REQUIREMENTS FOR THE RECOMMENDED CONTRACTOR** |

**Statement of Medical Fitness for Work.**For an Individual Contractor who is of 65 years of age or older, and on an assignment requiring travel, be it for the purpose of arriving at the duty station or as an integral duty required under the TOR, a full medical examination and statement of fitness to work must be provided. However, this is not a requirement for individuals on RLA contracts Where there is no UN office nor a UN Medical Doctor present in the location of the Individual Contractor prior to commencing the travel, either for repatriation or duty travel, the Individual Contractor may choose his/her own preferred physician to obtain the required medical clearance.**Inoculations/Vaccinations**Individual Consultants/Contractors are required to have vaccinations/inoculations when travelling to certain countries, as designated by the UN Medical Director. The cost of required vaccinations/inoculations, when foreseeable, must be included in the financial proposal. Any unforeseeable vaccination/inoculation cost will be reimbursed by UNDP.**Security Clearance**The Consultant should undertake the Security training (BESAFE) prior to travelling. These requirements apply for all Consultants, attracted individually or through the Employer. |
| **SCOPE OF PRICE PROPOSAL AND SCHEDULE OF PAYMENTS** |

**Contracts based on lump-sum**

The financial proposal shall specify a total lump sum and payment terms around specific and measurable (qualitative and quantitative) deliverables. Payments are based upon output, i.e. upon delivery of the services specified in the TOR. In order to assist the requesting unit in the comparison of financial proposals, the financial proposal will include a breakdown of this lump sum amount (including travel, per diems, and number of anticipated working days)..

**Preferred Currency of Offer**:

United State Dollars (USD)

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| **UNDP CONTRIBUTION**  |

1. Arranging meetings\interviews with counterparts and beneficiaries.
2. Project related documents such as Project Document, Annual Work Plans and/or Progress Reports.
3. Security charges are not applicable.

