

UNDP

Innovation Facility 2.0 mid-term evaluation

EVALUATION REPORT

FINAL REPORT

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Executive Summary

This report contains the mid-term evaluation of the United Nations Development Program (UNDP) Innovation Facility 2.0. It includes recommendations to strengthening a UNDP-wide shift towards systemic change and portfolios, to enhance the supply of approaches, and to stimulate global demand. Additionally, the evaluation recommends how to potentially develop the future role of the Innovation Facility. This is linked to the question of future trajectory of the Strategic Innovation Unit, which is the UNDP team that has deployed and leveraged the facility. This executive summary lays out background and key findings.

Background and data

The evaluation is organized as a developmental evaluation, putting a premium on learning, iterative dialogue and actionable insights. It analyses how the UNDP – via its Strategic Innovation Unit (SIU) – leverages strategic innovation through a portfolio-based approach to systems challenges in the context of a shifting global development context. A core element of this is the Innovation Facility, a funding mechanism provided to the UNDP by the Danish government, and which has been in place for over a decade. As such, Denmark has played a key role in providing “patient capital” to ultimately create wide-reaching impact on the UNDP by informing its work in innovation. This can be considered a real public good that can be extended to the UN System and other actors (such as the EU).

The evaluation assesses the value and impact of the Facility’s most recent iteration, which is titled Innovation Facility 2.0 (IF 2.0). In line with the evaluation’s Terms of Reference, it explores the relevance, impact, role, and future direction of the IF 2.0. The study is based on desk research of a wide range of documents and literature, 30 qualitative interviews with internal and external stakeholders, and two interactive seminars with key partners held in Copenhagen, Denmark in cooperation with the Strategic Innovation Unit and supported by the UNDP Nordic Office. The seminars gathered nearly 80 people representing donor governments, leading philanthropies, NGO’s, international experts and other UN agencies, and provided highly valuable input to the evaluation.

Key findings

The evaluation documents that UNDP’s new portfolio policy, which is grounded in country-level experiences, has been increasingly institutionalized and provides a systematic, collaborative model for partners to engage with.

A Rapidly Changing Context for Global Development: The context for strategic innovation for development is increasingly complex and turbulent, given current developments in geopolitics, technology, and development policies and funding. Stakeholders see the UN Sustainable

Development Goals backsliding, and democratic governance models are being rolled back. In addition, the funding landscape – which is critical to the UNDP as a whole, as well as the SIU specifically – is under pressure, amongst other diminishing core funding. This landscape provides challenges, but also opportunities for leveraging the IF 2.0 for strategic innovation, portfolios and systems change.

Stakeholder Demand for Portfolio- and Systems-Oriented Innovation: The evaluation finds an exceptionally widespread consensus among the stakeholders that more systemic, whole of society approaches are needed to deliver long-term impacts for global development. Although the terminology differs (“portfolio approach”, “mission-oriented innovation”, “systems change”), other actors, such as donor governments and philanthropic organizations, are seeing the same needs that the SIU and the IF 2.0 addresses. This means there is a strong demand for concrete, hands-on and proven approaches that turn the idea of portfolios into action. Particularly, in the context described above, having rapid intelligence to adapt development activities to emerging needs is perhaps the most critical asset, a possibility that portfolios enable.

The Value of the SIU and the Innovation Facility 2.0: The shift to a portfolio approach has been implemented in more than 70 countries, where UNDP teams and partners designed new strategies to address complex challenges through "Deep Demonstrations." These structured engagements enable governments and partners to move beyond single-sector projects, fostering systemic change by bringing together diverse actors to pursue long-term, transformative goals, such as enhancing societal trust.

The learnings from this work has been distilled into a Portfolio Primer—a guide to implementing portfolio approaches. This effort mobilized an additional \$400 million for new portfolios, reflecting more ambitious and cohesive government programming—with every \$1 invested, leveraging \$100 more. It signals a growing partner interest in moving away from linear, siloed interventions toward approaches with a long-term perspective. The IF has also attracted funding from Bill and Melinda Gates to develop USD 2 million in monitoring, evaluation and learning approaches for the system and is negotiating with the Republic of Korea for a USD 2 million contribution to the innovation facility.

The importance of patient capital to build innovative approaches: The patient support provided by the Danish government for 10 years has paid off in helping to transform the way UNDP works. This transformation has crystallized with the official approval of the portfolio policy. This policy provides a new engagement approach (‘beyond projects’) to tackle transformational challenges. The UNDP Administrator has also established a cross-organizational Portfolio Acceleration Committee (PAC) to lead the policy rollout, addressing internal impacts (rules, capabilities) and fostering alliances with donors and governments for a system-driven approach.

Additionally, the UNDP has developed learning programs to build portfolio and systems capabilities for the public and development sectors, including a powerful workshop format called

Transforma. Innovative tools like the [M&E Sandbox](#), co-funded with Gates Foundation, have been timely, as funders and practitioners are asking the same questions: How to measure impact across multiple and complex systems? What does attribution look like when many partners collaborate for long-term change? And other tools such as a new HR competency framework for system informed policy & development work or new financing tools for transformation (System Transformation Financing Guide).

These transformations involved iteration and trial and error that were made possible by the flexibility of having non-earmarked resources to carry out the experiments necessary to achieve the current result. This catalytic funding was even more important given the highly volatile current context that demands urgently new approaches to development challenges.

A key final point is that, despite SIU's significant progress in pioneering new ways to bring systemic transformation to the development sector, this journey is still ongoing. The SIU team itself acknowledges that the portfolio approach is a work in progress that requires further evolution and refinement to make system-based approaches the default choice for many decision-makers. This openness reflects that we are still in the early stages of this sector-wide shift, underscoring the importance of continuous learning and adaptation.

Recommendations: Developing supply, stimulating demand

The report suggests future trajectories for UNDP Strategic Innovation and the deployment of the IF 2.0. The recommendations focus on supply, demand, and funding structure.

Supply: The imperative is for the UNDP to enhance its capabilities and supply of portfolios and systems innovation, including more resources, strategic partnerships and an enabling organizational environment. Building such an environment will include shifting current approaches to measurement, evaluation and learning (MEL), budgeting and system finance, organizational support systems, management information systems, etc. This evaluation proposes a wide range of ways by which the SIU can continue, develop, and expand its work to even more strategically and systematically enable the UNDP more widely to realise its strategy and deploy portfolio approaches for global development.

Demand: Evolving the system transformation field: Expanding and qualifying the demand for system innovation & portfolio approaches globally as a response to a demand from government & development partners. Given the emerging results, UNDP is able to convert those into building a broader development ecosystem and in particular funders who are keen to rethink the means of utilizing development finance for more impact. UNDP has a positioning opportunity to “export” the work it has already done its own systems and with partners in 70+ countries to the global development community. So there is a major task now in accelerating the spread of portfolio approaches around the development community, building a global learning environment for

tackling complex issues using system and portfolio approaches. A particular recommendation is to leverage the upcoming 2025 Danish EU presidency to advance demand for the approach across the EU.

Future of the Innovation Facility: The SIU should continue to leverage IF2.0 to mainstream supply and demand for portfolio approaches in global development while working strategically to shape more enabling organizational, financial and management models. The most promising solution would be to structure the IF 2.0 as a UNDP funding window for cross-cutting systemic issues.

1. Background, Purpose and Approach of the Evaluation

This document contains the draft Evaluation Report of the mid-term evaluation of the United Nations Development Program (UNDP) **Innovation Facility 2.0**.

The evaluation explores how the UNDP leverages strategic innovation through a portfolio-based approach to systems challenges in the context of a rapidly shifting global development context.

It includes a cross-cutting analysis of the findings and insights from comprehensive desk research, 30 qualitative interviews and two interactive seminars with key stakeholders within the UNDP and in the wider global development stakeholder ecosystem of relevance to strategic innovation.

This report includes recommendations to strengthening the shift towards systemic change and portfolios, and how to potentially develop the future role of the Innovation Facility 2.0. This is intimately linked to the question of future trajectories of the Strategic Innovation Unit, which is the UNDP team that has deployed and leveraged the facility.

The report has been developed and drafted along the lines of a developmental evaluation approach, which has entailed a close and on-going conversation with the Innovation Facility team and key stakeholders across the UNDP and the wider global development stakeholder ecosystem. The focus has been on learning, emerging insights and collaborative.

Beyond this Introduction, it contains the following sections organized around the mid-term evaluation key findings, and aligned with the strategic intent of the study:

- A Rapidly Changing Context for Global Development
- Stakeholder Demand for Portfolio- and Systems-Oriented Innovation
- The Value of the SIU and the Innovation Facility 2.0
- Future Trajectories for UNDP Strategic Innovation

Each section includes findings from across the different data sources, and shares quotes and insights from the respondents.

Additional documents are attached as appendices A-E.

Background and Summary of the Terms of Reference

This section builds on the Inception Report for this study and elaborates the starting point for the evaluation and its key themes.

To deliver the United Nations Development Program (UNDP) Strategic Plan for 2025, strategic innovation is a key enabler – empowering governments and communities to enhance the performance of entire systems, making them adaptive and resilient. More precisely, the Strategic Plan states that:

*“UNDP will look beyond sectoral challenges for opportunities for transformative change. It will continue to deliver projects, but will increasingly plan, align, and manage them as portfolios... A portfolio approach means understanding issues from a systems perspective, leveraging linkages across interventions to achieve broader goals. This requires a different risk appetite, prepared to explore innovative options”.*¹

The UNDP Innovation Facility is the core resource to achieve this goal. The Innovation Facility contributes as one of three cross-cutting enablers identified in the UNDP Strategic Plan in order to trigger system transformation that meets countries’ development needs.

To this end, the Innovation Facility has deployed a portfolio approach, increasingly shifting the emphasis from tactical projects to long-term portfolios of interventions for systemic change. According to the UNDP Policy on Portfolios, a portfolio is a programming delivery instrument, which contributes to one or more outcomes in alignment with Country Development Plans (CDP)s and engages one or more implementing partners to address system level challenges to achieve strategic development results.

The Facility also supports the wider UNDP innovation ecosystem through the development and sharing of tools, frameworks and approaches for system transformation and strategic foresight. As stated in the ToR:

“The Innovation Facility 2.0 (IF 2.0) is based on the theory of change that UNDP needs to simultaneously change internally in response to external change, while also nurturing and enabling a wider ecosystem of stakeholders around system transformation. In practice, this has meant moving away from collections of short-term, fragmented and output-

¹ UNDP Strategic Plan 2022-2025

focused projects towards coherent and interconnected bodies of work that have a transformative intent and are managed in an agile way.”

This has a wide range of consequences in terms of new partnerships, new competencies and new governance models in relation to the UN system, UN Country Offices, donors, and other partners. In the Innovation Facility 2.0 Project Document, the UNDP highlights that this shift entails a mindset and cultural change as much as a capability challenge, and:

“A culture that is comfortable with and proactively seeks ill-defined “puzzles”, embraces complexity and informed risk taking, acknowledges with humility that UNDP is part of the systems it wants to transform and focuses on learning as much as delivery will not be created overnight.”

The Innovation Facility is mainly supported financially by the Danish government (Ministry of Foreign Affairs, MFA) through a thematic soft earmarked contribution through the years 2022-2025. The Danish MFA has been the main donor of the Facility since 2014. In its most recent strategy for Denmark’s Engagement with the UNDP, the MFA recognizes the ambition of the Facility to go beyond siloed interventions and deploy a system transformation logic. Other key funding partners include the European Union and the Gates Foundation. Additionally, UNDP Country Offices working with the SIU have in various degrees been able to leverage the Facility funding and build longer-term funding partnerships at scale. An example, which is described in a later section, is a Country Office collaboration with the Master Card Foundation.

The mid-term evaluation of the Innovation Facility comes at a time when comprehensive work towards a portfolio approach is already well under way across the UNDP. As the Innovation Facility’s current strategy for 2025 is now half-way, a mid-term evaluation has been commissioned to take stock of results to date and explore future directions.

The mid-term evaluation has been undertaken by Christian Bason, Ph.D., an independent strategic advisor and Co-founder of Transition Collective.

Strategic Evaluation Themes

The present evaluation is intended to inform the focus and implementation of the IF2.0 for the second half of its implementation period. The ToR suggests both a set of success criteria as well as evaluation themes. In the interest of clarity of structure, and the insights of this evaluation, these two strands have been combined into a set of comprehensive Strategic Evaluation Themes:

1. **Relevance and impact:** Gain insight into the relevance and impact of the Innovation Facility 2.0. To what extent has the IF2.0 achieved its intended goals?

2. **Assess the role of the Innovation Facility** in moving the development ecosystem to a different state and evaluate to what extent the IF2.0 (as well as the Strategic Innovation Unit) are dynamically responding and adapting to the knowledge, learning and insights generated by the work.

3. **Develop recommendations to the future direction of the Facility**, building on the lessons learned:
 - Assess whether the theory of change is still a relevant and appropriate method of bringing about change
 - Support the strategic shift towards portfolios and more systemic innovation in the development sector
 - This entails recommending future directions that IF2.0 ought to consider given progress to date, development context & feedback from a variety of partners

4. **Suggesting ways to evolve UNDP strategic innovation.** Building on point 3 above, the evaluation has made it clear that it should also suggest ways to institutionalise the innovation infrastructure within the UNDP further in order to:
 - Enable the UNDP to continue to be a global frontrunner in terms of ways of thinking, strategizing, approaching and doing innovation
 - Enable all innovation resources within the UNDP to be leveraged in the most impactful and efficient ways to the benefit of donors and partners, and
 - Connect the UNDP to other leading innovation actors and resources within and beyond the development sector.

