

UNDP Management Response Template
Evaluation of UNCDF Strategic Framework 2018-2021

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Overall comments:

In 2021, following a commitment made in its Evaluation Plan 2018 – 2021, UNCDF commissioned an external, independent evaluation of the UNCDF Strategic Framework 2018-2021. The evaluation covered the period from January 2018 to June 2021.

UNCDF management would like to thank the evaluators for their thorough analysis of the Strategic Framework (2018-2021), whose findings and recommendations will inform the definition of UNCDF's next Strategic Framework (2022-2025) at a pivotal time when the least developed countries (LDCs) need funding and investment support linked to development impact to build forward better. UNCDF also welcomes the specific and thorough assessment of organizational and development performance related to gender equality and the empowerment of women, which will be instructive in informing a strengthened focus on this area of work going forward.

UNCDF appreciates the acknowledgement of its unique standing within the UN development system (UNDS) based on its capital mandate and focus on last mile financing in the LDCs. These distinctive features will be further developed and expanded in the course of the next Strategic Framework, where UNCDF's investment capabilities will be further developed through strengthened strategic engagements with the UNDS and other partners, especially at country level. In this regard and to enhance country-level engagement and responsiveness, efforts are already underway with a strengthened system of UNCDF country relationship managers (CRMs), who will help to further guide and coordinate UNCDF's engagement with in-country stakeholders in LDCs and position UNCDF's innovative and blended finance solutions with UN Country Teams and national partners.

UNCDF notes the finding that the *“Practice-based approach [to designing the Strategic Framework] limited the organization's ability to efficiently address the question of how best to deploy its strategic assets”*. UNCDF also takes note that a clearer common vision and impact statement would have allowed for further opportunities to conceive and develop more integrated solutions and communicate accordingly. At the same time, it should be noted that the two Practices (LDF and FIPA) evolved their approaches significantly during the period, learning from lessons, adapting to emerging needs and laying strong foundations for future expansion. The emerging investment finance work of the LDC Investment Platform also promises to bring a strong common and cross-cutting element to all UNCDF's work. Going forward, UNCDF recognizes the need to define a strong common development vision, theory of change and investment thesis, and to apply a multi-faceted and integrated offer to LDCs that fully encompasses the solutions and in-house expertise developed during the implementation of the current Strategic Framework. A continued and

more robust focus on investment and financing support will enhance UNCDF's unique value proposition embedded in its next Strategic Framework. This will further highlight UNCDF's unique mandate and last mile LDC focus within the UNDS and the wider international development finance architecture.

UNCDF welcomes the finding that it has achieved success in advancing its focus on gender equality and empowerment of women (GEEW) while fully recognizing the need for further investment to define its particular niche and to strengthen its technical expertise accordingly. In addition to fully mainstreaming gender across all its work and defining a clearer women's economic empowerment strategy, UNCDF is committed to positioning women's economic empowerment as a dedicated focus area in its next Strategic Framework, along with select other areas of strategic importance for LDCs (including climate, energy, biodiversity and food system finance).

UNCDF takes note of the conclusion and recommendation for a further enhanced results measurement framework that more fully captures the extent of UNCDF's transformative support in the last mile in the LDCs in a more consistent way. UNCDF acknowledges and fully concurs with the need to define a stronger IRRM that fully captures the hybrid nature of UNCDF as both a development and a finance entity. In this regard, UNCDF is currently liaising with sister UN entities and other actors within the development finance architecture to inform the next IRRM and an updated results management system to underpin the reporting against the IRRM. Together with the suggestions brought forward by the Evaluation, UNCDF will strive to undertake bold, innovative ways to improve how it measures the impact of its programmes and investments in LDCs over the course of its next Strategic Framework.

UNCDF appreciates the evaluation's emphasis on more sustained efforts around resource mobilization (RM), especially around the need to fully capitalize LDCIP to allow UNCDF to fully fulfill its capital mandate in the last mile and beyond. Work is underway towards a more integrated organizational focus on RM efforts, including around more strategic coordination of advocacy initiatives at HQ and field levels by establishing a whole-of-organization RM taskforce: this will help ensure UNCDF remains fit-for-purpose to the ever-evolving contexts in which it operates, as well as offers value-for-money to its development partners to sustain and build on progress towards the 2030 Agenda.