Annex 2 Evaluation matrix for the Project Evaluation

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| --- | --- | --- | --- |
| Key questions | Anticipated methods | Indicators/Standards | Anticipated documentary data sources |
| RELEVANCE |  |
| Was the Project relevant in addressing key challenges of access to resources of international financial institutions, identified by the Project Document?Whether important gaps exist, or opportunities are being missed?Did the Project activities and strategies fit the objectives, i.e. is there internal coherence between what the Project is doing and what it is trying to achieve?To what extent were the Project interventions relevant to the needs and priorities of the target groups/beneficiaries?Did the Project’s outcome is expected to produce the desired change?   | Stakeholder mappingIn-depth analysis of economic and business development in KyrgyzstanSystematic documentary review, with particular focus at main national policies, programs and initiatives supporting businesses developmentMapping of available contextual analyses Further refinements and testing of TOC and results frameworksSemi-structured interviews  | Extent to which the Prodoc and other documentation are aligned with the international commitments (e.g., SDGs) and national prioritiesExtent to which the Prodoc and other documentation are based on HRBA and gender mainstreamingExtent to which the Prodoc and the UNDP CDP are aligned in terms of priorities, approaches, and indicators for business lending developmentsEvidence from multiple sources, supported with data, on the needs of businesses financing in Kyrgyzstan and other supported countriesEvidence that the Project design and implementation were supported with robust evidence and customized Evidence of collaborative nature of Project development, implementation and monitoringEvidence of partners, including UN agencies, donors, developmental partners and national authorities involvement into the Project design, implementation and evaluationChanges in programming in response to changing external circumstance, including changing political priorities and decisionmakers and staff turnover as well as COVID 19 | Key national and international reportsKey national strategies and plansKey national data and analysisKey UNDP, Project and Implementing partners documentationProject documentation, including on the process of Project development, implementation and monitoring |
|  |
| EFFECTIVENESS |  |
| To what extent did the Project achieve its intended objectives and contribute to the project’s strategic vision? Assess the degree to which Project implementation was flexible and adaptive to the context.To what extend did the Project mainstream a gender dimension and support gender responsive activities?To what extent did the Project complement work with different entities and have a strategic coherence ofapproach.How have stakeholders have been involved in the project’s implementation? | Technical analysis and testing/reconstructing of theories of change / strategiesAnalysis of results data from Project M&E systemMapping of risk analyses undertaken/ mitigation measures implementedSystematic documentary / data reviewStructured desk analysis of 2 Project componentsSemi-structured interviewsPartial contribution analysis to determine progress against intended results | Extent of targets achievement, disaggregated by targetExplanations for performance/under-performanceExtent of system level outcomes Evidence of changes in the lives of Project beneficiariesAssessment of the data produced by the system utilization by decisionmakersVolume of any beneficiaries affectedExplanations for results achievedDegree of satisfaction of the target group representatives from the project outputsEvidence of changes in knowledge and skills of Project beneficiaries who participated in its capacity building interventionsEvidence of RBM monitoring mechanism in place and dedicated M&E staff Assessment of availability/quality of evidence and data collectedEvidence of external factors’ influence on Project results, disaggregated by factorEvidence of the Project adjustment to changing environment including COVID 19Mapping and analysis of key partners’ involvementEvidence of Project strategies to achieve synergies with other partnersEvidence of long-term systemic changes (e.g., institutions, policies, budgeting, public administration practices) influenced by Project | Key Project/Implementing partner documentation for relevant components including results frameworks, annual reports and other assessments, determinant analyses, donor reports, monitoring reports, evaluation reports/reviews, meeting minutes, project reports/analyses |
|  |
| EFFICIENCY |  |
| Assess whether the Project has utilized Project funding as per the agreed work plan to achieve the projectedtargets.Analyze the role of the Project board and how efficiently did the Project use the Project board.Assess the timeline and quality of the reporting followed by the Project.Analyze the performance of the M&E mechanism of the Project and the use of various M&E tools (any data available to the project etc.).Assess the qualitative and quantitative aspects of management and other inputs (such as equipment,monitoring and review and other technical assistance and budgetary inputs) provided by the project vis-à-vis achievement of outputs and targets.Identify factors and constraints, which have affected Project implementation including technical, managerial, organizational, institutional, and socio-economic policy issues in addition to other external factors unforeseenduring the Project design (e.g. Covid-19 factor).How efficient was the overall staffing, planning and coordination within the project (including withstakeholders? Have project funds and activities been delivered in a timely manner?How well did the project communicate on its implementation and results?Overall, did the project provide value for money? Have resources been used efficiently? | Systems analysis of management strategiesFinancial analysis – spend per component and interventionSystematic documentary / data review, particularly of Project M&E systems and data Semi-structured interviews with Project staff and partners | Timeliness of delivery of Project components compared to anticipated timelinesExtent of any delays incurred, and reasons for thisExtent to which a value for money balance of engaging national and international consultants was found and maintainedExtent to which instruments/modalities/delivery mechanisms and M&E processes delivered against their stated intentions, at the Project component levelExtent of use of M&E systems by Project staff and implementing partnersEvidence of systems and strategies in place to achieve efficiency gains and savings in Project operations Evidence of innovative management solutions developed by the ProjectAnalysis of the Project resource mobilization strategy.Identification of effective practices in mobilization strategies. | Key Project /Implementing partner documentation, by componentStrategy reports, analyses, monitoring reports, evaluation reports/reviews, cooperation agreementsfinancial documentation including budgets, M&E systems reports/data |
| SUSTAINABILITY AND IMPACT |  |
| Assess preliminary indications of the degree to which the Project results are likely to be sustainable beyond the Project’s lifetime (both at the community and government level) and provide recommendations forstrengthening sustainability.Did the intervention design include an appropriate sustainability and exit strategy?How strong is the commitment of the Government and other stakeholders to sustaining the results of Project’ssupport and continuing initiatives?To what extent have national partners committed to providing continuing support (financial, staff, aspirational,etc.)? | Systematic documentary review, applying structured tools Semi-structured interviews with Project staff, beneficiaries and partners  | Extent to which advice advanced by the Project have been adopted into national policies, programs, strategies and budgetsExtent to which any benefits of the Project’s investment have continued / are likely to continue should funding cease or be reducedEvidence of partners, including UN agencies, donors, developmental partners and national authorities’ involvement into the Project design, implementation and evaluationMapping of diverse risks and opportunities, and expert assessment of their probabilities. | Key national strategies and plans in relevant strategy areas e.g. Resolutions/laws, decisions/orders of the Cabinet of Ministers, strategies, plans and budgets in the areas targeted by the ProjectKey Project and Implementing partner documentation for relevant strategies and interventions |

