



# “ASSESSING UNCDF”

What our partners say about us

## How are we doing?

At UNCDF, our commitment to inclusive growth and sustainable financing for sustainable development means that UNCDF is constantly measuring our performance and striving to improve. Reviews and assessments by outside bodies help us to remain accountable and relevant, which, in turn, helps us to build partnerships and achieve wider impact.

This booklet summarizes key assessments of UNCDF since 2004. The overall picture is encouraging: UNCDF's work in inclusive finance and local development finance is widely seen as relevant to reducing poverty and achieving the Millennium Development Goals. Though there is room for improvement in some areas, on the whole UNCDF is shown to be performing effectively. UNCDF intends to keep it that way for the period to come, under the post-2015 Development Framework.

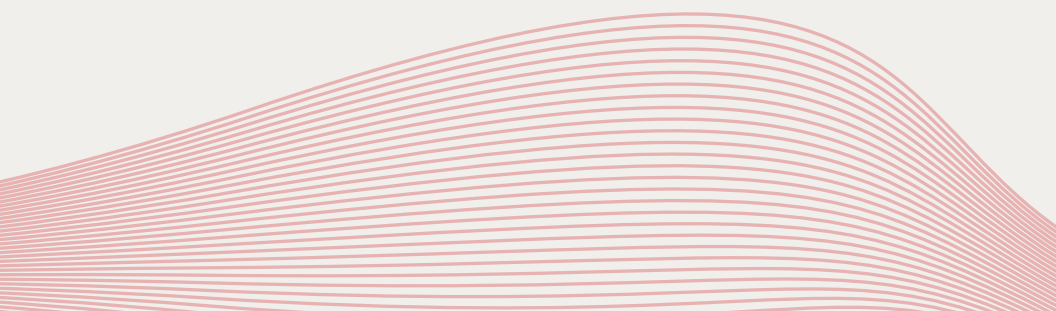
UNCDF will continue to participate in and commission independent reviews of our work, to publish the results, and to heed the recommendations for strengthening performance and results.

To see the full assessments, please visit [www.uncdf.org/evaluations-assessments](http://www.uncdf.org/evaluations-assessments).



“As a small organisation focused on collaboration with the private sector, UNCDF is particularly strong in the areas of policy development and sharing these developments with the wider development community.”

2012 Australian Multilateral Assessment



# The SmartAid for Microfinance Index 2013

## WHO?

Consultative Group to Assist the Poor (CGAP)

## WHY?

To measure the quality of aid management in microfinance

## FINDINGS

UNCDF received 84 out of 100 points – an increase over our score in the most recent Index (2011), demonstrating our commitment to continually improving aid effectiveness. UNCDF has consistently scored among the top two of 19 participating bilateral and multilateral agencies in the SmartAid for Microfinance Index since its launch in 2007.

- According to the report, UNCDF “has continued to work to break new ground, venturing into timely global thematic areas and developing and piloting MAP (Making Access Possible) to support national level stakeholders to meet the challenge of better evidence-based policy making.”
- UNCDF achieved record high scores among SmartAid participants for its project identification system, performance indicators, performance-based agreements, and portfolio reviews, placing UNCDF in the top two of all agencies scored by SmartAid since its inception.
- The review highlighted UNCDF’s “solid base of good practice, whose oversight and execution lie with seasoned and competent professionals. Many of its strengths are reference points for peer institutions: its flagging system, the use of MIX GOLD Premium for tracking performance, and its flexible use of grants.”
- UNCDF’s strategic clarity in providing catalytic capital and adding value was praised, as were its guidelines and procedures for staff.

*“UNCDF’s flexible grant instrument puts it in a unique position to support the building of inclusive financial sectors.”*

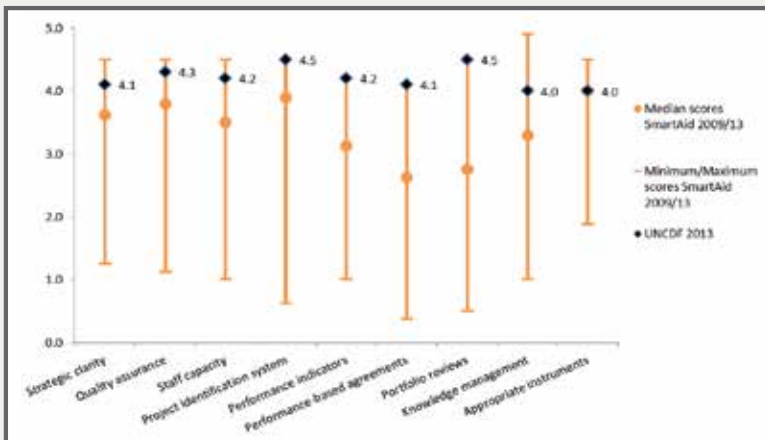
*“UNCDF’s strengths and comparative advantages allow it to act as a facilitator on behalf of larger donors (such as foundations) making small grants to help catalyze markets and to offer its infrastructure to other funders who are not as well positioned to facilitate at the local market level.”*

## Areas for improvement:

- Balancing growth of global thematic programmes with country-level operations.
- Improving knowledge generation and dissemination from global initiatives.
- Aligning quality assurance and learning with the growth of the organization.

See the full report at [www.uncdf.org/smartaid2013](http://www.uncdf.org/smartaid2013)

## UNCDF Scores



# 2011 – 2012 Local Development Finance Evaluations

## WHO?

Teams of external consultants comprising both international and local experts.