Methodology

With departure in the developmental evaluation approach, and in line with the ToR, the objective of the evaluation has been to deliver actionable intelligence for the UNDP to inform the future implementation of the Innovation Facility 2.0.

The developmental evaluation approach implies that there has been a systematic and on-going dialogue between the evaluator and the Innovation Facility team to ensure a dynamic process that will allow for new insights and learnings to emerge in the course of the work.

To achieve this, the evaluation has drawn on the following activities:

Document review

A comprehensive desk research and analysis across the key documents related to the UNDP systems innovation and portfolio approach. See Annex A for a list of documents.

Qualitative personal interviews

A total of 30 personal interviews have been conducted with key actors across the internal and external stakeholder landscape of the Innovation Facility. Most interviews were carried out via online calls, while some were face-to-face. See Annex B for a list of respondents.

Interactive session A: Sharing evaluation findings at UN City, Copenhagen

An in-person seminar with nearly 20 selected stakeholders was held at UN City in Copenhagen, Denmark on 13 March, 2024. The purpose of this half-day seminar was to share key findings from the evaluation and obtain reflections and perspectives, including ideas for recommendations.

Interactive session B: Transforma Boot Camp at Democracy Garage, Copenhagen

An second seminar was organized to deploy portfolio approaches, hosted by the evaluator and delivered by the Strategic Innovation Unit using its Transforma Boot Camp format and methodology. The two-day session, which was attended by approximately 60 participants, aimed at demonstrating portfolio approaches, eliciting reflections and feedback, and thus served to further validate the evaluation findings through a “live” testing format. The seminar was evaluated to gather insights on the relevance and potential of portfolio approaches among donors, partners and beneficiaries.

In addition, a range of online coordination meetings have been held with the SIU team; in addition, a one-day in-person session of conversations and interviews on site were conducted as a kick-off at the Innovation Facility office in Istanbul on November 24th, 2023.

For more background on the developmental evaluation approach, see Appendix E.

2. A Rapidly Changing Global Context

This section briefly considers the changing global landscape upon which development efforts take place, distinguishing between the current situation and longer-term challenges.

As such, this sets the stage for insights on what the appropriate new strategies and tactics in innovation for global development might entail: What characterizes the context in which development organizations operate today and in the coming years? What types of pressures as well as opportunities present themselves? Since this is not a main objective of the evaluation, however, the analysis below is held at a general level.

Current Contextual Trends

The stakeholder interviews provide insights into a range of organizational perspectives on global challenges, development trends, and strategic responses.

Several stakeholders emphasize the pervasive issue of technocratic approaches and the failure to think systemically, both in the West more generally and in the development sector specifically. Urban challenges, the climate crisis, and the impact of technological advancements like AI are identified as significant external trends. Stakeholder organizations emphasise the importance of integrating responses to these trends into their strategies, with some pointing out gaps in current strategies that fail to address these issues adequately.

"We are realising we cannot control the context. There is a reality challenge."

Philanthropic Foundation

"Business as usual is no longer valid."

UNDP Country Office

The COVID-19 pandemic and geopolitical shifts, such as the Ukraine and Israel-Hamas wars as well as increased political instability in Africa, have drastically altered the context for development work. These events have highlighted the need to navigate uncertainty, focus more on multilateralism, and adapt to the changing landscape of development collaboration. Challenges to democracy, increasing inequality, and governance issues are highlighted as major concerns. These include a decline in democratic participation, challenges to journalists and civil society, and the backsliding of governance and democratic norms.

The digital transformation accelerated by COVID-19 is seen as a major recent contextual change, offering opportunities to rethink program design, competency development, and the integration of digital and traditional learning methods. The green transition is also identified as a thematic

priority, alongside increasing concerns about security and the risks associated with international collaboration. There's a trend, say some stakeholders, towards more inward-looking policies within donor countries in the face of these risks. On the other side, some donors suggest that development is increasingly being seen as central to the global policy agenda, intertwined with global economic and political dynamics. Organizations like JICA, for instance, are engaging more directly with global policy forums like the G7 to inform and shape discussions.

"Twenty years ago, development was viewed as separate from the global economy and politics. Now development is moving to the center of the global policy agenda."

Donor country

Stakeholders are also seeing an untapped potential in strengthened partnerships with business, connecting with youth and stimulating entrepreneurship in developing countries, and enabling sustainable economic growth. One stakeholder notes that even though young people are given access to STEM jobs via development activities, these jobs are typically with Western companies, not locally grown ones. This is a challenge as it does not ultimately build local capacity.

"Developing countries' best talent should also focus on local problems"

Technology organization

As a whole, these insights into current trends highlight a complex landscape of global challenges that require systemic, holistic responses. Issues like climate change, urbanization, and the digital revolution are intersecting with concerns over governance, democracy, and security. There's a recognition of the importance of addressing external trends within strategic innovation, with a focus on sustainability, technology, and addressing inequalities.

The stakeholder responses suggest a broad acknowledgment of the need for adaptation and evolution in strategies to effectively navigate the changing global context, emphasizing the interconnection between local and global challenges and the importance of collaborative, forward-thinking approaches to development.

"If you are not working with someone else, you should justify why you are not."

Philanthropic Foundation

These patterns reflect a global development sector in transition, facing unprecedented challenges and opportunities as it seeks to redefine strategies and approaches in a rapidly changing world.

Long-term Trends in the Global Context

The conversations with key stakeholders also offer insights into their perspectives on longer term development challenges, strategic focus areas, and the implementation of innovative approaches.

In summary, the following themes emerge as central concerns and considerations for the coming decade.

There's a significant concern about the longer-term failure to adequately address SDGs, with some viewing this as indicative of broader systemic failures. Discussions around decolonization and post-colonialism are seen as potential catalysts for addressing these issues, emphasizing the need for a shift in thinking about power dynamics and localization.

“The SDGs are not getting addressed. The global community has completely dropped the ball on the promised we made to the world and ourselves. The machine is broken. The system is broken.”

International expert

Some organizations are expanding geographically, with new offices in India and East Africa, and placing a greater emphasis on research, particularly in areas like food security and humanitarian response.

The increasing complexity of global challenges is noted, with a call for embracing new forms of collaboration and leveraging technology like AI. The need for innovative solutions and approaches, including sustainability and technology as "neutral ground" for collaboration is emphasized. Security and governance emerge as critical areas of focus, with organizations exploring radical innovation and seeking to navigate governance models in missions. The challenge of documenting impact and driving strategic learning is highlighted, alongside the need for partnerships with private and philanthropic funds.

The economic and financial challenges facing development countries are highlighted by many stakeholders. Some mention the need for development bank reform and the challenges of financing public services amidst high debt service payments.

Some of the interviewees for this evaluation suggest that much more work is needed, long-term, to raise citizen awareness and community engagement around global development issues.

Digital transformation is acknowledged as a significant and continued long term trend, though not a panacea for all challenges. Stakeholders highlight the sector's recognition of technology's role in addressing development challenges, though tempered by an awareness of its limitations and the need for comprehensive capacity building.

In summary, across the stakeholders, there's a clear acknowledgment of the complex, interconnected nature of development challenges, from systemic failures in addressing SDGs to the need for innovative governance and financial strategies. The emphasis on research, co-production, and capacity building reflects a shift towards more collaborative and participatory approaches to development.

Challenges related to security, governance, and the need for radical innovation indicate organizations are grappling with how to adapt to an increasingly complex and uncertain global landscape.

Opportunities and risks for the UNDP

Given the global landscape that is painted across the evaluation, how do stakeholders then characterize the opportunities and risks facing the United Nations Development Program?

Overall, the interviews reveal a nuanced understanding of the operational and strategic challenges facing a development organization like the UNDP. There's a clear recognition of the need for more dynamic, adaptive approaches that can effectively respond to complex global challenges.

Stakeholders see a range of opportunities and strengths that could be leveraged to the UNDP's advantage within strategic innovation. Further strengthening certain roles, like the role of Resident Representative (RR), is highlighted as offering considerable space and freedom for exploration, experimentation, and innovation, if it is supported by a conducive organizational and governance ecosystem within the UNDP. In addition, UNDP's generalist approach, not being sector-specific, is seen as potentially a major advantage in facilitating systemic thinking and acting as a convener for diverse stakeholders.

Systemic thinking and the capacity for systemic leadership specifically are identified as crucial elements missing in the current development architecture. There's an acknowledgment of the need for organizations to evolve to better facilitate such thinking, and the potential role of the UNDP in this space to work with the supply as well as the demand side – at a global scale and scope.

“The UNDP has good capacity for research, surveying, and for advocacy. It also has convening power, because of the UN brand. Sometimes bilaterals cannot be seen as neutral, for instance on legal and governance issues.”

Donor country

However, stakeholders also identify significant challenges and risks to the UNDP.

The development architecture, including UNDP, is criticized for being overly complex, bureaucratic, and not dynamic or adaptive enough to address external geopolitical dynamics. There's a significant concern about excessive administration and reporting requirements that hinder flexibility and innovation.

“The challenges to the UNDP are similar to other actors in the development architecture: They are massively complex, bureaucratic, hierarchical, produce too much paperwork, and enormous

costs, but fail to address complexity externally. They still do five-year projects with deliverables and milestones, imagining that the world is much simpler than it really is. They are not at all dynamic and adaptive enough. People in country offices constantly have to "feed the machine", for instance in terms of reporting and sign offs. But most of that is not useful and holds them back. They know it but lack the freedom, the flexibility, the imagination to change things."

International expert

This critique is general however, and include donor countries, too. Although several donor countries explicitly state they are working to adopt more forward-looking and innovative approaches, including systems thinking and portfolios, they themselves recognize that they are not making sufficient progress:

"Even most forward looking donors, like the Danes, are far off from embracing the new approaches and more dynamic relationships."

International expert

"Everyone wants separate reporting for their financial contribution."

UNDP Country Office

Thus, the risk is that the inertia driving traditional ways of conducting development is maintained not only within the UNDP but also by donors themselves despite regular calls for reform, increased efficiency and effectiveness.

Reflecting on these organizational dynamics, many stakeholders highlight the importance of more systemic thinking and leadership. There's a call for organizations to incentivize and build capacity for such approaches, with a specific mention of the need for conveners that can facilitate systemic thinking without a sectorial bias.

Stakeholders fear that development organizations generally and the UNDP specifically face the risk of spreading themselves too thin by chasing disparate funding opportunities, which could dilute their impact and effectiveness. The suggestion from several sides is to focus on specific sectors where they can have a unique and significant impact. This raises questions for the UNDP, given the broad global mandate spanning many, if not most, sectors and extensive geographical presence.

Securing a sustainable funding base is identified as a significant challenge, with some projects being too small in scale compared to the needs or the scale of interventions by other organizations such as some donor countries' bilateral agencies. Concerns about the sustainability of funding and the strategic focus of development efforts highlight the ongoing challenges in aligning resources with the most pressing global needs, emphasizing the need for strategic clarity and focus.

3. Shifting Stakeholder Demand

As a response to the changing global context outlined above, this section contains a comprehensive summary of stakeholder insights on the promise and potential of portfolio and systems change approaches to development.

The research very strongly suggests that there is a new, emerging space for different ways of doing development. At the same time, there are a wide range of external and internal challenges to development actors' ability to innovate, which concern stakeholders.

External challenges to innovation

Building on the contextual insights in the previous section, stakeholders suggest a wide range of concrete challenges and stumbling blocks to innovation.

First and foremost, the worsening global context impacts development adversely. Stakeholders highlight that this leads to short term responses even in the face of a recognition of the need to manage long-term transitions.

Some countries, including in the Nordics, have experienced a political shift towards more conservative governments; this has led to multilateralism being questioned and an emphasis on more short-term gains for national economies by linking development to industrial/export policy, and/or by focusing on immediately tangible results at project level. Thus, many partners and donors generally (still) think in project terms – even as they wish to shift this stance. For instance, as one donor country respondent highlights, a simple thing like approval procedures are geared to projects, not portfolios.

Generally, stakeholders see a pressure from donors for greater efficiency in the use of resources and diminishing core funding for multilateral institutions, including the UNDP.

In addition, collaborating with corporates, which are profit-oriented, is identified as difficult, suggesting a need for strategic alignment and innovative partnership models to leverage corporate involvement in sustainable development.

"There is something fundamental in how we design programs that is insufficient. They are too small, too narrow, and with misaligned incentives. You end up with "good" projects and "good" results. But that isn't good enough."

Philanthropic Foundation

However, especially since Covid-19, stakeholders suggest that there has been an increased interest and recognition of complexity and the need to embrace more systems-oriented thinking.

What are the internal challenges to development actors' ability to innovate?

When it comes to understanding the current stakeholder demand for systemic innovation and portfolio approaches, a range of internal organizational and administrative barriers are emphasized:

Stakeholders emphasise that most development sector organizations are organised and view world in silos and deliver their interventions through projects. Internal administrative and competency silos within organizations do not promote collaboration. There's a recognized failure in adequately addressing Sustainable Development Goals (SDGs), attributed to a system that remains siloed despite recognition of the need for organizational change.

"Our structures do not match the problems."

Philanthropic Foundation

The project-based thinking of partners and donors, along with separate reporting requirements for each financial contribution, presents significant challenges to adopting larger-scale or portfolio approaches. This does not mean that many partners do not recognize the importance of these approaches; but that there are internal systemic barriers to engaging with them.

Organizations are struggling with how to allocate resources effectively to not dilute impact, emphasizing the importance of measuring outcomes such as lives saved and food waste minimized. However, the financial systems and models do not support portfolios. Misaligned internal incentives lead to a focus on delivery instead of impact and transformative change.