Annex 3 Data Collection Methods

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| --- | --- |
| **Relevance** | * Stakeholder mapping
* Systematic documentary review, applying structured tools
* Mapping of available contextual analyses
* Technical analysis and testing/reconstructing of theory of change
* Semi-structured interviews (Project staff and partners)
 |
| **Effectiveness** | * Analysis of results data from Project M&E system and partners
* Mapping of risk analyses undertaken/ mitigation measures implemented
* Systematic documentary / data review, particularly of Project/intervention level data
* Semi-structured interviews with UNDP staff and partners
* Reconstruction of logical chain of Project results/indicators to UNDP CDP and UNDAF
* Contribution/attribution analysis to determine progress against intended results and pathways generated
 |
| **Efficiency** | * Financial analysis of Project expenditures
* Systematic documentary / data review of Project and partners’ financial documentation
* Semi-structured interviews with Project staff and partners
* Financial analysis – spend per component and intervention
* Comparative financial analysis with relevant interventions implemented by other UN agencies and IFIs
 |
| **Sustainability and impact** | * Systematic documentary review, applying structured tools
* Semi-structured interviews with the Project staff, partners and beneficiaries
* Interviews with key informants, particularly national decision-makers, EDB and RKDF
 |

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Проект ПРООН «Укрепление потенциала для финансирования устойчивого развития в регионе СНГ», Статус проектов, одобренных Советом по формированию списка приоритетных проектов, на получение технической поддержки по разработке ТЭО проектов

Annex 5 Evaluation questions, by group of interviewees

**Generic Questions for all Interviews to be Selected Depending on the Informant**

What are the national priorities in advancing legislative and policy environment to promote business lending? Do they address the identified systemic gaps?

What is Kyrgyzstan’ progress in advancing business climate in the last 5 years?

What is Kyrgyzstan’ progress in advancing business bank lending in the last 5 years?

What are the roadblock/risks to realization of the Project’s objectives (e.g., macroeconomic environment, political instability, ineffective implementation capacity, and fragile political economy)?

What is the extent of Government and key decision-makers commitment to advance banking lending to businesses?

Who are the IFIs operating in the area of promoting business lending in Kyrgyzstan? What are their areas of focus?

How did the Project partner with other relevant IFIs?

Looking forward, what are the most important areas related to business development that the Government, UNDP and national partners should focus on in the short and long term?

How would you assess the actual and potential impact of COVID-19 on business development in Kyrgyzstan and other CIS countries?

**Questions for UNDP and the Project team and other relevant partners well familiar with the Project**

How does the Project design align with the national structures, systems and decision-making processes?

How does UNDP assure that the Project reflects and aligns with Kyrgyzstan’s national plans on economic/business development?

To what extent is the project contributing to the implementation of UNDP CPD? How do you monitor and assess your contribution?

To what extent was the design of the intervention relevant to the needs and priorities of the beneficiaries – businesses and relevant national authorities?

Was the Project design and implementation based on quality analysis, including gender and human rights-based analysis, risk assessments, and socio-cultural and political analysis? How did you choose the key beneficiaries and delivery modalities prioritized by the Project?

Who was involved in the project design? How was the process arranged?

To what extent has the Project be adapted to the changes in the national reforms processes and responsive to changing national priorities and external factors such as COVID-19?

What progress has been made towards achievement of the expected outputs and outcomes?