UNCDF looks forward to fully operationalizing the findings of the evaluation and further engaging with Member States and partners in defining life-changing capital solutions for the LDCs over the next Strategic Framework.

Evaluation Recommendation or Issue 1: Employ strategic planning principles in the development of the next Strategic Framework (2022-2025) to agree on a common mission and vision of UNCDF and actionable strategic goals to be achieved.

Management Response:

Agreed. In defining its next Strategic Framework (2022-2025), UNCDF will ensure full alignment with strategic planning principles, relevant UN rules, regulations, policies and processes, the Quadrennial Comprehensive Policy Review (QCPR) Resolution adopted by the General Assembly on 21 December 2020 and the UN Results-Based Management Handbook. This will ensure that UNCDF takes a results-based approach, grounded in a clear theory of change, to define a strategy that is responsive to programme country priorities, and aligned with global agendas, including the Fifth UN Conference on the Least Developed Countries (LDC5), the Addis Ababa Action Agenda, the Paris Agreement and the Agenda 2030. By defining a corporate strategic planning process that involves consultations with a wide set of internal and external stakeholders, UNCDF will create a common vision in its next Strategic Framework that is anchored in the full activation of its capital mandate and that builds upon the lessons learned and decades-long experience of offering development solutions in inclusive finance, digital economies and local development finance.

Key Action(s)	Time Frame	Responsible Unit(s)	Tracking*	
			Status	Comments
1.1. Define and implement a corporate strategic planning process to design UNCDF's next Strategic Framework (2022-2025).	By December 2021	PPC	Ongoing	In the first part of 2021, UNCDF has organized a series of internal and external consultations with representatives from its varied constituencies (incl. UN entities, Member States, wider development finance architecture) to inform the design of its next SF.

Evaluation Recommendation or Issue 2: Consider establishing a country-level integrated strategic approach to UNCDF's programming and operations that focuses on UNCDF's core strengths and value proposition contextualized to the needs and priorities of LDCs and relevant stakeholders, including donors and partner organisations within the UN development system, including UNDP. Align these country integrated strategies to UNCDF's regional and global strategies to ensure that the organization's priorities and initiatives are supported throughout the organization – at HQ, the regional level, and the country level and across individual practices. Structure the accountabilities, reporting lines, individual performance and development plans based on country, regional and global strategies and needs rather than individual practices.

Management Response:

Agreed. UNCDF fully acknowledges the need to more systematically define its country presence and offer, and sees it as a core priority for the next Strategic Framework so as to ensure that its unique capital solutions are fully available to its constituencies and are part of wider UN integrated responses to the unprecedented challenges of the climate crisis and COVID-19. Work is underway to support field staff in positioning UNCDF's unique offer to LDC governments and partners, including by furthering UNCDF's involvement and more active engagement in UN country teams' (UNCT) processes. For instance, UNCDF will strengthen the role of country relationship managers (CRMs) to enhance coordination with UNCTs, strengthen strategic engagement with host governments and ensure a more coherent representation across UNCDF's areas of work. The CRMs will help contribute to further define an integrated UNCDF country-level programmatic offer in line with the UN reform and wider UN processes (incl. Common Country Analyses (CCAs), United Nations Sustainable Development Cooperation Frameworks (UNSDCFs)).

Key Action(s)	Time Frame	Responsible Unit(s)	Tracking	
			Status	Comments
2.1. Define a corporate strategy around UNCDF's country-level representation	By December 2021	Directorate	Ongoing	Country relationship managers (CRMs) have been nominated, and trainings have been organized to equip managers with tools and knowledge necessary to perform related tasks successfully. Efforts are underway towards