Some stakeholders also mention that career systems and advancement opportunities do not recognise those who take risks and try something different.

Designing programs that can build state capability, sustain, and scale interventions is highlighted as a major challenge, with current structures not matching the complexity of problems. There's a call for more flexible, non-time-bound approaches that are not tightly restricted by geography or target groups.

Systematic learning is not currently at the forefront of how most organizations innovate. There's a recognized need for new approaches to impact assessment and systemic learning, particularly in managing portfolios and missions. The emerging field of systemic innovation requires the development of new competencies and skillsets across all levels of organization, from mission secretariats to local project managers.

“We need not just outcome monitoring but context monitoring.”

Philanthropic Foundation

Organizational structures do not, so to speak, match the problem space. Portfolio approaches are seen as potentially more efficient than single-point solutions, for instance allowing one manager to oversee multiple interventions with minimal support staff. However, according to stakeholders the lack of proper incentives and supportive systems within development organizations hampers the full realization of this efficiency.

What are stakeholder’s assessment of the relevance and potential of a systems-oriented portfolio approach to development?

All the interviewed stakeholders acknowledge the relevance and potential of holistic, systems-thinking approaches to addressing complex challenges. There’s a consensus on the need for actions that transcend traditional project boundaries, aiming for broader, longer-term and more impactful outcomes.

“It is very relevant. Development issues are complex, and problems are interconnected. So we must think holistically, put people at the center of the problem and focus on the most pressing challenges. We are trying to implement something similar in our own portfolio, as we are trying to update and renew our sector strategies.”

Donor country

“It is relevant because it can accelerate innovative solutions. Mission-oriented approaches can develop solutions faster than before. Some of the solutions needed require new funding, new framework conditions, and this requires a systemic approach. It is important to ensure that knowledge environments, such universities and local advisory companies, are involved as key players. This gives capacity development.”

Technology organization

This is a reflection of an at the same time more humble and more ambitious stance among many of the stakeholders. They recognise the complexity, unpredictability and global interconnectedness, and acknowledge that they cannot control the context.

This in turn has led to a growing awareness of internal organizational barriers to new approaches, including to systems- and portfolio innovation, which we highlighted above.

“There is a scarcity of resources. Why put money into a system that has failed for last five decades? Why ask tax payers to support something that has not demonstrated results?”

UNDP Country Office

There is a strong demand for partners who take a longer time horizon: 10-20 years at holistic (country) level; this would entail making 3-5 year program horizons iterative, not end points. There is also a clear demand from the donors interviewed for enhanced learning and evolutionary-iterative approaches such as mission-led innovation and systems transformation.

Organizations are increasingly recognizing the need for systemic and holistic approaches to understand and address the complex web of development challenges. They seek to go “*beyond time-bound, country-bound, target group bound*” approaches, and value the ability to change direction rather than destination. They pivot towards system thinking driven approaches based on emergence and existing assets.

There's a shared direction towards looking at stakeholder landscapes more comprehensively and moving away from “ad hoc” and “nice”. Emerging combinations of approaches include strategy (missions), portfolios, and M, E & L.

However, getting to a point where such approaches are mainstreamed is still a far way off, according to several stakeholders.

“There is a need to mainstream, to turn your attention to the entire machine. Too often, development organizations are essentially solving problems they created themselves.

International expert

Several stakeholders highlight the potential in leveraging portfolio approaches to involve a wider range of partners than have traditionally been strategically and financially engaged in development interventions. This goes for private enterprises – ranging from corporates to SMEs and startups – and to locally anchored knowledge actors such as universities and public and private advisory players.

“Portfolio approaches can become critical for how we spend funding in research and education. Investments can also come home [to domestic businesses] if we can bring knowledge together across sectors. Many businesses are becoming aware that competitiveness equals the ability to contribute to societal impact. So there is the potential for private actors that they can build business models that can scale new products and solutions in pursuit of societal impact. There is a trends that the large corporates, which have the resources, they know innovation is moving fast -- so they prefer to collaborate with others. But it is more difficult for the SMEs.”

Technology organization

While there's enthusiasm for these approaches, concerns about their practical application and effectiveness are also raised. Questions about how to avoid becoming too “fluffy” and ensuring operationalization underscore the need for clarity and actionable strategies. The emphasis on innovation and the possibility to adapt and adjust approaches are highlighted as crucial. The idea of transforming city economies, for instance, involves a continuous cycle of learning that includes

not just officials but also civil society and institutions, indicating a participatory approach to innovation.

The UNDP's portfolio approach is described as an "innovation approach 2.0," suggesting an evolution from merely grouping initiatives to a more structured and formalized process of learning, connecting, and changing. This indicates a maturation of innovation practices within organizations.

The potential of sharing responsibilities among multiple actors to create impact, share knowledge, and drive systemic learning is acknowledged by many of the stakeholders interviewed. In this sense the development actors are letting go of the illusion of control, and embracing a more humble yet potentially ambitious stance.

“It is important how the portfolio is managed in practice. How to design it? What is the geography -- country or regional? How to delineate? It will depend on desired outcomes, and on the context. Particular portfolio leaders may not have full capacity to manage very different types of activities. The right governance is critical.”

Donor country

This collaborative perspective is seen as a way to be more dynamic and responsive to challenges. This also leads stakeholders to ask new questions about how to govern, manage and organise teams, and how to build state capacity for new approaches.

An example could be the Danish MFA, which has recently partnered with a range of domestic philanthropic foundations. Stakeholders look to multiplier mechanisms; portfolio approaches thus might herald a new space for multilateralism at its best.

4. Value of the Innovation Facility 2.0

This section reflects the evaluation theme on how concretely the UNDP's strategic shift towards portfolios and more systemic innovation in the development sector has been supported via the Innovation Facility 2.0 (IF 2.0) and the work of the Strategic Innovation Unit (SIU).

The section explores what has been the relevance and unique role of IF 2.0 in building capability externally for public and development sectors in order to achieve lasting, systemic impact – and discusses what is the potential?

Programming Objectives of the Innovation Facility

According to the programming document for 2021-2025, the purpose of the IF 2.0 is:

(...) to help UNDP and its partners leverage strategic innovation in critical policy areas by building new capabilities and methods that enable the organization to engage with complexity and manage uncertainty.

The underlying theory of change proposes that the work should address both the demand and supply side of these new capabilities and methods. In other words, the UNDP should work simultaneously on developing a new supply through offers rooted in an understanding of system dynamics, *and* a new demand by stimulating interest from governments and donors to go beyond single point solutions.

Through this effort, the UNDP is expected to increase its development effects and leverage the Facility's investments to attract new funding for joint efforts and R&D by development partners.

Further, the programming document states that in order to achieve this, the Facility will invest in the necessary enabling conditions for country offices, providing capital to build new capabilities and exploring system approaches. It will also support Country Offices (COs) in the process of building new demand and engaging with development partners around issues related to system approaches. Finally, it will support offices in the implementation phase where the resource mobilisation efforts have been successful.²

To this end, the Danish government funds the Innovation Facility on its Annual Bill of Finance, with a separate soft thematic funding frame of DKK 15 million (approximately USD 2,3 million) for the period 2024-2027.

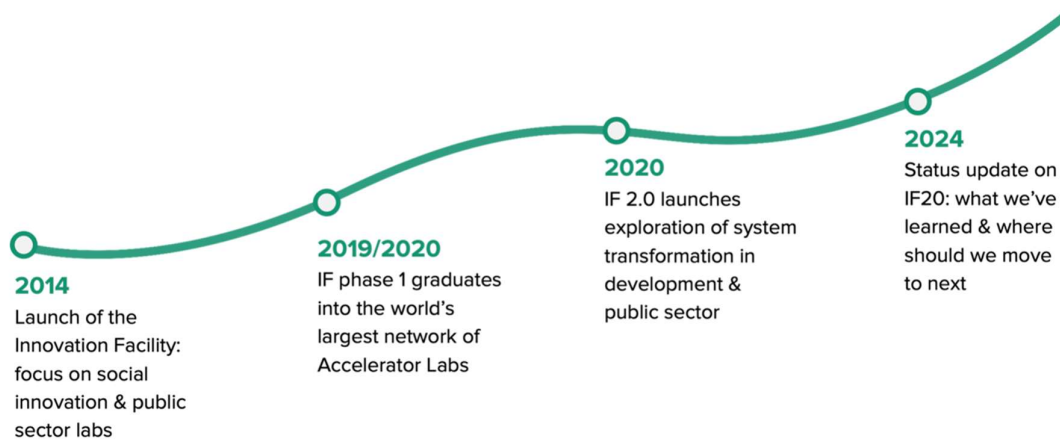
The role of the SIU in leveraging the Facility

² UNDP Innovation Facility 2.0 Programming Document

UNDP’s Strategic Innovation Unit (SIU) is a team within the Bureau for Policy and Programme Support (BPPS) that leads the process of embedding innovation in UNDP’s work at a programmatic and operational level, working closely with the Global Policy Network, Regional Bureaus, Country Offices and other internal and external stakeholders. The unit has a strong focus on Country Offices support through the development of portfolios, which aim to help countries address complex and wicked problems.

The Strategic Innovation Unit has played a pivotal role for more than 10 years in putting the funding provided by the Facility to impactful use. This has evolved over multiple phases until today, as illustrated below.

Figure 1: Visualisation of the journey of the Strategic Innovation Unit



Source: UNDP SIU

The figure illustrates the following overall phases as follows and illustrates how the maturity and sophistication of approaches to innovation progresses over time:

2014 Innovation approaches first introduced

- Harnessing the catalytic function of the Innovation Facility
- Raising awareness of the importance of innovation for development
- Experimentation as a way of working
- Exploring what's next in development, focusing on creativity, human centered design, digitization, and collective intelligence.

2019 Accelerator Labs

- Supporting the creation of the UNDP Accelerator Labs – the largest learning network in the world, consisting of 91 labs covering 115 countries around the Globe
- The Accelerator Labs (Acc Labs) largely deploy the types of human-centred and digital design approaches pioneered in the early days of the Innovation Facility

- As such, the Acc Labs can be seen as a large-scale spinoff that serves to mainstream these approaches and embed them widely across the UNDP.

2020s Innovation Facility 2.0

- Starting around 2019, the SIU developed a new value proposition for UNDP based on systems change, coherence and the generation of options for action
- This latest shift emphasises deep change, sensemaking, foresight, systemic transitions and a portfolio-led way of working.

During the current UNDP strategic period, one can speak of a shift in phase as the SIU and hence the Innovation Facility's work has matured. Up until 2019, there was a main focus on quantitative factors such as scale, reach and return on investment. Thus, some of the most important performance indicators have been number of people engaging with the Facility, number of countries involved, and leveraging of funding.

Today, the SIU is responsible for leveraging the Innovation Facility 2.0 in service to the UNDP 2022-2025 strategy. Blending the financial support by the Facility with the skills of the team and a network of trusted advisors, the SIU runs a range of key activities that essentially work both on the supply and demand side of the portfolios and systems change agenda.

"In the past the UNDP did not have a focal point for innovation. Now it is a corporate priority. The Danish funding started a corporate push. It has shifted innovation to a systems level."

Senior UNDP official

The box below describes the current main activities of the SIU.

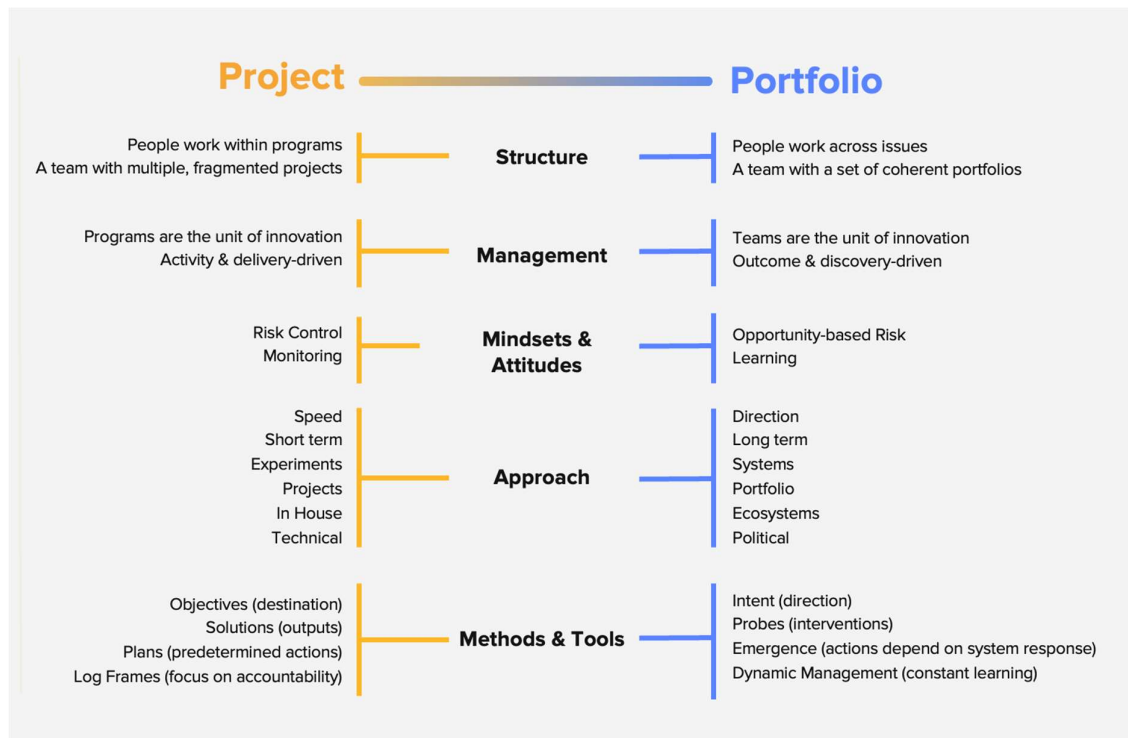
Box 1 Key activities of the Strategic Innovation Unit (SIU)