How effective have the selected Project strategies and approaches been in progressing towards achieving Project results?

Does the Project have effective monitoring mechanisms and adequate resources in place to measure progress towards results?

The Project has a number of responsible parties, grantees and consultants engaged. Do you have results matrices and clear measurable expectations of their involvement? Were they met?

To what extent have capacities of relevant duty-bearers and rights-holders been strengthened through Project implementation? What tools were used to measure results of capacity building interventions? What is the evidence that the knowledge/skills acquired are used by the beneficiaries?

How adaptably and rapidly did UNDP react to changing country context and address the challenges?

Did the Project explicitly support the most vulnerable groups and apply LNOB principle in practice?

How would you assess the Project effectiveness?

What factors influenced the Project effectiveness?

Have resources (financial, human, technical support, etc.) been allocated appropriately to progress towards the achievement of the project outputs and outcomes?

What is your budget utilization? Did you meet your funds utilization targets?

What strategies did you use to improve efficiency of your operations?

Were the deliverables implemented according to the initial timeline? Were there any delays in implementation and what were the reasons for that?

Did you conduct cost benefit analysis in selecting delivery modalities?

Did you coordinate with other relevant partners (e.g., EBRD) project or other relevant partners interventions to minimize costs?

What is the Project organizational structure? Why and how has it come to its current design? Can you demonstrate that it is necessary to deliver the expected results efficiently?

How did you perform M&E function? Did you make any Project adjustments based on results of M&E data obtained to optimize Project performance?

How do you assess your Project sustainability? What indicators do you use?

What are the strategies used by the Project to promote sustainability of its interventions?

What is the probability that the national stakeholders and actors supported by the Project will continue championing Project activities?

Are some of the Project results at high risk of being discontinued/abandoned after the project's ending? What are they?

**Questions specific for national government authorities supported by the Project**

To what extent was the design of the Project relevant to your ministry/agency needs and priorities?

Were you involved into the Project design and implementation? What activities have been undertaken by the Project to ensure its continuous relevance?

Was the Project flexible to adapt to the changes in the national reforms processes and responsive to changing national priorities and external factors such as COVID-19?

What is the comparative advantage of UNDP vs other organizations?

Has the Project achieved all its intended results? If no, why?

Has the Project achieved any unintended results so far, either positive or negative?

Has the Project had effective monitoring mechanisms in place to measure progress towards results?

Are you satisfied with the Project capacity-building interventions? What worked and what did not?

How would you assess the Project contribution to more system level changes?

What do you think about Project efficiency? Have resources (financial, human, technical support, etc.) been allocated appropriately to progress towards the achievement of the project outputs and outcomes?

How do you assess the Project’s sustainability?

How well did the Project collaborate with UN agencies and other developmental partners? Will they continue advancing the results achieved by the Project?

What is the probability that the national stakeholders and actors supported by the Project will continue championing Project results?

Are some of the project results at high risk of being discontinued/abandoned after the Project's ending? What are they?

**Questions specific for the donor (RF)**

How were the areas of the Project support identified?

To what extent has the Project been flexible to adapt to the changes in the national reforms processes and responsive to changing national priorities and external factors such as COVID-19?

Has the Project achieved all its intended results? If no, why?

How would you assess the Project contribution to more system level changes?

What do you think about Project efficiency? Have resources (financial, human, technical support, etc.) been allocated appropriately to progress towards the achievement of the project outputs and outcomes?

Are you satisfied with the Project sustainability prospects? Please provide a few examples.

What the Project can do different and better in the future?

**Questions specific for supported national banks**

What in your judgment are the main challenges to expanding business finance in Kyrgyzstan supported by the Project?

How would you describe your institution’s policy toward business lending?

Has it changed over time over the period of your partnership with the Project?

How does your policy toward business lending compare to your policy toward consumer and household lending?

What is the situation with nonperforming loans in your bank? What are the trends at your bank?

Has this affected your policy toward business lending?

