



# Assessing UNCDF

“UNCDF should be seen as a  
development actor that paves  
the way for others”

**2008 Assessment of Multilateral Organizations,  
Government of Sweden**



**“UNCDF has a clear focus on pushing the frontiers of financial inclusion in some of the most difficult markets. . . . It is well placed to develop and pioneer new initiatives.”**

**The SmartAid for Microfinance Index 2011**

## How are we doing?

At UNCDF we believe in continuous assessment and improvement. Reviews by outside bodies help us to remain sharp and relevant, which, in turn helps us to build partnerships and achieve wider impact.

This booklet summarizes assessments of UNCDF since 2004. The overall picture is encouraging: UNCDF’s work in microfinance and local development is judged relevant to reducing poverty and achieving the Millennium Development Goals. And, for the most part, UNCDF is shown to be performing effectively.

We will continue to participate in and commission independent reviews of our work, and to publish the results. To see the full assessments, please visit [www.uncdf.org](http://www.uncdf.org).

A handwritten signature in black ink, appearing to read 'David Morrison'.

**David Morrison**  
Executive Secretary

# 2011 “SmartAid for Microfinance Index”

**WHO** Consultative Group to Assist the Poor (CGAP).

**WHY** To measure the quality of aid management in microfinance.

## WHAT WAS FOUND

UNCDF received 83 out of the 100 points, the highest score amongst agencies participating in SmartAid 2009 and SmartAid 2011.

- UNCDF well equipped to deliver on its strategy, having the technical staff capacity and the instruments in place to support financial service providers in least developed countries.
- Quality assurance processes for country-level programs very solid and UNCDF’s strategy to narrow down its work at the market infrastructure and policy levels appropriate.
- The primary UNCDF instrument, grant funding, well aligned with the strategy, and well suited to its risk-taking approach and focus on retail institutions in least developed countries.
- Knowledge management system and resources are strong, with state-of-the-art intranet platform giving staff access to internal resources.

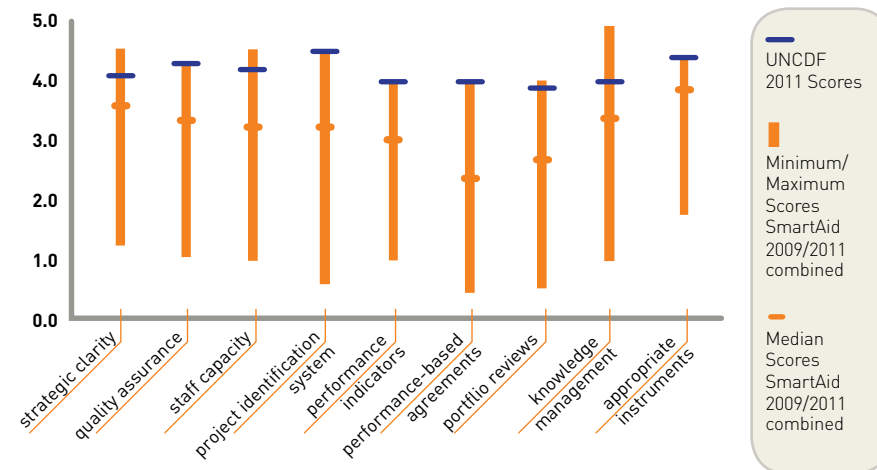
“UNCDF’s commitment to improving the effectiveness of its systems is exemplary and the responsiveness to recommendations made through SmartAid and other external or internal evaluations is impressive.”

“UNCDF’s specialization on microfinance, its ability to work with partners and its flexible hiring structures allow it to respond quickly to demand and market needs.”

### ■ Areas for improvement:

- Need to align new partnerships with strategic priorities.
- Coherence between the traditional country-level sector approach and UNCDF’s newer global thematic initiatives requires more thinking at a strategic level.
- Address how the new approaches are implemented and how to facilitate staff uptake.
- Strengthen performance-based elements in loan agreements and clarify use of grants for financing portfolios of financial service providers.
- Be cautious not to lose sight of core strategy and overstretch range of activities beyond UNCDF’s capacity.