- **Portfolio Process:** The SIU team and partners have built a highly comprehensive process for portfolio design and implementation, which is articulated in a Portfolio Approach Primer. This includes all the phases involved across what the SIU calls the System and Portfolio Design Spiral. Additionally, several workshop formats, including the Sensemaking Workshop and Transforma Boot Camp, have been developed, which allow a Country Office to examine its current activities, uncover synergies and shift towards a portfolio approach in close collaboration with funders and country and regional partners
- **Deep Demonstrators:** Inspired by Climate-KIC, these are intensive, country-based portfolio design and management interventions that seek to build capabilities to work in systems and portfolio oriented way
- **M&E (&L) Sandbox:** The SIU has pioneered a highly successful global network of development actors interested in advancing best and next practices in measurement, learning & evaluation. This has taken the form of a series of seminars exploring a range of evolving challenges and opportunities of interest to the actors; the work has been widely documented and disseminated via a series of Medium articles. The M&E Sandbox is funded by the Gates Foundation
- **Systems Finance Facility, where the SIU works to build “Systemic Funds”,** which it characterizes as financing structures with the mandate to develop systemic portfolios and flexibly deploy financial resources to implement them. In line with the portfolio logic, a Systemic Fund designs and invests into entire portfolios at once, rather than single interventions.
- **Communications:** The SIU systematically shares and communicates its work on multiple platforms, including websites (<https://unstuck.systems/>), Medium articles (UNDP Strategic Innovation), and social media
- **Internal dissemination and capacity building.** The SIU runs the Global Innovation webinar series and Portfolios in Practice series. The first is to invite inspiring speakers to bring new innovation to UNDP and the second one is more of a COP among Portfolio practitioners which aims to provide a space for colleagues to share from each other on different areas of the portfolio practice
- **Case documentation:** The SIU has documented a very wide range of case examples of the portfolio and systems change work, which are shared amongst other online, via articles, and via case compendium such as the 2023 Compendium of UNDP Country Office Case Studies
- **Advisory Network:** The SIU has over time built a second to none global set of relationships with innovative individuals and organizations spanning the development sector. This allows it to engage top level experts and advisors globally such as Chora Foundation, Agirre Center, Demos Helsinki, and others.

As indicated by the overview above, by 2024, the shift towards more systemic, portfolio-based approaches has become very broad, based and comprehensive. Importantly, it reflects the two-pronged approach of working with the demand and supply side simultaneously: The SIU engages with Country Offices to enable the new sets of strategies, methods and processes to be deployed in country level initiatives in practice (demand), while it also works on a range of organizational and sectoral enablers, including policies, guidelines and corporate systems, partnerships, MEL frameworks, staff and partner capabilities and financing models that as a whole can support more transformative outcomes through the UNDP’s wider organization (supply).

The SIU articulates the ambition for the shift as “projects to portfolios” as illustrated below:

Figure 2: SIU’s articulation of projects to portfolio approaches



Source: SIU

The table illustrates the shift in overall approach to addressing development challenges that is the objective of this mid-term evaluation. It highlights that the questions now facing the SIU and the Facility are now of a more qualitative character: What is changing on the ground across countries and intervention sites because of these efforts? How are the ways in which Country Offices and cities work with development changing? What are the interesting stories of impact?

Case Compendium Insights

The application of these principles – and the shifts and impacts they potentially entail – is articulated across a range of publications and articles (see references in appendix). The application of the approach in action is amongst other demonstrated in the *UNDP Compendium of Portfolio Country Cases*, published in August 2023, which casts light on how the portfolio approach has been deployed in practice over the first two years of the strategy. The compendium shares case examples from over 50 countries and highlights key findings from the emerging work.

The characteristics of the shift in innovation approach that emerge across the compendium of cases as well as documents from the SIU itself is comprehensive and wide-ranging. The case examples illustrate the UNDP’s response to critical development issues spanning from crisis contexts and declining trust in institutions to broader development challenges linked to the SDG’s such as stewarding circular transitions in a climate change context, enabling sustainable tourism, rethinking the world of work, or building resilient, thriving and livable cities.

The compendium case studies detail the specific challenges at country level (“where are we stuck”) and show how a reframing is required to address them. As an example, reframing of a challenge can be rearticulating the role of Foreign Direct Investments (FDI) by a national government from an extractive economy based model to FDI driving a much more evolved and sustainable economy. Or it can be reframing gender in a country, from a disparate effort spanning disconnected efforts to a coherent approach where three strategic shifts were identified: From discriminating economic structures to transformative structures and opportunities; from lack of representation to gender transformative political processes; and from gender insensitivity to climate action to inclusive action in the climate space.

Across the cases, the present analysis shows that the portfolio approach allows for a more nuanced understanding of issues, considering interlinked and systemic economic, social, environmental, and cultural dimensions. In the context of the present mid-term evaluation, a number of country level interviews have been conducted (including with COs and/or recipient stakeholders), which illustrate the processes, approaches and value generated – see country case text boxes later in this section.

Meanwhile, a number of more cross-cutting insights and patterns across the case compendium illustrate the approaches the SIU is leveraging via the Innovation Facility and the potential of next generation innovation practices, including:

Coherence in Investment Decisions: Portfolios offer a more coherent approach to investment, which helps in leveraging existing funds, crowding in new financial sources, and opening up new possibilities. They provide coherence across interventions and a supply of new policy options.

Need for New Instruments: To maximize the impact of portfolio approaches, there is a need for new long-term finance mechanisms and new approaches for monitoring and evaluation.

Different Path to Scale: Portfolios move away from a focus on single-point solutions towards investing in multiple, reinforcing interventions, thereby creating more self-sustaining relationships and networks.

Leveraging Digital and Technology: Digital and technology are not just veneers but triggers for building a digital infrastructure and a new set of public goods. This is informed by a system perspective that guides decisions and investments in digital assets with transformative effects.

These insights across the compendium highlight the need for more dynamic management, systems thinking, and a shift from isolated interventions to interconnected portfolios that address the complexity of development challenges much more holistically.

A very central data source in this mid-term evaluation is the judgement of key stakeholders connected in various degrees to the work of the SIU and the use of the Innovation Facility.

Country case: Ghana

Young Africa Innovates for economic development and inclusive labor markets

In Ghana, the widespread issue of unemployment and underemployment, with 60% of the population lacking the means to create meaningful employment opportunities, is being addressed by the government's 'Agenda for Jobs'. A deeper understanding of the underlying factors, including workplace discrimination and the mismatch between industry requirements and education, has prompted a shift in focus. This shift recognizes the traditional African view of work as a marker of individual worth and dignity, not just earnings.

The reframed approach has led to new strategies for expanding employment options and fostering continuous learning. These include valuing work for its role in human dignity and societal cohesion, empowering local economies through new governance models to generate jobs, creating inclusive workspaces for all including marginalized groups, and rethinking informality in business to encourage transformation without penalizing the informal sector.

Significant funding is being secured to support these initiatives, with contributions of \$25 million from the Mastercard Foundation for Ghana and Nigeria. The Mastercard Foundation partnership is expected to grow significantly in coming years as the program YOUNG AFRICA INNOVATES develops and scales.

This initiative is anchored in the environment and climate change team of the UNDP CO, with contributions coming from the office's good governance and inclusive growth team as well. The current ambition is to engage 5000 people, carry out bootcamps, shortlist 50 ideas, people & businesses, identify the most innovative, and then fund them. Significantly those involved are atypical actors such as indigeneous, disabled, and other "unusual suspects".

"We are managing the entire initiative like a portfolio. The future for this is very open, we want to go to 50000 people and expand into a broader set of interventions."

UNDP Country Office Deputy Resident Representative

The goal is to balance the importance of future knowledge and digital economies with the need to address past issues of stigma and exclusion.

Country case: Tunisia

Leveraging governance for socio-economic development

In Tunisia, ineffective governance has led to enduring socio-economic issues like limited access to services and opportunities. To counter this, a people-centered governance approach is being implemented to stimulate socio-economic development. This strategy includes enhancing transparency and accountability to combat corruption and ensure fair service delivery, upholding the rights of the vulnerable for inclusive access to services and economic opportunities, and reinforcing access to responsive security and justice services. Data production and analysis are also vital for adaptive management and communication.

The governance portfolio work in Tunisia started from 2019-2021, and has been extended due to setbacks during the Covid pandemic. According to the country counterpart, the project has generated a range of important results related to the rule of law, social cohesion, and citizen engagement.

“The collaboration has produced good results. We have shifted from a siloed way of working to more collaborative, whole of government approaches. We also are now able to give better reports and more detail to the government leadership. It provides good visibility to have a dash board of all projects. It is an opportunity to reallocate funds more dynamically.”

Country government representative

The initiative has been co-designed with national partners, building on previous portfolios focused on SDG16. It has garnered broad partnership support, including seed funding from UNDP's Thematic Funding Windows and expert support from UNDP's global and local teams. This collaborative effort aims to leverage governance as a catalyst for socio-economic growth in Tunisia.

Country case: Iraq

Reimagining the Social Contract

Post-pandemic economic challenges in Iraq have intensified demands for a revised social contract and governance reforms. The old social contract, marred by conflict and climate issues, requires a multifaceted overhaul encompassing both formal and informal societal dynamics. Iraq's strategy aims to empower effective governance with integrity and transparency, unlock economic opportunities through diversified and sustainable models, and bolster human and community security by amplifying the voices of marginalized groups. It also seeks to enhance citizen agency in policy-making and bolster local capacity to manage climate and conflict-related challenges. This approach is encapsulated in the UNDP's Country Strategy 2025 for Iraq, focusing on reimagining the social contract as a core developmental pathway.

“To design at systems level, think differently, engage differently with partners and communities has been spot on”

Country Office Deputy Regional Representative

Resources are allocated via the Innovation Facility to activate a portfolio of interventions addressing these objectives, seeking to transform governance and societal dynamics towards a more resilient social contract.

Case: Mykolaiv, Ukraine

Enabling Deep Blue Transformation

Mykolaiv, a Ukrainian industrial city renowned for shipbuilding, seeks post-war recovery through the 'Deep Blue Transformation' to revitalize its economy and urban fabric. Positioned on the Pivdennyi Buh and Inhul rivers, Mykolaiv aims to harness its maritime identity and industrial capabilities to emerge as a dynamic economic hub, actively involving citizens, academia, and private sectors. The Urban Makeover Portfolio supports this with blue and green business transformations, the conceptual design of a Maritime Industrial Park, an annual Blue Economy Conference, and educational initiatives like the transformation of the School of Young Sailors.

A core resource in this work has been the establishment of a Portfolio Hub. The Hub's role is shaping and creating an open space where everybody can come and suggest ideas, solutions, and engage in participation. It enables citizen and enterprise engagement, and is now also deployed as a resource in developing the overall city strategy. The citizen engagement allows active engagement in portfolio city implementation, both online and offline.

According to UNDP Country Office representatives, the ambition was to engage at a "hyper-local" level to build trust and look for local assets. But what are the narratives and attributes that make a place more attractive? The local UNDP team, supported by the SIU and external advisors, embraced portfolio and systems-thinking approaches to design a long-term (10-15 year) transformation initiative. From the city administration side, the experience has been very positive.

"It was very relevant and useful support, not least due to the portfolio and dynamic management approach. It is adaptive our reality and needs. Economic processes are very complex and difficult to predict. But thanks to this approach we can use the small scale experiments and scale them up. This testing is very important."

City Manager

Conversely, the UNDP team on the ground experienced the process as very different and as more valuable than usual.

"It is now a very different relationship between us and the counterpart. We designed the efforts with them, supported them – the city administration was not used to it."

UNDP Country Office

The first portfolio activation began mid-2023, with further developments planned into 2024, backed by EUR 225,000 from M4EG and USD 300,000 from the Danish Government's Innovation Facility.

Overall assessment of the Innovation Facility

There is an overwhelming consensus among the interviewed stakeholders that the general strategic direction being pursued – systemic and portfolio approaches to development challenges – is correct and necessary.

"This is the future of development, no doubt".

Nordic Donor Country

"The innovation work of the SIU inspires our thinking. The new part is that the UNDP has the network of people who are thinking and doing things differently. They have access to a world of resources we do not. I am a big believer of it. We do need to work differently."

Donor organization

"The SIU are the ones pushing us to change. They keep us on our toes. They constantly hold learning sessions to ensure reflection and exchange of experience. Without them we would not be moving forward."

CO Deputy Regional Representative

"The SIU were very helpful. They understood the context in the country and the needs of the Country Office. They introduced systems change, delivery, oversight and functions required. The programmatic value proposition makes sense."

CO Deputy Regional Representative

A clear majority of responses explicitly endorse this direction as aligned with the need for systemic change and innovation within the development sector.

"It is absolutely relevant. There is a need to be thinking holistically, leveraging synergies, and thinking differently about investments. We need a very different approach – as a reflection of the political demand for results. There is a real burning platform to achieve the SDGs. The sense is we must be open to do things differently, and to stimulate an innovation culture."

International development organization

"We see the same development. There is a need to look more systemically and holistically at our stakeholder landscape. We are taking the same direction. But we are struggling with how it can be operationalised."

Nordic donor country

Portfolios are seen as offering a coherent approach to systems change that offer a scalable path to development impact by focusing on multiple interventions and relationships instead of single-

point solutions. The assessment is that shifting from fragmented actions to interconnected value creation is essential for better outcomes and operational agility in the face of complex development challenges. The Strategic Innovation Unit (SIU) is highlighted as having a critical role in supporting and facilitating portfolio approaches and systemic thinking.