Is the availability of finance from banks an issue in Kyrgyzstan? Can any deserving company get a loan if it needs one? In other words, is the main question the quality of the companies seeking credit, rather than the willingness of banks to lend?

Are there certain industry sectors or categories of companies that your bank is more or less likely to lend to?

Does your bank assist potential clients in preparing loan applications? How

much time would you say your loan officers spend on average with a company seeking a loan?

What percentage of loan applications would you estimate, broadly, are turned down by your bank? When your bank turns down an application, what are the most common reasons for that?

Could you please describe the business loan products that you offer. What are mostly widely used?

Has your bank ever participated in a government- or donor-provided or –subsidized business credit facility of any kind? A credit line, partial guarantee, interest rate subsidy, etc. What has been your experience with these facilities? Are they useful?

How did you collaborate with the Project? Did the Project make any contribution to facilitating business lending and strengthening quality of bankable projects? Please elaborate.

Overall, do you think that conditions are improving in access to finance, staying the same, or getting worse? Please comment as to both the supply side or the demand side.

**Questions specific for supported businesses in developing bankable proposals**

What in your judgment are the main challenges to expanding business finance in Kyrgyzstan?

Could we discuss your company’s need for business finance. Without considering the issue of where or whether you might find finance, what are the things right now for which you need or want credit or investment? Working capital? Equipment? Expansion?

Approximately how much additional finance – equity or debt – did you seek with the Project support?

Can we discuss in general terms your past and current actual use of finance. Have you used finance in any form to start and / or grow your business?

Loan collateral requirements are often cited by businesses as an obstacle to obtaining credit. Does your company have assets available to pledge as loan security – assets that have not yet been pledged?

What specific supports were provided by the Project to support with developing bankable project proposal? Are you satisfied with the supports provided? What worked and did not work as expected?

What did you learn from your experience with the Project?

Did the support provided improve your skills of developing bankable proposals? How?

Do you have a good business relationship with your banker? Do you think that your banker understands your business? Do you feel that your bank is interested in your credit business?

Summarizing, what are the main obstacles for your company in accessing finance?

Annex 6 A list of key informants interviewed

In total around 30 individuals have been identified for semi-structured interviews.

* UNDP management and staff
* Project management and staff
* Governmental officials
* UNDP COs in other CIS countries supported by the Project
* Beneficiaries, e.g. businesses supported with developing bankable projects, second tier banks
* Independent Stakeholders
* Development partners

**A list of key informants interviewed by the consultant**

|  |  |
| --- | --- |
| **Name**  | **Organization and Position**  |
| **Donor** |
| Aleksandr Anatolievich Averchekov  | Manager of the Russia-UNDP Trust Fund for Development |
|  |
| **UNDP Kyrgyzstan** |
| Erkinbek Kasybekov | Assistant Resident Representative |
| Kanybek Konokbaev | former Team leader of Socio-Economic growth program |
| Miragul Kochkorova | Project Coordinator |
| Aidai Arstanbekova | M&E specialist |
|  |  |
| **UNDP Belarus** |  |
| Andrei Abramiuk | Programme Analyst |
|  |  |
| **UNDP Tajikistan** |  |
| Zebo Jalilova | Team Leader on Sustainable and Equitable Economic Growth |
| **UNDP RBEC** |  |
| Berna Bayazit  | Programme Specialist (Partnerships) |
| Margaux Lecardonnel | Development economist and partnerships specialist |
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| **Implementing partners** |

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| --- | --- |
|  **Eurasian Development Bank** |  |
| Leonid Valentinovich Efimov  | Head of the Department of International Relations and Protocols |
| Chingizhan Abdilmanov  | Leading specialist of the Department of Lending to the Financial institutions |
|  |  |
| **Russian-Kyrgyz Development Fund** |  |
| Ruslan Buranov | Acting head of Department of Credit and Investment Activity |
| Meerim Kudabaeva | Expert of Department for International Cooperation |
|  |  |