				formalizing direct reporting lines to the Directorate and relevant practices / technical units.
2.2. Define a corporate strategy around UNCDF's contribution to UNCT country-level processes, notably the development of CCAs and UNSDCFs.	By December 2021	PPC	Ongoing	Engagements are underway with country colleagues embarking on the definition of the new Cooperation Frameworks.
2.3 Define a corporate knowledge management strategy.	By December 2021	PPC	Ongoing	Work is underway towards defining a common system for corporate knowledge management (i.e. Salesforce) to store country intelligence.
Evaluation Recommendation or Issue 3: Revisit the Integrated Results and Resources Matrix (IRRM) to ensure the selection and design of performance indicators that adopt best practice and reflect corporate and impact development goals based on a single internally aligned UNCDF theory of change. This will help improve the clarity and relevance in the monitoring and reporting of UNCDF's performance against its mandate.				
Management Response: Agreed. UNCDF concurs with the recommendation and is working towards defining an IRRM that fully incorporates and responds to a whole-of-organization vision to unlocking finance in LDCs. By actively consulting and engaging with sister UN agencies and other stakeholders within the wider development finance architecture, UNCDF will strive to define an IRRM that fully embeds the hybrid nature of the organization, including capturing results and impacts of its growing investment portfolio and its contributions to key SDG focus areas. In doing so, it will also seek to improve the coherence and consistency of reporting across the organisation's results management system which have been highlighted as areas of concern in this and other evaluations.				
Key Action(s)	Time Frame	Responsible Unit(s)	Tracking	
			Status	Comments
3.1 Define an IRRM	By December 2021	Directorate/PPC	Ongoing	In parallel to the definition of the Strategic Framework, work is underway towards defining an IRRM.
3.2. Design an updated results management system at corporate level, which underpins the IRRM and fully captures UNCDF's development contributions in a more robust and coherent manner.	December 2021	Directorate / PPC	Start Q3 2021	Results management capacity is also being strengthened by upgrading the corporate results manager position. In addition, a business analytics professional is being recruited to contribute to management of the results management system. Finally, UNCDF will seek to strengthen the linkages between results managers across the organization to support more robust and consistent results reporting.
Evaluation Recommendation or Issue 4: Integrate gender fully into the Strategic Framework and theory of change, with (at least) gender-sensitive outcomes, outputs, indicators, and gender analysis incorporated into risks and assumptions.				
Management Response: Agreed. UNCDF will assign women's economic empowerment as a dedicated focus area in its next Strategic Framework and will also strive to apply full gender sensitivity across the Framework, including allocating necessary resources to boost up gender expertise across the organization. UNCDF will ensure indicators to track women's economic empowerment are fully embedded in the next IRRM.				
Key Action(s)	Time Frame	Responsible Unit(s)	Tracking	
			Status	Comments

4.1 Re-define and update UNCDF's specific gender and women's economic empowerment strategy	By June 2022	Gender Focal Points	Ongoing	In parallel to the SF development, work is underway towards defining UNCDF's niche and unique value proposition around the women's economic empowerment agenda.
4.2 Develop a UNCDF gender HR strategy	By March 2022	HR	Ongoing	Work is underway towards defining a corporate HR strategy to attract and retain gender experts and talents. UNCDF is also upgrading the level of the human resources manager position, which will contribute to an enhanced gender HR strategy.
Evaluation Recommendation or Issue 5: Conduct a review of the resource mobilization process in order to develop an overarching strategy to achieve its ideal resource to results scenario in core and non-core funding and its one-time capitalization of the LDCIP.				
Management Response: Agreed. UNCDF concurs with the need to better coordinate resource mobilization efforts across the organization for enhanced and integrated results, and sees the next Strategic Framework as an opportunity to further deepen existing donor relationships, diversify the donor base and attract non-traditional sources of financing, as described in the Funding Compact and the QCPR. UNCDF will strive to apply a whole-of-organization approach to resource mobilization efforts culminating into partner-specific and localized strategies that fully capture the convening role that UNCDF would like to continue playing for LDCs around sustainable financing for development.				
Key Action(s)	Time Frame	Responsible Unit(s)	Tracking	
			Status	Comments
5.1 Define a corporate resource mobilization strategy	By December 2021	PPC	Ongoing	With the recent establishment of a corporate-wide resource mobilization taskforce, work is underway to define a resource mobilization strategy to accompany the full capitalization of LDCIP and support the vision embedded in the next Strategic Framework. In addition, UNCDF has recruited a firm to assess the organization's overall positioning and to provide recommendations on resource mobilization approaches to new and existing donors.

* The implementation status is tracked in the ERC.