"The concrete workshops run by the SIU have made an impression. The commitment is there in our organization now, also because we can tell the story about how this looks on the ground. We love the UNDP".

Nordic donor country

"Portfolios enable us to think more holistically about the results we want — and engage everyone in realizing them."

Country Office Resident Representative

The Strategic Innovation Unit is in particular recognized for its unique position to enable shifts towards more systemic approaches in development. The importance of convener roles that do not adhere strictly to sectoral approaches is emphasized, suggesting a preference for organizations that can facilitate broad, systemic thinking and action.

"The methodology helps identify a direction of transformation that is particularly important for our organization. Another strength is the possibility to identify smaller projects and put them together in one portfolio, test them via implementation, assess their efficiency, and then scale it out for the entire city."

City Administrator

However, there's also feedback on the challenges related to implementation, including the risk of becoming too academic or heavy in processes, indicating a need for balance between innovative approaches and practical implementation over a prolonged period of time.

Key themes from the stakeholders' overall assesment include:

Funding and Strategic Use of Resources: The discussion around funding highlights the importance of core funding and thematic windows for supporting governance, peacebuilding, nature, climate, and energy initiatives. There's a call for more strategic and effective use of resources, with some critique on the current utilization being ad hoc and not strategic enough. Stakeholders however also suggest that there is untapped funding potential in generating demand from donors, including attracting new players from the philanthropic space.

Learning, Exchange, and Implementation Challenges: The value of constant learning sessions, reflection, and exchange of experiences is highlighted, underscoring the importance of adaptive management and ongoing mitigation in development work. The challenges related to the

implementation of innovative approaches, such as portfolios, are acknowledged, with a call for more incentives to facilitate organizational change to allow the approach more optimal conditions.

What is the value to partners of the Innovation Facility and the Strategic Innovation Unit?

Overall, there is a clear picture of an initiative that advances next-generation innovation practices and turns into practice what many still only talk about. This includes comprehensive approaches to “seeing systems” through user engagement and research, stakeholder involvement in building cross-sector portfolios, deploying foresight methodologies, etc.

A unique feature is the emphasis by the SIU on practical tools on how to work with portfolios in practice, thereby becoming a testbed for many of its partners. Such concepts have proven attractive to stakeholders seeking to work more strategically with cross-cutting policy issues.

Responses generally endorse the relevance and effectiveness of innovative approaches and the support provided by the Facility and the Strategic Innovation Unit, recognizing them as sources of inspiration, methods, new competencies, expert networks and support for those in the system seeking to undertake such work. The potential for the unit to serve as fertile ground for developing new ideas and approaches is highlighted. Overall, the SIU seems to be very respected by the country offices with which it has engaged.

“When you have an initiative with 15 projects and 14 donors, you have to create a system for it.”

Country Office Deputy Resident Representative

As such, the Strategic Innovation Unit can be seen as an advance team for global development that positions the UNDP differently and offers something unique to its partners. The Innovation Facility 2.0 is in that sense a public good made available by the government of Denmark to the development community.

“It is important that Denmark plays this role in funding the UNDP Innovation Facility.”

Technology organization

Based on the track record to date the Facility is ready to be taken to a next level where portfolios and other system innovation tools become the norm not the exception.

The SIU connects and leverages the global public innovation community and realises the need to rewire how the development sector operates, including the UNDP.

As demonstrated during a two-day bootcamp held in Copenhagen as part of this evaluation, SIU's development and testing of its portfolio methodology in country offices enable a diverse range of

actors to apply practical and specific approaches to implement new development interventions, such as mission-oriented innovation or systemic transformations.

Additional insights from across the evaluation research, including stakeholder interviews – including strengths as well as challenges – include:

Increased Effectiveness in Development: A major cause of the positive assessment of the efforts and direction of the Innovation Facility is linked to the sense that it will deliver more impact than traditional approaches; in other words, it is a question of higher effectiveness.

“As a donor we have concerns about the effectiveness of the UNDP. So an initiative like this is very welcome. We ourselves struggle with finding ways to create synergies between interventions. For us the end goal is to have more effect on systems change, and to drive learning.”

Nordic donor country

Challenges of Scale and Engagement: A recurring theme is the challenge of scaling up projects and approaches to have a broader impact. A few concerns are raised by some stakeholders about the narrative and language used being difficult for policymakers and a perceived disconnection with the private sector. Additionally, there's a sense that the scale of engagement with donors and strategic partners could be increased significantly. This points to the question of whether the work of the SIU is leveraged sufficiently at UNDP corporate level as a key differentiator – and used powerfully enough strategically.

“The language can be difficult for policy makers within the EU and the global development system system. But the real risk is that efforts are too small. We need scale. So the question is how to go from a few projects to 50? Even in a single policy space.”

Donor organization

Opportunities for Strategic Partnerships and Enhanced Efficiency: The relevance of working with strategic partnerships, including businesses and private funds, is emphasized as a way to leverage additional funding and catalyze investments in smaller initiatives. This approach is seen as increasingly important as traditional country-level funding is expected to decrease. Several donor country stakeholders also mention increased call for efficiencies as resources for multilateral development institutions are declining and expected to continue to do so; they view portfolio and systems-oriented approaches positively in this respect, since they potentially unleash synergies, attract new sources of funding and hold a promise of “achieving more with more” in spite of a relative decline in donor funding. However there is still a sense that larger scale investments and partnerships with private business as well as philanthropy have further potential.

Need for More Engagement and Support: Some feedback suggests the need for more frequent support and engagement from units like the SIU and Acc Labs to accelerate project implementation.

There's a call for additional incentives for Country Offices and more substantial collaboration over longer periods of time.

“There should be an obligatory framework on this for COs. Must be a formal mandate.”

UNDP Country Office

Some interviews with Country Offices (COs) indicate that it is somewhat random whether the Office has the local capacity and ability to connect effectively with the SIU and gain the most benefit of the Facility. Partly, this depends on the ambition and risk appetite of the country level leadership – Resident Representative and Deputy Resident Representative; partly this depends on the skills and qualifications within the wider country team. In some cases, the skills of Accelerator Labs (where present) have been leveraged very effectively to be the de facto competency unit for portfolios and systems change; this however seems to be dependent on the interplay between CO leadership and the lab leadership.

Communications, Reporting and Collaboration: The SIU has put a very clear emphasis on “working out loud”, e.g. continuously sharing insights, communicating its on-going work (including stumbling blocks and challenges), via Medium articles, conferences, its websites, primers, etc. Innovations in reporting, such as dashboards, are praised by stakeholders for providing better visibility and detail to government leaders and donors. The shift towards more collaborative approaches, breaking down silos within and between organizations, is recognized as a significant advantage.

There is the challenge that donors will want to obtain more short-term documented results which they can attribute more or less directly to their funding. This is highlighted by some donor country stakeholders as something that may work against an even wider takeup of portfolio approaches – and indicated the need to work strategically to support a shift in demand for longer-term, joined-up efforts where attribution is less direct.

Strategic Partnership and Synergies: The strategic partnership role of UNDP that is enabled by the Facility is viewed positively, with a particular emphasis on demonstrating synergies between projects. The potential for such approaches to avoid duplication and enhance efficiency is noted as a benefit for donors and stakeholders. The shift towards more collaborative and transparent approaches, facilitated by innovative reporting and project management tools, is also seen as a significant advantage, offering the possibility of more dynamic resource allocation and enhanced strategic partnerships.

“It is highly relevant to work with strategic partnerships with business and private funds, to leverage more funding not from only country level since this will likely be falling in coming years.”

International development organization

Connecting with new Partners and Actors: There's a sense that while the SIU is highly respected by country offices, its alignment and visibility within the broader organizational structure across the UNDP, might not be fully clear.

There's a clear indication of the potential for the SIU to facilitate connections with worlds that traditional development sectors might not engage with, such as philanthropy and the private sector. The idea of partnering with entities like Google, though potentially challenging due to overlaps with existing teams, is proposed. The potential to serve as bridge builders with external entities, including philanthropy and the private sector, is recognized.

“The SIU is potentially bridge builders with philanthropy. That is clear.”

Donor organization

The potential benefits of portfolio approaches in empowering vulnerable groups and incorporating them into activities are also noted.

Distinctive Branding and Creativity: The distinctive branding of units like the SIU with the IF 2.0 is seen as an asset that allows for more creativity and engagement with non-traditional stakeholders.

“As a signalling device externally the SIU is fantastic. Also, it gives you someone to speak to. Provides a front door to the organization externally for the progressive forces. Otherwise it would be hard to know where to connect.”

International expert

In summary, there's a general acknowledgment of the importance and potential of innovative development approaches and the pivotal role of support units like the SIU. However, there are concerns about the ability to scale these initiatives and fully engage with a broader ecosystem, including donors, the private sector, and policymakers. Partly, this is a communications issue, which might positively build on the positive recognition of the SIU by those already familiar with the work:

“There is a need to work more on marketing of the approach”

Country government partner

The potential to drive future innovation and systemic change is recognized, but there's a call for more direct engagement, support, and incentives to ensure these approaches can be effectively implemented and scaled.

Connecting portfolios and systems change approaches to other innovation actors across the UNDP

A secondary set of questions concern the interplay between the Facility and the other innovation actors across the UNDP (including Accelerator Labs, Sustainable Finance Hub, and the Chief Digital Office) to enable a holistic, joined up effort.

The UNDP is described by several stakeholders as essentially having three key enablers: Digital, Finance, and Strategic Innovation. Each has distinct roles and challenges in integration with the UNDP at large, and with each other.

While the Digital and Finance teams are recognized for their contributions, the Accelerator Labs (Acc Labs) and the Strategic Innovation Unit (SIU) have varying degrees of connection to country offices, influencing their effectiveness.

The Acc Labs are noted for creating their own ecosystem, which is highly effective where there's a strong connection to country offices. There's acknowledgment of the need for fruitful relationships and synergy between different units, emphasizing the potential for collaborative success.

A critical insight is the importance of the connection between innovative units like the Acc Labs and country offices. The effectiveness of these labs is significantly enhanced when integrated with country-level operations, suggesting a need for improved coordination.

There's considerable variation in the judgement of the success and impact of Acc Labs, with some achieving notable success while others have limited impact. This highlights the challenges of maintaining consistency and leveraging successes across different contexts.

The potential for synergy between different innovative approaches, including those distilled by the Innovation Facility (IF), is recognized. The idea of a theme-agnostic facility that supports learning and application across sectors is proposed as a way to strengthen UNDP's overall strategic impact.

The insights reflect a desire for more strategic alignment and integration between units like the Acc Labs, SIU, and country offices to enhance effectiveness and impact.

These insights point to the critical need for strategic coordination and integration within organizations to leverage the full potential of the UNDPs innovative units and approaches, ensuring that they contribute effectively to overarching goals and objectives. It is a role for UNDP HQ and senior management that likely needs to be lifted more powerfully in the future. As one UNDP Country Office states:

"This has to be embodied at top level. I don't yet see the traction at macro level, not enough push from top management."

UNDP Country Office

Achieving impact for key stakeholders of the SIU and the Innovation Facility

To the key question of whether the SIU and the Facility de facto creates impact for its stakeholders, the assessment is overall very positive; however with a range of nuances and qualifications across a range of themes.

Direction and Scale: The general sentiment is that while the directional focus of the work is correct, concerns are raised about the scale and speed of implementation. There's a feeling that some initiatives and projects are too small to achieve the desired impact.

Perception and Convening Power: Some organizations, notably when it concerns areas like the future of work, now perceive UNDP differently, recognizing it as a convening leader that brings unique contributions to the table. This suggests a positive shift in external perceptions due to the innovative approaches advanced by the SIU.

“They are more practical than many others. The UNDP (SIU) is good at packaging the approach.”
Nordic donor country

Evidence of Results and Structural Changes: There's evidence that innovative approaches are leading to results in some countries, particularly in terms of attracting funding and structuring UNDP program support differently (see country case boxes). There is an experience that the approaches help optimize existing funds, for instance in more efficient management practices. Importantly, there is also a clear potential as viewed by several stakeholders that by taking a longer-term, systemic and portfolio-based perspective, development efforts can attract new finance sources. As illustrated in several country cases, this is indeed the case.

Solutions are becoming more multi-stakeholder oriented and taking a longer-term view, although direct measurable impact still requires further assessment.

Capacity Building and Knowledge Transfer: Initiatives such as joint courses with Imperial College and the development of tools like the Primers and Sensemaking protocol are highlighted as efforts to build capacity around managing complexity. There's also a note on the mobility of Resident Representatives (RRs) who take their experiences with innovative approaches to new countries, potentially scaling the approach through knowledge transfer.

Challenges and Considerations: Some responses express concern about the limited visible transformation and the slow pace of change within the UNDP as a whole, suggesting a gap between the innovation initiatives and broader organizational change. New approaches, such as pilot programs in cities, are acknowledged as constructive but are still in early stages, with their full impact yet to be determined. The strength of these approaches in fostering constructive

dialogues, including with citizens generally and with marginalized groups specifically, is recognized.

The impact on how certain offices and teams among partner countries operate is noted as a significant learning process, indicating that innovative approaches are beginning to influence organizational practices and mindsets.

Overall, the insights from stakeholders reflect a significant optimism about the direction and potential of innovative initiatives within UNDP, tempered by concerns about the scale, speed, and depth of impact. While there are tangible signs of change, including shifts in external perception and evidence of structural changes in program support, the broader transformation within the organization and its pace are seen as areas still needing improvement.