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| **Stakeholders who benefitted from project interventions/activities (Project Beneficiaries)** |
| **Second Tier Banks supported with trainings** |
| Aybek Sovetbekovich Sultanov | Head of Department of Investment, Ayil Bank, Kyrgyzstan |
| Diana Avetikyan | Head of Human Resources Department, Konvers Bank, Armenia |
|  |  |
| **Businesses supported with bankable proposals development** |
| Asel Shatemirova, financial director | CIC Ltd, https://energysave.kg/ |
|  |  |
| **Other Stakeholders** |
| **International Partners** |
| Azamat Ibraimov | EBRD in the Kyrgyz Republic |
|  |  |
| **Project contractors** |
| **Consultants** |
| Ruslan Kalimov, the leading expert-analyst | Beyond Investment Group, Kyrgyzstan |
| Maxim Zotov, commercial director | Institute of Social Technologies, Russia |
| Natalya Nikitina, programme director, trainer | Institute of Social Technologies, Russia |

Annex 7 Methodological Limitations to Evaluation and Mitigation Strategies

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| --- | --- |
| **Methodological Limitations** | **Mitigation Strategies** |
| COVID-19 restrictions make impossible face-to-face interviews and site visits that may lead to revision of the timelines and tools used.  | * Seek UNDP guidance on acceptable tools to be used for the evaluation.
* Cover as many partners and beneficiaries through online semi-structured interviews.
 |
| Complexity and diversity of areas and countries covered by the Project may result in methodological and logistical challenges to assess all their elements at the same level of depth and sophistication. | * Conduct meaningful online kick-off calls with UNDP and the Project to discuss priorities and expectations.
* Conduct Evaluability Assessment to identify evidence available and evidence gaps to better focus the evaluation.
* Enhance the evaluation focus on results, sustainability and potential impact to examine systemic changes that can be attributed to Project interventions.
* Provide regular updates to the Project manager on progress to ensure ongoing alignment with UNDP expectations and priorities and quickly resolve any emerging challenges.
* Clearly define key deliverables and acceptance process at the onset of the evaluation.
* Conduct deep interviews with UNDP CO colleagues in countries supported by the Project to obtain rich information on specific countries’ contexts
 |
| Methodological challenges of reconstructing the Project TOC due to complexity of the Project | * Collaborate on TOC re-creation with the Project staff.
 |
| Inconsistent and insufficient M&E data at the Project level. | * Conduct Evaluability Assessment to identify specific evidence gaps and adjust the evaluation approach to address them.
* Use diverse information sources (e.g., interviews, partners reports) to get sufficient data and triangulate it.
* Use diverse internal UNDP information sources (e.g., donors reports, annual corporate reporting, funding data).
 |
| Sensitivity of stakeholders to questions and limited willingness to conduct frank and open dialogue | * Be transparent regarding the scope and purpose of the evaluation.
* Explain how evaluation’s findings and recommendations may benefit the interviewees
* Interviewees will be assured of strict confidentiality measures in place to encourage frank discussion.
 |

Annex 8 Template to Assess Project Progress Against its Targets and Indicators

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| **Intended Outcome as stated in the UNDAF/Country [or Global/Regional] Programme Results and Resource Framework:****UNDAF/CP OUTCOME 1:** By 2022, inclusive and sustainable economic growth is increased through agricultural, industrial and rural development, decent work, improved livelihoods, food security and nutrition**Regional Programme Outcome 4: Development debates and actions at all levels prioritize poverty, inequality and exclusion, consistent with our engagement principles****Partnership Framework Agreement:** Collaboration in countries where the Russian Federation is providing bilateral development assistance with a view to enhancing effectiveness of such assistance. |
| **Outcome indicators as stated in the Regional programme document for Europe and the Commonwealth of Independent States, 2014-2017, including baseline and targets:****UNDAF/CP OUTCOME 1:** By 2022, inclusive and sustainable economic growth is increased through agricultural, industrial and rural development, decent work, improved livelihoods, food security and nutrition**Output.1.3: Women, youth and people from the regions with high poverty rate benefit from improved services and infrastructure, better skills, access to resources, sustainable jobs and livelihoods. (8, 110****Output Indicator 1.3.1.** Number of full time equivalent jobs created for women and men, 15 or more years oldRegional Outcome Indicator: 4.4. Number of East-East and Triangular cooperation partnerships and institutionalized assistance programs facilitated or established with UNDP Istanbul Regional Hub support. Baseline: 2. Target: 4Outcome Indicator 4.2. Number of East-East and Triangular cooperation partnerships and institutionalized assistance programs facilitated or established with UNDP support.Output 3- South-South and Triangular cooperation partnerships established and/or strengthened for development solutions including through support to new and emerging development cooperation providers.Output Indicator 4.3.1. Number of strategic partnerships institutionalizedOutput Indicator 4.3.2. Number of capacity support programs to emerging donorsOutput Indicator 4.3.3. Number of East-East and South-South cooperation initiatives, including in partnership with regional institutions |
| **Applicable Output(s) from the UNDP Strategic Plan:** Output 7.5 South-South and Triangular cooperation partnerships established and/or strengthened for development solutions |