UNCDF Scores SmartAid 2011



See full report at [www.cgap.org](http://www.cgap.org) or [www.uncdf.org](http://www.uncdf.org)

## 2010 European Commission Results–Oriented Monitoring Reports

**WHO** European Commission.

**WHY** To assess the ongoing performance of EC-funded UNCDF/ UNDP Local Development programmes in Bangladesh, Solomon Islands, Laos, and Liberia.

### WHAT WAS FOUND

Programmes received 'A' (very good) or 'B' (good) on 17 of 20 scores measuring relevance, efficiency, effectiveness, impact and sustainability in each of the four countries. 3 scores of 'C' (problematic) were also received.

- Very relevant projects supporting piloting of local development funds, capacity building and support to beneficiaries at different levels of local government.
- Direct support to national ownership, with the project in the Solomon Islands, for example, 'exemplifying the principles of the Paris/Accra Declarations.'
- High quality inputs and good quality training at both local and central levels leading to increased capacity in newly-created bodies; many micro-projects benefiting a large number of local people.
- Areas for improvement:
  - Improved monitoring and evaluation frameworks needed to support project implementation.
  - Existing staff levels and local governments' resources may be inadequate to ensure the sustainability of projects.

## 2008 Assessment of Multilateral Organizations

**WHO** Government of Sweden.

**WHY** To assess relevance and effectiveness of UN organizations receiving Swedish funding.

### WHAT WAS FOUND

"With its high level of technical expertise the Fund is able to adopt an approach involving more risk-taking and can implement small-scale projects, often as pilots, at local level that local organization and development banks have difficulty in setting up. UNCDF should therefore be seen as a development actor that paves the way for others, rather than a financing mechanism."

- Major contributor to strengthening institutional capacity at local level.
- 'Bottom-up' approach to planning and budgeting produces sustainable results.
- Promotes participation of women and disadvantaged groups in decision-making.
- External effectiveness good; internal effectiveness good and improving.
- Areas for improvement:
  - Ensuring optimal functioning of the results-based management system in place since 1999.

See full report at [www.sweden.gov.se](http://www.sweden.gov.se)

"UNCDF is at the forefront in the area of its niche mandate and has, at least on paper, clear comparative advantages within it."

## 2008 “Decentralization in Client Countries: An Evaluation of World Bank Support, 1990–2007”

In evaluating its own efforts to support decentralization, the World Bank acknowledged the innovative approaches and strong technical expertise of UNCDF.

World Bank technical support to national governments was judged most successful in countries where UNCDF had previously provided in-depth policy analysis, created new models for fiscal decentralization, and developed performance-based grant systems. The evaluation report cited a number of countries, including Uganda and Sierra Leone, where the Bank’s “operational work was undertaken in collaboration with other development partners, based on successful UN Capital Development Fund (UNCDF) pilot projects.”

See full report at [http://siteresources.worldbank.org/EXTDECENTR/Resources/decentralization\\_eval.pdf](http://siteresources.worldbank.org/EXTDECENTR/Resources/decentralization_eval.pdf)



## 2008 IRIS Review of UNCDF Regional Programme ‘Building Inclusive Finance Sectors in Africa (BIFSA)’

**WHO** University of Maryland IRIS Center.

**WHY** To review the technical impact of the UNCDF BIFSA programme.

### WHAT WAS FOUND

“The strategic choice, made by UNCDF in 2004, to broaden its focus from microfinance to building inclusive finance sectors is in line with current trends in improving financial access for the poor and excluded. UNCDF has to be especially congratulated on being one of the few development donors to work on building inclusive financial sectors in the least developed countries, and the post-conflict countries, in Africa.”

- BIFSA commendably expands traditional UNCDF focus on retail microfinance.
- UNCDF has first-mover advantage in post-conflict countries and emerging inclusive markets.
- Enjoys ‘honest broker’ reputation among governments.
- Areas for improvement:
  - Fine tuning monitoring indicators.
  - Piloting new products such as savings and insurance.
  - Conducting analysis to identify new partners to work with.

“The complexity and magnitude of the task of building inclusive financial sectors require diligence, patience, ample funding, and lots of staff intensity. UNCDF, in undertaking this task, exhibits significant donor commitment.”