Capacity building and knowledge transfer, particularly through training and mobility of key personnel, are highlighted as critical mechanisms for scaling and deepening the impact of innovative approaches. More broadly, the question can be raised whether the UNDP needs to revisit the governance, organizational and internal administrative structures and processes that are currently in place – in order to ensure they fully enable the strategic innovation efforts and a full leveraging of the potential of the Facility.

Does the Facility help move the development ecosystem to a different state?

By ecosystem is meant the entire range of relevant actors with potential impact for development, including the governments, communities, donors and foundations that engage with the Facility.

The SIU are viewed as pioneers, pushing forward thinking and acting as champions for new approaches. Identifying and filling critical gaps in the practice of system approaches. Stakeholder feedback suggests that they provide a sense of collegiality and validation for those seeking to implement innovative practices, not just within their own organizations but across the broader development sector. An evidence of this is the widely attended seminars and events organized by the SIU – including the successful M&E Sandbox, where SIU is exploring and constructing a diverse set of options and where many of the other stakeholders feel stuck.

Moreover, the concept of scale itself is redefined through portfolio work. Rather than betting on a single solution or "silver bullet," portfolios aim to develop multiple, diverse, and complementary options that positively transform the system in various ways. In portfolio thinking, what scales is the knowledge gained and structured through new approaches to coalitions and collaboration. In portfolios, major challenges are not owned by any one actor (government, private sector, etc.) but are situated within a network of actors with different roles in the system, offering various leverage points for change. It is important to underline that this work continues to be emerging –

there remains gaps and challenges to be filled both in offerings and in building the internal prerequisites for bringing portfolio approaches even more widely into global development.

Box 2: Key insights from UN City Copenhagen seminar with development ecosystem

As part of the mid-term evaluation, the first of two seminars was convened at UN City in Copenhagen in March, 2024 to share tentative findings and elicit insights from key development stakeholders, particularly in the Nordic region.

The first seminar involved nearly 20 participants from Nordic governments (Denmark, Sweden, Norway) as well as philanthropies and experts. A range of questions emerged from the Copenhagen conversations that appear to be common across all organizations and that point to the next phase that the Innovation Facility can step into. The following five key topics prompted questions shared by all participants:

Political space: *Acknowledging that systems work requires a longer time horizon:* Who sets the direction for systems work and how can we maintain alignment and direction amidst political cycles? How do we create more risk appetite for governments to move towards programming in uncertainty?

Monitoring, Evaluation & Learning: *Systems and portfolios require rethinking results.* Are we measuring the right things and who gets to decide what impact looks like? How can we make MEL the engine of portfolios and bridge the gap between innovation and MEL teams?

Finance: *Currently the majority of the development finance is top down, siloed and tied into projects that create fragmentation.* What roles could different ecosystem partners (donors, private sector, development banks, foundations, multilateral orgs.) play to create systems transformation? How could we make grants and investments less earmarked and for longer time horizons?

Capabilities: *Systems & portfolio work requires new types of capabilities.* What are the technical, vertical and transversal capabilities needed to work in systems? Who builds these capabilities and how? How can we create more flexible, open-ended roles in large bureaucracies to enable systems and portfolio based work?

Alliances & Partnerships: *One organization alone can't achieve transformative impact.* What are the alliances needed to catalyze systems transformation? Can we move from coordination to radical collaboration to enable systems transformation? What role could the Resident Coordinator Offices

In this sense, beyond its concrete work, the SIU and Facility provide inspiration and encouragement to other development actors.

"It is a growing movement which the UNDP has helped catalyze."

Nordic donor country

“The Strategic Innovation Unit is key in enabling the shift in UNDP and in the wider development system. They make people feel like they are not alone. When people see things SIU have created, they can see something is done differently.”

International expert

The successful implementation of innovative approaches requires government buy-in, which is generally viewed as positive, though challenges exist in aligning expectations, especially with donors who may seek more traditional metrics like KPIs, clear timelines, and concrete, short-term results.

The role of philanthropy, exemplified by support from entities like the Gates Foundation, is noted as crucial, providing funding and endorsement for innovative methodologies like the M&E sandbox, despite the discomfort traditional donors may have with risk-taking and less conventional metrics. This particular initiative seems to in itself have nudged many development actors to new insights on the emerging directions in measurement, evaluation and learning.

“The approach is certainly evolving. The SIU’s work on MEL is highly relevant. As government, how do we assess at a different level than projects? We have leaned heavily against the MEL Sandbox and SIU staff for guidance.”

Nordic donor country

Box 3: Transforma Bootcamp at Democracy Garage, Copenhagen

A second seminar was organised in the context of the evaluation, leveraging the System and Portfolio learning program which the SIU runs. This two-day seminar, building on a format and methodology called Transforma, included close to 60 participants and was held in September 2024 at the Democracy Garage event space in Copenhagen's Northwest district. Among participating organizations were six donor governments, four additional UN agencies, and a range of foundations, academics, NGOs, experts etc.

Implemented by the SIU, the Transforma Seminar in Copenhagen validated that there is a growing interest about making system & portfolio approaches work in practice. Participants, who paid their own way and committed to the two full days of programming, indicated the value of practical ways of pursuing cross-cutting approaches for complex issues.

The content of the seminar addressed a wide range of key approaches to systems change and portfolios, deploying an imaginary case as the backdrop for a hands-on simulation. Among key learning themes covered were:

1. **How to apply a system lens on a challenge:** Knowing how to zoom out and see the bigger picture, and view underlying factors, relationships, and potential opportunities to instigate system transformation with various constituents in the society.
2. **How to work with emergence:** In the context of not knowing, seeing emergence as an opportunity rather than viewing it as a nuisance or failure. Learning how emergence can offer new insights and unexplored possibilities, as it involves a continuous learning mindset & ways of engaging with different stakeholders
3. **The necessary conditions to bring a portfolio approach to your organisation:** By holding conversations with colleagues about what the portfolio approach is, rethinking internal assets and ways of working, mapping team skills and rethinking the internal organisation.

A post-seminar participant evaluation showed overall very high satisfaction with the seminar (average score was 4,3 out of 5). It also showed that:

- The seminar, its content and format generally **responded well to the challenges the participants' organizations are facing**
- The participants believed that in the future, **their organizations would increase their demand for portfolio and systems change approaches**
- To a lesser degree, the participants believe that their organizations are well-equipped and capable of embracing portfolio approaches. There appears to be **a gap between demand on the one side, and capacity on the other.**

These takeaways indicate that the SIU is well positioned to deploy its capacity to conduct such training seminars with a high degree of professionalism and positive user experience, while addressing real needs for hands-on approaches among the participating organizations.

Immediately following the Transforma boot camp in Copenhagen a select range of participants were invited to share their feedback. The quotes below provide an impression of the significance of the seminar:

“Systems thinking and portfolio approaches provide a strong conceptual framework to navigate the processes and challenges of formulating meaningful responses, pushing us to do so more systematically, coherently, and collaboratively with partners ... another key question is the specifics of financing and monitoring and evaluation mechanisms, some of which will require significant overhauls.”

Nordic donor country

“I think this method, if you tinker it a bit, could help policymakers translate these abstract things into interventions. That’s where I see it can help most.”

European donor country

“ [In my innovation unit we have] many questions arise around MEL and how it functions, particularly in relation to the resources supporting the team, its dynamics, and structure. Understanding how UNDP and other actors contribute to this support is key to grasping how the process truly works.”

International donor country

“I think it’s a matter of time that we do all shift towards this kind of approach instead of going to the silos of individual KPIs.”

Middle East donor country

“The session was amazing. It was nice to experience another flavor of the portfolio approach and see where we might be able to improve.”

International funder

“By using the portfolio approach, they (UNDP) are effectively bridging the gap between the high-level directionality of missions and the practical need for coordinated mechanisms. This creates a more unified, whole-of-government approach that fosters joint interventions and systemic transformation.”

University research institute

In combination with the evaluator observing and engaging across the two intensive days of the Transforma Workshop, these qualitative takeaways from participants underline the impact these types of sessions can have for qualifying and stimulating demand for portfolio approaches.

Further insights on the evaluation’s assessment of impact on stakeholders include:

Positive Spillover and Amplification: The innovative language and approaches emanating from UNDP are seen as having a positive spillover effect, offering a different resonance and applicability that could act as an amplifier for these methodologies, potentially on a different scale than what other organizations such as the international development banks might achieve. This nascent generation of increased demand for portfolio and systems change approaches across the

global development community is something to consider strengthening, and which will be explored in section 5 of this evaluation.

“The SIU is a great source of methods, inspiration, and new ways of working. Where there are people in the system who want to do this kind of work here is community and support.”

International expert

Scaling and Expansion: There's a belief in the need to scale out innovative approaches beyond specific projects or cities to include broader organizational leadership, management and governance changes, suggesting these methodologies deliver tangible changes within various entities.

Future Expectations: There's an expectation that these innovative approaches will become more widespread and dominate development practices in the coming decade, reflecting optimism about their potential to reshape the sector under challenging conditions.

Conclusion: Assessing the theory of change

In line with the evaluation's terms of reference, the conclusion of this section will assess whether the theory of change for the Facility is still a relevant and appropriate method of bringing about change. The mid-term evaluation has identified a wide range of insights about the relative evolution, application, value and challenges associated with a portfolio-based approach.

Overall, the analysis shows that the fundamental assumption that building, experimenting with, and learning from a portfolio-oriented approach aiming for systems change is robust.

The SIU has to a very high degree deployed the Innovation Facility in line with the ambitions and stated value. Of the four stated programming objectives – which were referred to at the top of this section, the evaluation finds that especially the first three are being achieved quite comprehensively:

- It has to a high degree *increased its development effects and leveraged its investments to attract new funding for joint efforts and R&D by development partners*
- Is it clearly *investing in the necessary enabling conditions for country offices, providing capital to build new capabilities and exploring system approaches*
- Is it systematically *supporting Country Offices (COs) in the process of building new demand and engaging with development partners around issues related to system approaches*

When it comes to the fourth objective -- *supporting offices in the implementation phase where the resource mobilisation efforts have been successful* – it is somewhat harder to assess the extent to which this is the case, since most of the SIU efforts go into the framing, design and capacity building work. Some offices report that they have benefited from ongoing support and others have indicated that through the early stage experience and capacity building they have been able to carry on implementation more independently.

However, some also indicate that they could have used more long-term support and that the intensity of the contribution from SIU and the facility could be spread more evenly over time. Here it should be emphasized that limited resources means that returning frequently to partners at country level to support hands-on implementation is probably not realistic.

On balance, it is likely a better approach to continue to support CO's by building enabling conditions and capabilities to engage more strategically and systematically with system approaches – and supporting peer-to-peer learning through trainings, seminars and network activities. This is something where there is already a strong track record that could be built on, and where the engagement and dissemination activities run by the SIU can further provide a support infrastructure.

In the next section this analysis turns to a wider consideration of the future trajectory of the SIU and the Innovation Facility.

5. Recommendations: Future of UNDP Strategic Innovation

A key purpose of this mid-term evaluation has been to analyze and suggest future directions for the Innovation Facility and SIU specifically and strategic innovation within the UNDP more generally.

As stated in the Introduction, a major part of the evaluation, in the ethos of a development-oriented approach, is to suggest recommendations to the future direction of the Facility, building on the lessons learned.

This section discusses how better to support the strategic shift towards portfolios and more systemic innovation in the development sector; and recommend future directions that IF2.0 ought to consider given progress to date, development context & feedback from the variety of partners involved in the research.

Given the overwhelmingly strong assessment by stakeholders of the relevance, emerging impact and not least potential of portfolio-based approaches, a premise for the following suggestions is that the project – the Innovation Facility – is not only extended but also institutionalized and anchored much more strategically within the UNDP; and indeed that the approach is leveraged to become an external change driver of demand from donors and other actors in the stakeholder ecosystem. A part of this concerns mainstreaming to make the approach even more of a standard modus operandi within the UNDP; another part of this is ensuring that the UNDP continues to have an internal strategic innovation resource that continuously explores and pushed the frontiers of development.

To consider these next steps, this section is divided in three parts: One that looks at future opportunities *internally within the SIU and Facility as well as in the UNDP context* (the supply side), and one that explores the *wider opportunities in the development context* (the demand side). The final part suggests options for funding the Innovation Facility itself.

It should be noted that the framing of demand in the paragraphs below is at a more macro level than initially suggested by the SIU theory of change: It suggests that demand must be stimulated not only within the UNDP structure (especially country office level) but at least as much in the broader, global development ecosystem.

Supply: The shift inside the UNDP towards offering portfolios and systems innovation

The research has shown that there is a very substantial track record already emerging within the UNDP of bringing portfolio approaches to the country level. However the evaluation also suggest that the effort is still under-resourced and not fully anchored organizationally. Thus there is great potential for expanding the supply of these approaches more strategically and systemically across the UNDPs entire organization, systems, processes and geographies. What are then the possibilities to do this?

Enhanced senior leadership & sponsorship: Increase the senior leadership involvement to leverage portfolio approaches, and structuring a more joined-up internal UNDP innovation ecosystem:

Joining up can reinforce individual elements as a whole and the strategic innovation agenda, in particular. This would entail even further embracing the stated emphasis in the UNDP 2022-2025 Strategy on portfolio-based approaches to systemic change – and working within senior management at HQ level across the organization to articulate this position, communicate the cases and results, and engage with key global partners, including sponsors and donors, to collaborate on this basis.

This also implied further embracing a shift from managing projects or programmes to convening partners around portfolios. It is essentially a shift from management to facilitation – leveraging the UNDP’s unique convening power.