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| **Project title and Atlas Project Number:** Strengthening capacities for sustainable development finance in the CIS region |
| **EXPECTED OUTPUTS** | **OUTPUT INDICATORS** | **DATA SOURCE** | **BASELINE** | **TARGETS** | **CONSULTANT’S ASSESSMENT OF PROGRESS** |
| **Value** | **Year** | **2018** | **2019** | **2020** | **FINAL** |
| **Output 1**Enhanced capacity of financial institutions and business entities in investment development projects preparation and implementation in the Kyrgyz Republic | **1.1** Number of workshops and trainings for potential borrowers of the RKDF preferably with no less than 30% of women-borrowers | *Project report* | *0* | *2017* | *1* | *1* | *0* | *2* | *Met* |
| **1.2** Number of gender-sensitive pre- feasibility studies, business plans, assessments developed under the technical assistance to potentialborrowers of the RKDF | *Project report* | *0* | *2017* | *2* | *2* | *1* | *5* | *Met* |
| **1.3** Number of projects that received RKDF loan out of the all projects supported under Activity 1 | *Project report* | *0* | *2017* | *10%* | *40%* | *70%* | *70%* | *Partially met* |
| **Output 2**Enhanced capacity of the select CIS countries in accessing new developmentfinanee sources | **2.1** Number of gender-sensitive pre- feasibility and feasibility studies, business plans, assessments, etc. developed under the technical assistance to potential borrowers of the EDB | *Project report* | *0* | *2017* | *1* | *1* | *1* | *3* | *Not met* |
| **2.2** Number of lending products and credit lines supported by the project | *Project report* | *0* | *2017* | *0* | *1* | *1* | *2* | *Partially met* |

1. MSMEs in Kyrgyzstan identified a wide range of barriers in addition to access to credits/capacity in developing bankable proposals such as lack of needed skills in the labour market, corruption, and competition from the informal sector that prioritize the importance of improving the enabling environment. [↑](#footnote-ref-1)
2. Hou, Dingyong, Karina Acevedo, Joost de Laat, and Jennica Larrison. 2021. Building the Right Skills for Human Capital: Education, Skills, and Productivity in the Kyrgyz Republic. Washington, DC: World Bank [↑](#footnote-ref-2)
3. ILO, Rapid assessment of the employment impacts of the COVID-19 pandemic in Kyrgyzstan, 2020 [↑](#footnote-ref-3)
4. The NSDS' development priorities also include: (i) maintenance of macroeconomic stability; (ii) an improved business environment and investment climate; (iii) a strengthened financial sector; and, (iv) the promotion of strategic industries such as agro-processing, energy, mining, transport and telecommunications, and tourism. [↑](#footnote-ref-4)
5. World Bank, Economy Profile of Kyrgyz Republic, 2020 [↑](#footnote-ref-5)
6. State Department, USA, 2021 Investment Climate Statements: Kyrgyzstan, https://www.state.gov/reports/2021-investment-climate-statements/kyrgyz-republic [↑](#footnote-ref-6)
7. Dr Kanat Tilekeyev, Understanding informal economy in Kyrgyzstan, Better social justice for workers, higher sustainability for the country, June 2021 [↑](#footnote-ref-7)
8. Ajwad, M.I., and S.B. Gonzales (2018) “Jobs in the Kyrgyz Republic” World Bank, Washington, DC. [↑](#footnote-ref-8)
9. OECD, Supporting Firm Creation and Growth through Business Development Services in Kyrgyzstan, OECD Publishing, Paris, 2020 [↑](#footnote-ref-9)
10. UNDP and ADB, COVID-19 in the Kyrgyz Republic: Socioeconomic and Vulnerability Impact Assessment and Policy Response, August 2020