# 2004 “OECD-DAC Lessons Learned on Donor Support to Decentralization and Local Governance”

## WHO

Development Assistance Committee (DAC) Network on Development Evaluation, Organization for Economic Development and Cooperation (OECD).

## WHY

To comparatively review various donor programmes supporting decentralization and local governance.

## WHAT WAS FOUND

“UNCDF’s programme is the only example whereby a programme was successfully institutionalized and replicated nationwide. The programme was a success because it was implemented in close cooperation with governments and aimed at promoting sustainable and replicable institutional development of local government from the outset.”

- Poverty focus highly visible.
- Success in fiscal decentralization and financial management.
- Prominent focus on poverty reduction appreciated at the local level.

“Programme sustainability can be strengthened where Local Governments or citizens are required to contribute a part of the costs of development and cater for operational and maintenance costs, e.g. UNCDF district development programmes.”



- Contributes to replicability:
  - “The application of this pilot model raises the question of its replicability in other, ‘less than best’, Local Governments — unless the programme is not coupled with sufficient capacity building support to the weaker districts such as the UNCDF-supported Local Development Fund.”
- Effective coordination with central government partners.
- Innovative pilot programmes stimulate bottom-up planning and participation.
- Areas for improvement for all the evaluated donors:
  - Applying a broad conception of capacity/institution-building.
  - Formulating phasing-out framework at an early stage.
  - Integrating systematically gender issues into the programme as a whole.
  - Improving systems of monitoring and evaluation of donor support.

See full report available at [www.oecd.org](http://www.oecd.org)

# 2004 UNCDF Independent Impact Assessment

## WHO

Universalialia, management consulting firm specialized in evaluation.

## WHY

To determine whether UNCDF is performing effectively, efficiently and sustainably.

## WHAT WAS FOUND

“UNCDF microfinance and local governance interventions contribute to poverty reduction at the local level and to participation and empowerment.”

- An effective, relevant organization acting on sound underlying programme principles, with areas of expertise “very much in demand in least developed countries”.
- Proven impact on national policy.
- Clear and innovative programming models in both microfinance and local governance.
- Successful programmes often replicated and scaled up by other development partners.



“UNCDF fulfills an important risk-taking and innovation role that other development agencies and governments are interested in expanding and building on.”

- Contributes to sustainability:
  - “UNCDF microfinance programming has improved microfinance institutions performance in key aspects of institutional sustainability, such as outreach and efficiency levels. In local governance programming, the local development programmes have been embedded in local practice and procedure, which creates a solid foundation for sustainability”.
- A flexible partner, active knowledge manager, effective implementer.
- Responsive, dedicated staff among its strongest assets.
- Areas for improvement:
  - Ensuring consistent application of the gender mainstreaming policy across projects.
  - Enhancing capacity issues — both for microfinance institutions and local authorities — to ensure the sustainability of results.
  - Improving substantive knowledge sharing within programmes and across programmes — drawing on both HQ and field experience.

See full report at [www.uncdf.org](http://www.uncdf.org)

**“A much-needed intervention, geared towards poverty reduction through micro-infrastructure development.”**

**2010 European Commission Results-Oriented  
Monitoring Report  
Laos Saravane Decentralisation Project**



UNCDF is the UN’s capital investment agency for the world’s 48 least developed countries. It creates new opportunities for poor people and their small businesses by increasing access to microfinance and investment capital.

UNCDF focuses on Africa and the poorest countries of Asia, with a special commitment to countries emerging from conflict or crisis.

It provides seed capital — grants and loans — and technical support to help microfinance institutions reach more poor households and small businesses, and local governments finance the capital investments — water systems, feeder roads, schools, irrigation schemes — that will improve poor peoples’ lives.

UNCDF programmes help to empower women, and are designed to catalyze larger capital flows from the private sector, national governments and development partners, for maximum impact toward the Millennium Development Goals.

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“There is evidence that UNCDF has contributed to impacts on the policy environments in the countries in which it works and it has been successful in leveraging replication of its approaches by a diverse group of donors.”

**2004 Universalia Independent Impact Assessment**



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