“To scale portfolios at UNDP you need to create understanding of the approach; Understand the risks, and be able to overcome them; and recognize that the governance structure is critically important.”

UNDP Country Office

New partners and funders: Expand existing and build new strategic coalitions with donors, philanthropies, businesses, and multilateral institutions: Organise system finance flows with partners; Leverage existing vehicles (from portfolio policy & systems financing) as positioning; Building even more long-term relationships both at corporate, regional and country level with country donors, with philanthropic organizations, with business, and with multilateral institutions. Each type of partner has their own types of value and resources as well as challenges and constraints; but all are relevant in their own way. The evaluation suggests that the largest untapped potential probably is to support and enable even stronger demand for portfolio-based approaches among two groups:

- Existing donors (who trust the UNDP, who recognize the progress and want it to succeed)
- Philanthropic organizations, as the latter are broadly speaking becoming larger, more proactive, more innovative, and increasingly see and embrace the same type of approaches that the UNDP has been pioneering.

Catalysing cross-UN synergies: The evaluation indicates the need and opportunity of articulating inter-agency UN collaboration through portfolios. This is expressed both by the request by donors

to develop this kind of deep collaboration, and by how SIU has worked with this in practice through new forms of coalitions, such as its engagement in Venezuela.

Evolving the methodology: Refine and grow methodologies for systemic change, including contextual analysis and different portfolio approaches tailored to various types of challenges, such as green transition and climate change: Even though there is praise for the current level of approaches and methodologies deployed by the SIU and the Facility, there are also new questions that can contribute to further evolving and refining the methodology and, not least, its impact. Without going into too much detail here, possible avenues for development include:

- Strengthening the contextual analysis. Is there a sensitivity to methods and approaches in the local context? What type and level of portfolio approaches are called for in different contexts? What are the system boundaries?
- Developing more language, methods and capacity building around the role of managers in sponsoring, leading, facilitating, implementing the approaches – what is the leadership role?
- Unpacking and articulating what are the underlying organizational models and designs that fully allow people to embrace portfolios and systems-oriented ways of working?
- Nuancing what types of approaches are relevant; is a portfolio approach a one size fits all or does one need to work with multiple models?
- Are there differences depending on the unit of intervention (national, regional, city, local, community)? Some global challenges may need to be address cross-country – including energy systems, cross-border infrastructure, labor markets etc – what does that look like from a portfolio perspective?

“It is easy to put a new approach in a document, but not to change mindsets”

UNDP Country Office

Expanding the engagements to implementation support: There is a potential to expand engagements from relatively short workshops or even more substantial deep dives to longer term engagements that are even more systematic – moving beyond workshops to even more support on implementation along the lines of the Portfolio Primer’s full “portfolio process model”. The trade-off to scale and volume is there, but in order to maintain momentum among those COs where the work is being done best, it is likely the wisest strategy to “keep the skin in the game” for longer on the side of the SIU; at least to the point where there is a point of no return and the momentum for change, as well as the capacity for it, is sufficient at country level.

From external support to building internal capacity within UNDP Country Offices: Focus on building internal capacity within the Country Offices, utilizing digital platforms, and leveraging networks for peer-to-peer learning. This is already happening, for sure, but could likely be strengthened further, not only in terms of volume but also innovative formats and approaches; there is also already a wide community of practice supported by the SIU which can be leveraged

for systematic peer-to-peer learning. Finally, the SIU may work even more strategically with those RRs and deputy RRs who have learned about and gained experience with portfolios, and who change to take up posts in other countries; this “people-driven scaling” may seem slow, but it is potentially impactful and has already been demonstrated in several of the cases studied in this evaluation.

Training and capacity building of Development Partners: Evolve training approaches to be more impactful and leverage cutting edge technology and learning formats. This could to a high extent build on the Transforma Boot Camp format which was deployed in Copenhagen as part of this evaluation, and which demonstrated how to meet the interest and competency needs of donors, partners and development experts. The Transforma format is highly design-led, using visual and tactile approaches, putting users (political figures, entrepreneurs, citizens etc.) in the center, and it deploys a range of the portfolio methodologies that the SIU has pioneered in an accessible learning format. As the evaluation of the Copenhagen Transforma seminar showed, there was an overall very positive rating among the nearly 60 participants of the learning experience and the degree to which it met their needs.

Powering portfolio approaches with digital and Acc Labs: In those countries which command a high performing Accelerator Lab, it will make sense to make even better use of the Acc Labs as local innovation as well as implementation resources; likewise accessing the UNDP digital capabilities also from central level could more and integrated in systems change approach. Several initiatives may strengthen this further:

- Alignment at HQ level that the UNDP commands a unique internal innovation ecosystem, where the individual parts/units need to reinforce each other even more than today. From the perspective of this evaluation, systemic change through portfolios is a relevant strategic frame through which to organize a major part of the innovation activities, leveraging the synergies between equal partners such as the SIU, Acc Labs and Digital Team.
- Leadership and demand from COs to integrate the different innovation resources in a comprehensive way, aiming at partner needs and “folding in” the different capabilities in the UNDPs offering. Again, it seems clear that the portfolio approach offers a relevant framework for CO leaders through which to do this; however this job would be made much easier if the units already respect and recognize each other’s relative contributions.

Further evolve MEL: Already the SIU, helped by the Facility, has a very successful model in the M&E Sandbox initiative, which is lauded by its participants and is a “way in” to interesting potential partners also in the portfolio space. The SIU could continue this work and help partners become even more aware and strategic to the future role of Measurement, Evaluation & Learning not as an afterthought but as a core driver of systemic change. Much emerging evidence, also in this evaluation, suggests a hunger among development actors to truly experiment and learn

together – and with the M&E Sandbox, the UNDP is uniquely positioned to be a key conversation partner in this space.

Funding and focus of resources: It is in many ways impressive that the Innovation Facility has been leveraged to already reach so many countries; the UNDP is unique due to its wide global presence and the work of the SIU and the Facility has already reached 50-60 countries. The flipside is that efforts may be spread too thin already; this raises forward-looking questions such as:

- Should the Facility focus on particular policy domains and/or geographies?
- Is there a potential for “bundling” cross-country efforts to achieve synergies; this is already being done in certain countries for instance in Africa; some evidence suggests this could be done further especially where policy and capacity challenges – from climate and energy to digital skills – lend themselves to cross-country partnerships
- Can the Facility be leveraged even more in strategic partnerships with donors – including actors such as philanthropies, private business, the development banks, etc.?

Evolving approaches to capacity development and training: The research indicates that roughly speaking, the way competency development is conducted in global development is the same as the last 30 years. However the technology has changed, as has our knowledge about the most impactful learning formats and didactics.

This means the approaches currently deployed to knowledge, networks and problem solving can potentially change. Over the past decade, the SIU has pioneered the use of social media and digital platforms for much of its work; the question is whether it be taken even further, both when it comes to delivering external support and to local capacity building. There is an opportunity to rethink how training is done, and how it builds institutional capacity and creates impact. An interesting partner for the SIU to explore this further with is the Danida Fellowship Centre, which is funded by the Danish government.

Disseminate and promote the public good already built with current donors: Building on the progress made through collaboration with Denmark and the EU offers a strategic path to deepen and expand portfolio approaches within UNDP. Denmark’s sustained, decade-long investment in innovation has been instrumental in embedding mission-based development in UNDP’s work, setting a strong foundation for tackling complex challenges. Similarly, the EU’s commitment, seen through initiatives like Mayors for Economic Growth, has effectively introduced systems and portfolio thinking to over 400 cities across Eastern Partnership countries. By leveraging these established partnerships and successes, UNDP can further enhance its mission-driven approach, aligning with Denmark’s cross-sectoral focus and the EU’s innovative missions under the Horizon program.

Structural and management reform of the UNDP: The internal diffusion of a portfolio approach across the UNDP will have implications far beyond the Innovation Facility and other innovation activities. It naturally transcends the boundaries of innovation work from programming and operations to HR, recruitment and competency development. This might inter alia imply changes such as:

- From innovation framing to systems reform framing. Articulating the governance, administrative and organizational processes that can align the UNDP as development actor to a portfolio and systems-oriented way of working.
- This might in time have to imply a more radical redesign of the entire organizational and management model (or, as the SIU itself suggests, the business model); evidence from other contexts suggest that to truly embrace the emergence and complexity of systems change in societal contexts, traditional hierarchical and bureaucratic organizations become highly challenged. Perhaps a next exploration frontier for the SIU must be the redesign of organizations – the next management models for development?

The future role of the SIU: Finally there is the question of what is the next phase of the SIU? The most obvious recommendation is that it does what it keeps doing. Just as the first phase of its work, over more than five years, led to the establishment of the Acc Lab global network, the present phase should lead to the mainstreaming of portfolio approaches across the UNDP. Then comes the next frontier of innovation, which may well be the leadership, governance and organizational job to be done: Experimenting with the new identities, forms, processes and infrastructures that truly will allow the UNDP to unleash the potential of its people and partners to make development as impactful as possible for the better of the world.

Demand: Further enhancing the impact of the SIU and the Facility for the global development ecosystem

The other side, the demand side, concerns the potential of donors pushing a mindset shift also in the UNDP. Some stakeholders suggest that the portfolio approach will only truly scale in UNDP when governments start to commit to working the same way as UNDP is pioneering. But what might that take? Ideas for how to stimulate demand include:

Demonstrating compellingly: Continuing the clear and concrete demonstration “deep dives” and enabling the approach at country level and partner level to provide compelling stories of impact. As mentioned above, not only is the Transforma learning format a powerful way to meet competency needs, it is also a way to demonstrate the portfolio approach and thereby stimulate demand.

Delivering the evidence: Measuring and documenting longer-term results that show the power of the approach in ways that policy makers and donor decision-makers understand and respect; this would require robust longitudinal studies informed by data – and likely an independent external

source to ensure the evidence is as legitimate and recognized as possible. This could include a rethink of what “results” look like, drawing on learnings from M&E Sandbox.

Partnering with “the right friends”: Partnering on programmatic level with leading organizations that already see the potential, and which will lend their name and legitimacy to the work and approach and be ambassadors for it. This could include influential organizations such as leading philanthropies (Gates Foundation, Mastercard Foundation, Novo Nordisk Foundation etc.). It should also include private sector engagements locally, regionally and globally.

Building the global demand-creating community: Even more ambitiously, recognizing that the genesis of a global alliance for portfolios exists. The task now could be to convene and mobilize this alliance; convene more people, organizations and institutions and involve them in the conversation. Essentially it would entail building a global community to support portfolio approaches, growing from existing internal and external networks

Institutional innovation: Current efforts point to the need of rethinking institutional design of public & development sector. This is an emerging field where UNDP is well placed to step in and lead

Innovation in finance: This is a growing space that is likely to see more investments in the future and that aligns with shift that the IF has pursue, from single point solutions to multiplicity of dynamics (multi asset investments).

Crisis settings & system and portfolio approaches: Polycrises indicate a need to redefine what is meant by ‘crises’ and adopt existing approaches to emerging contexts of instability.

Digital technologies & intelligence: Fast paced progress in new technologies is creating opportunities to intelligence gathering & bettering of decisions made in contexts of high uncertainty. This remains a largely unexplored space with a small number of niche outfits.

Danish Government European Union Presidency fall 2025 as strategic opportunity:

In the second half of 2025, Denmark will hold the rotating presidency of the European Union. Given the Danish government’s ambitions for its upcoming EU Presidency, coupled with its very clear EU focus within the MFA’s 2024 Africa Strategy, there is a compelling case that this opportunity could be leveraged to place portfolios and systems change approaches more centrally on the EU’s global development agenda. This possibility will require coordinated action between UNDP, EU, and Danish government officials in Copenhagen, Brussels and New York, starting immediately.

Future of the Innovation Facility

This evaluation has documented that the SIU should continue to leverage IF2.0 to mainstream supply and demand for portfolio approaches in global development while working strategically to shape more enabling organizational, financial and management models. In terms of future funding models for the Innovation Facility, the following options could be considered:

- Maintain IF2.0 as a “project”
- Turn IF2.0 into a portfolio policy
- Create a systems change fund
- Structure as a UNDP funding window for cross-cutting systemic issues.

In the table below, pros and cons of the four options are considered.

Box 4: Options for future funding

Option	Pros	Cons
IF 2.0 as project	This is a well known entity and has worked until now	Vulnerable to view the Facility as a resource and time bound project; status does not reflect its significance
IF 2.0 as portfolio policy	Would link the Facility directly to the portfolio policy, which in turn reflects the UNDP Strategic Plan; signals strategic alignment of funding and intent	Equates Facility with portfolio policy, which is limiting and does not reflect the intent of IF Precludes IF from evolving into new spaces such as institutional innovation, mission driven public sector etc.
Create a systems change fund	This idea is already being developed and the Facility could be leveraged as seed funding	Would divert resources from on-going activities; Facility is not in itself sufficient to create a fund
UNDP Funding Window (FW)	Flexible, catalytic funding for managing & deploying innovation assets more coherently & strategically for cross cutting system issues & exploring new frontiers in development	No immediate or significant cons. The relationship between this and other FWs to be explored (eg. sequencing them might help leverage existing FW investment more effectively)

On balance, structuring the Facility as a UNDP Funding Window is deemed to be the most relevant and sustainable funding option. In any case, based on the results and to avoid any disruption in the work and facilitate the potential incorporation of new donors, until the funding window or other mechanism is established, it would be necessary and advisable to expand the closing date of the project beyond 2025.

Appendix A: List of documents

This list will be further developed for the final report.

Bason, C. (2017) *Leading Public Design: How Managers Transform Public Governance*. Bristol: Policy Press.