 [↑](#footnote-ref-10)
11. http://www.uneval.org/normsandstandards/index.jsp <http://www.unevaluation.org/ethicalguidelines> [↑](#footnote-ref-11)
12. Проект ПРООН «Укрепление потенциала для финансирования устойчивого развития в регионе СНГ», Статус проектов, одобренных Советом по формированию списка приоритетных проектов, на получение технической поддержки по разработке ТЭО проектов. [↑](#footnote-ref-12)
13. Challenges with meeting targets under Activity 2.1 - the identification of a potential investment project for which the technical support for development of the feasibility study should be provided have been discussed at Project board meetings. See, Minutes of the (Virtual) Project Board Meeting “Strengthening Capacities for Sustainable Development Finance in the Commonwealth of Independent States (CIS) Region” regional project Date & Time: October 26, 2020; 2-4 pm Venue: Virtual [↑](#footnote-ref-13)
14. Interviews with key informants. [↑](#footnote-ref-14)
15. OECD, <http://www.oecd.org/dac/evaluation/daccriteriaforevaluatingdevelopmentassistance.htm> [↑](#footnote-ref-15)
16. Strengthening capacities for sustainable development finance in the Commonwealth of Independent States (CIS) region, Project annual report, 2019 [↑](#footnote-ref-16)
17. Key informants interviewees. [↑](#footnote-ref-17)
18. Aid for Trade in Central Asia (phase IV) <https://www.kg.undp.org/content/kyrgyzstan/en/home/projects/aid-for-trade-in-central-asia--phase-iv-/>, and The Biodiversity Finance Initiative (BIOFIN), https://www.kg.undp.org/content/kyrgyzstan/en/home/projects/biofin-swiss-2/ [↑](#footnote-ref-18)
19. For more information on UNDP Kyrgyzstan gender equality work, see https://www.kg.undp.org/content/kyrgyzstan/en/home/gender-equality.html [↑](#footnote-ref-19)
20. Key informants have identified a number of potential partnerships that could have been established by the Project. Some examples include 1) institutionalized collaboration with IFIs operating in Kyrgyzstan on development and dissemination of analytical products focusing on green development, business climate improvements, including governance, water saving business models; 2) formal partnerships with the Chamber of Commerce and Industry of the Kyrgyz Republic and Union of Banks of Kyrgyzstan on developing training modules for businesses and banks. [↑](#footnote-ref-20)
21. Russian Federation-UNDP Trust Fund for Development (TFD) Project Annual Narrative and Financial Progress Report, 2018 [↑](#footnote-ref-21)
22. Strengthening capacities for sustainable development finance in the Commonwealth of Independent States (CIS) region, Annual report 2020 [↑](#footnote-ref-22)
23. MSMEs in Kyrgyzstan identified a wide range of barriers in addition to access to credits/capacity in developing bankable proposals such as lack of needed skills in the labour market, corruption, and competition from the informal sector that prioritize the importance of improving the enabling environment. [↑](#footnote-ref-23)
24. http://web.undp.org/evaluation/guideline/documents/PDF/UNDP\_Evaluation\_Guidelines.pdf [↑](#footnote-ref-24)
25. This data will only be included in the desk research when it is in a format that is accessible and relatively easily digestible for the reviewer. [↑](#footnote-ref-25)