Bason, C. (2018) *Leading Public Sector Innovation: Co-creating for a Better Society*. Bristol: Policy Press.

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Appendix B: List of interview respondents

Organisation	Name	Position
<u>Danish MFA</u>		
Danish MFA	Mikael Erbs	Counsellor at Permanent Danish Mission to United Nations in New York
Danida Fellowship Centre	Ulla Næsby Tawiah	Director
Danida Fellowship Centre	Simon Skårhøj	Program Director
<u>Other Danish Stakeholders</u>		
Novo Nordisk Foundation	Afton Halloran	Scientific Manager, Global and Environmental Health
Innovation Fund Denmark	Sidsel Hougaard	Director, Head of Missions
Danish Board of Technology	Lia Leffland	Managing Director
GovTech Academy	Nicolaj Christensen	CEO
GovTech Academy	Mikkel Frich	Former Head of Delegations
LEGO Foundation	Joe Savage	Strategic Manager
<u>Externals - Funders</u>		
Gates Foundation	Hannah Reed	Program Officer (TBD)
SIDA HQ	Nina Strandberg	Former SIDA Policy Specialist Systems Innovation
SIDA HQ	Gunnar Löfgren	SIDA Policy Specialist Systems Innovation
SIDA Bangladesh	Maria Stridsman	Head of Development Cooperation, Swedish Embassy Bangladesh
European Union	Binh Adjemian	Deputy Head of the Thematic Unit, DG NEAR
Finland	Maria Suokko	Senior Office, Development Evaluation (former UNDP RR of Kosovo)
Transparency and Accountability Initiative	Michael Jarvis	Executive Director
Nordic Council of Ministers	Dan Koivulaakso	Head of Department, Growth and Climate
Nordic Council of Ministers	Unni Kløvstad	Head of Department, International Development, Nature, Culture, and Equality
<u>Externals - Others</u>		
<u>UNDP and partners</u>		
UNDP HQ	Haoliang Xu	Associate Administrator
UNDP HQ	Francine Pickup	Deputy Director BPPS

Bosnia and Herzegovina CO	Marina Dimova	Chief Technical Specialist (Supporting BiH)
Ukraine (Mykolaiv) govt	Tetiana Shulichenko	Head of the Economic Development Department
Moldova CO	Andrea Cuzyova	Deputy Resident Representative
Angola CO	Denise Antonio	Resident Representative
Iraq CO	Ghimar Deeb	Deputy Resident Representative
Ghana CO	Sukhrob Khoshmukhamedov	Deputy Resident Representative
UNDP HQ	Noura Hamladji	Deputy Regional Director Africa
Tunisia govt	Jrad Slim	Chargé de mission, Office of the President
<u>Other stakeholders</u>		
Centre for Public Impact (CPI)	Adrian Brown	Head
Japan International Cooperation Agency (JICA)	Nozomi Iwama	Senior Director for Office for Global Issues and Development Partnership

Appendix C: Interview letter

INVITATION LETTER TO RESPONDENTS FOR ONLINE/PHONE INTERVIEWS

Version: 2023.12.19

Personal invitation: Interview re: global development and the UNDP

Dear XX,

I am contacting you to kindly request an online interview about the UNDP Innovation Facility, to be conducted via an online call at a time of your convenience.

BACKGROUND

To deliver the United Nations Development Program (UNDP) Strategic Plan for 2025, strategic innovation is a key enabler -- empowering governments and communities to enhance the performance of entire systems, making them adaptive and resilient. Three years ago, UNDP set up a Strategic Innovation Unit (SIU) supporting the Strategic Plan's objective of moving beyond single point solutions toward creating the conditions for system transformation.

The UNDP Innovation Facility, funded by the government of Denmark, is the core resource to achieve this goal. The Innovation Facility contributes across the UNDP in order to trigger systemic innovation that meets countries' development needs. To this end, the Innovation Facility has deployed a portfolio approach, increasingly shifting the emphasis from tactical projects to long-term portfolios of interventions for systemic change. This has a wide range of consequences in terms of new partnerships, new competencies and new governance models across in relation to the UN system, UN Country Offices, governments, donors, and other partners. The UNDP Innovation Facility is managed by the Strategic Innovation Unit (SIU) of the UNDP.

As the Innovation Facility's current strategy (2020-2025 is now half-way, a mid-term evaluation has been commissioned to take stock of results to date and explore future directions.

The mid-term evaluation is undertaken by Christian Bason, Ph.D., an independent advisor.

THE INTERVIEW

You have been selected as a key stakeholder – as a person who will be able to inform and qualify this evaluation. Among the strategic themes we would like to explore during the interview are:

- How to move beyond acting on single-issue projects to explore more complex development challenges

- Global transitions and the implications for innovation in development
- Emerging and promising approaches to innovation for development
- Challenges, as you perceive them, to institutional change and problem-solving in the development sector
- The potential of a systems-oriented portfolio approach to development
- Your knowledge of the work of the UNDP Innovation Facility, and assessment of a series of key evaluation questions
- Recommendations to the approaches currently deployed by the Innovation Facility
- Potential new ways in which the Innovation Facility can create value for its stakeholders.

PRACTICALITIES

The interview will last maximum one hour and will be conducted by phone or online by Christian Bason at a time of your choosing among a range of options. The interview is anonymous unless otherwise agreed.

Please consider the following slots for the interview via this link, where you can reserve a time that works for you:

https://calendly.com/christian_bason/undp

We look forward to hearing from you.

Kind regards,

XX

Appendix D: Interview guide

UNDP

Innovation Facility 2.0 mid-term evaluation

Interview guide

Version 2023.12.19

[BACKGROUND]

1. Introductions

1.1 UNDP Strategic Plan 2025 and role of the Innovation Facility

1.2 Purpose of the evaluation

The primary goal of the evaluation is to determine whether the IF2.0 achieved its goal of developing a new set of core capabilities & conditions around system transformation for UNDP and governments. It will seek to uncover whether its theory of change is a valuable and effective technique for effecting change and whether SIU and the IF2.0 project is adapting to insights generated through the implementation period.

1.3 Christian Bason – role as evaluator

1.4 Practicalities about the interview, confidentiality, duration, etc.

2. About the respondent

2.1 Current role and responsibilities

2.2 Role of current organization

2.3 Relationship and knowledge of the Innovation Facility

[GENERAL DEVELOPMENT TRENDS]

3. Global transitions and the implications for innovation in development

3.1 Given the challenge(s) you are working on, What do you see as the most important changes in the global context for development over the past 2-3 years? How are you/ your organization dealing with these changes?

3.2 Which changes do you foresee the next 2-3 years (short term)? Particularly, in terms of focus of funding, forms of support and new ideas how your organization approach these problems?

3.3 What trends do you foresee for the coming 5-10 years (mid term)? What limitations your organization has to deal with complex challenges? What changes are needed in financing

instruments, administrative structure, M&E or procurement (among other areas) to approach these trends?

3.4 What are the biggest uncertainties and risks to the UNDP as a development actor?

4. Emerging and promising approaches to innovation for development

4.1 Do you see particular new innovative approaches to development emerging? What are the most relevant ones in your judgement?

4.2 Are there tried-and tested approaches that still work – and will continue to work in the future?

5. What are the key challenges, as you perceive them, to problem-solving and institutional change in the development sector?

5.1 External: Challenges to impactful problem-solving

5.2 Internal: Challenges to institutional change

[UNDP STRATEGIC APPROACH]

6. The potential of a systems-oriented portfolio approach to development

[Brief characteristic of the approach, if needed]

6.1 What is your assessment of the relevance and potential of a systems-oriented portfolio approach to development?

6.2 Which strengths and weaknesses do you see?

6.3 What are opportunities for further development of the approach in the coming years?

[ASSESSMENT OF THE INNOVATION FACILITY]

[THIS SECTION ONLY FOR RESPONDENTS WITH KNOWLEDGE/EXPERIENCE OF THE INNOVATION FACILITY. QUESTIONS WILL BE ARTICULATED WITH SENSITIVITY TO CONCRETE EXPERIENCE]

7. Your assessment of the work of the UNDP Innovation Facility

[Brief characteristic of the Innovation Facility's approach, if needed. In the following questions the evaluator shall seek to contextualize potential recommendations for what purpose: e.g. are respondents recommending something because it'll help the Innovation Facility, because it'll help local actors better tackle a complex issue, or for some other purpose?]

7.1 Are you familiar with the work of SIU and the UNDP Innovation Facility?

7.2 What is your overall assessment of the strategic direction the Innovation Facility is taking?

7.3 What does make different the work of the Innovation Facility and SIU from other actors in the development scene?

7.4 What is your assessment of the following key evaluation questions regarding the value of the Innovation Facility's work?

7.4.1 *Relevance:*

- To what extent does the Innovation Facility provide relevant support to government and other partners;
- What is the usefulness and relevance of IF work to different types of stakeholders? Is it working with / supporting the right actors? Who might the Facility be overlooking or otherwise failing to include in the conversation? Whose needs is it overlooking, if any?
- is this positively influencing the UNDP's positioning vis-à-vis partners?

7.4.2 *Coherence*

- What is the degree of alignment between the Facility with other stakeholders
- How do you view its ability to also partner with non-traditional actors
- Which synergies, if any, do you see with Accelerator Labs & Sustainable Finance Hub & Digital team?

7.4.3 *Effectiveness*

- To what extent has the Innovation Facility achieved impact for partners and the UNDP's ability to apply portfolio approaches?
- To which degree has the Facility contributed to a wider momentum around these approaches in the development sector?

7.4.4 *Sustainability*

- What are, in your assessment, the likely long-term improvements in development sector's capacity and use of portfolio and systems approaches, including wider movement and scale?

7.4.5 *Gender and inclusion*

- To which extent do you assess that disadvantaged and marginalized groups have been considered and included in the Facility's work?
- What is the extent of gender equality and empowerment of women embedded in the design, implementation and monitoring of the Facility?

8. Recommendations to the approaches currently deployed by the Innovation Facility

8.1 Given your assessment, do you have recommendations to the approaches currently deployed?

8.2 Should some be downplayed, other maintained – others strengthened?

9. Potential new ways in which the Innovation Facility can create value for its stakeholders

9.1 Are there novel approaches not currently deployed that the Facility could explore?

[FINAL INPUT]

10. Do you have anything to add, or any questions before closing?

[If relevant: Mention potential participation in one of the two group sessions]

Thank you for your time!

Appendix E: Evaluation design

This section first considers the implications of a developmental evaluation approach before turning to the key evaluation questions and methodological approach.

A developmental evaluation approach

As stated in the ToR, this work takes departure in a developmental evaluation approach. Developmental evaluation thus supports innovation development to guide adaptation to emergent and dynamic realities in complex environments. Such innovations can take many forms: New projects, programs, products, organizational changes, policy reforms, portfolios and system interventions.

In complex systems, which are characterized by a large number of interacting and interdependent elements in which there is no central control, patterns of change emerge from rapid, real-time interactions. These interactions can in turn generate learning, evolution, and development. In complex environments for social interventions and innovations, the appropriate approaches to problem solving and capturing new value are uncertain and key stakeholders may be in conflict about how to best proceed. As summarized in the table below, a developmental evaluation has a range of properties that sets it apart from more traditional evaluation approaches.

Table 1: Traditional vs Developmental evaluation³

Aspect	Traditional Evaluation (TE)	Developmental Evaluation (DE)
Purpose	Supports improvement, summative tests, and accountability.	Supports the development of innovation and adaptation in dynamic environments.
Roles & Relationships	Positioned as an outsider to assure independence and objectivity.	Positioned as an internal team function integrated into the process.

³ Adapted from Patton, Michael Q (2006) *Evaluation for the Way We Work*, in The Nonprofit Quarterly, and BetterEvaluation.org

Accountability	Focused on external authorities and funders based on explicit criteria.	Centered on innovators' values and commitment to making a difference.
Options	Rigorously options-focused; traditional research and disciplinary standards.	Utilization-focused; options chosen in service to developmental use.
Measurement	Measures performance against pre-determined goals and SMART outcomes.	Develops measures quickly as outcomes emerge; measures can change during the process.
Evaluation Results	Detailed formal reports; validated best practices; generalizable across time and space.	Rapid, real-time feedback; diverse, user-friendly forms of feedback.
Complexity & Uncertainty	Evaluator tries to control design and evaluation process.	Learning to respond to a lack of control; staying in touch with unfolding events.
Standards	Methodological competence, commitment to rigor, independence, credibility.	Methodological flexibility, eclecticism, adaptability, systems thinking, creativity.

The developmental nature of the present evaluation implies that there will be a systematic and on-going dialogue between the evaluator and the Innovation Facility team to ensure a dynamic process that will allow for new insights and learnings to emerge in the course of the work.

Evaluation Themes

In line with the ToR and the Inception Report for this research, the following key evaluation themes have been explored and are reflected across this report:

Strategic direction: Overall assessment of the strategic direction the Innovation Facility is taking

Relevance: Support to government and other partners; influencing better outcomes on the ground and UNDP positioning

Coherence: Degree of alignment with other stakeholders; ability to also partner with non-traditional actors; synergies with Accelerator Labs & Sustainable Finance Hub & Digital team

Effectiveness: Assessment of the achievement of intermediate results, impact for partners and UNDP ability to apply portfolio approaches; degree to which wider momentum has been created in development sector

Sustainability: Likely long-term improvements in development sector's capacity and use of portfolio and systems approaches, including wider movement and scale

Gender and inclusion: Extent to which disadvantaged and marginalized groups have been considered and included; extent of gender equality and empowerment of women embedded in the design, implementation and monitoring of the Facility.

Across these themes there has been a focus on both strategic opportunities and risks.