## WHY?

To assess the mid-term and end-of-project performance of UNCDF Local Development Finance projects in Cambodia, Haiti, the Solomon Islands and Tanzania in terms of relevance, efficiency, effectiveness, likely impact and sustainability.

## FINDINGS

UNCDF LDF projects have generally been praised for being highly relevant to the development strategies and priorities of partner governments in the least developed countries and for being well integrated into national planning and budgeting systems.


The evaluation noted that through a combination of targeted technical advice and UNCDF's learning by doing approach to capacity development via performance-based grants, UNCDF has made a significant contribution to improving the financial and public expenditure management performance of targeted local governments.

### Areas for improvement:

- Setting clearer, more manageable performance milestones, and updating objectives to continue managing for results even when faced with funding gaps.
- Strengthening the link between capital investments and local government management to contribute more strategically to local economic development.

*UNCDF has made a significant contribution to improving the financial and public expenditure management performance of targeted local governments.*

- Improving monitoring systems to better track performance of development outcomes and make adjustments to stay on-track.
- Improving knowledge management systems and communications strategies to better document and share good practices for upscaling, replication and policy development.

All UNCDF Evaluation Reports and their Management Responses are available at  [www.uncdf.org/evaluations-assessments](https://www.uncdf.org/evaluations-assessments)

# 2011 – 2012 Inclusive Finance Evaluations

## WHO?

Teams of external consultants comprising both international and local experts.

## WHY?

To assess the performance of UNCDF's inclusive finance interventions, including projects in Burkina Faso, Central African Republic, Nepal, Senegal and Timor Este; programme evaluations of two flagship interventions (MicroLead and the Pacific Financial Inclusion programme); and a thematic review of the performance of the full range of UNCDF's inclusive finance programmes across 19 countries in Africa and Asia.

## FINDINGS

The inclusive finance portfolio was assessed as being highly relevant to the development strategies of partner governments and well aligned with UNCDF's objective of working in underserved financial markets in the least developed countries. Our contribution was particularly praised where programmes targeted rural expansion, the development of new products directed at women, and new delivery mechanisms (such as electronic banking). UNCDF management systems for supervising, monitoring and reporting on investments and programmes were also judged to be generally strong, especially at the retail level.

### Areas for improvement:

- Tailoring UNCDF's programming to better respond to the characteristics of the markets being targeted. In higher-risk least developed countries, UNCDF should continue with its broad sector development approach allowing the organization to capitalize on its advantage as 'first mover'; in




*UNCDF's contribution was particularly praised where programmes targeted rural expansion, the development of new products directed at women, and new delivery mechanisms (such as electronic banking).*

more mature markets, on the other hand, UNCDF's approach could better focus on specific sectors such as savings, or youth financial services.

- Redesigning the financing model to improve funding leverage, and to improve participation in establishing and overseeing more viable investment fund structures.
- Strengthening knowledge management mechanisms to better document and disseminate results and experience in inclusive finance.

In its corporate management plan 2010-2013, UNCDF set a target to *"strengthen the capacities of financial service providers (FSPs) in 25 LDCs to provide pro-poor products and services that will leverage at least 10 times UNCDF's original core investments by 2015"*. The portfolio review found that UNCDF has significantly exceeded this target.

All UNCDF Evaluation Reports and their Management Responses are available at  [www.uncdf.org/evaluations-assessments](http://www.uncdf.org/evaluations-assessments)

# 2012 Australian Multilateral Assessment

## WHO?

Australian Multilateral Assessment (AMA), March 2012

## WHY?

Organizational effectiveness of key multilateral partner organizations.

## FINDINGS

UNCDF was rated as very strong or strong on a majority of components. With these ratings, the *Australian Government can have a reasonably high degree of confidence that increases in core funding will deliver tangible development benefits in line with Australia's development objectives, and that the investment will represent good value for money.*


- UNCDF has achieved strong results against its mandate of promoting financial inclusion and community-level capital investment in 48 least developed countries.
  - UNCDF is an effective actor in fragile states.
  - UNCDF operates effective programmes designed to improve gender equality, environmental sustainability, and living standards for people with disabilities. A minimum 50 per cent gender balance is required by UNCDF policy and is built into all funding agreements with financial service providers.
  - As a small organization focused on collaboration with the private sector, UNCDF is particularly strong in the areas of policy development and sharing this knowledge with the wider development community.
  - With relatively modest resources, UNCDF's management pays close attention to cost effectiveness and value for money.
- "UNCDF demonstrates clear outputs from its programmes. For example, its mobile*

*“UNCDF is an effective actor in fragile states.”*

*money services have reached more than 300 000 people in the Pacific in just over a year. During the Australian Multilateral Assessment field visit to Solomon Islands, stakeholders were positive about the high quality of technical assistance provided by UNCDF.”*

### Areas for improvement:

- Making better use of quantitative analysis to show development results.
- Strengthening mainstreaming policies for people with disabilities.
- Clarifying the rationale for resource allocation, despite heavy reliance on earmarked funding.

Full report on UNCDF can be found at  <http://aid.dfat.gov.au/partner/Documents/uncdf-assessment.pdf>

# 2012 Evaluation of UNDP contribution to poverty reduction

## WHO?

Teams of independent consultants managed by the UNDP Evaluation Office.

## WHY?

To assess the role and contribution made by UNDP and its partners to poverty reduction since 2000 with a particular focus on contributions at the country level.

## FINDINGS

The evaluation found that “some of the strongest partnerships in poverty-related work exist with UNCDF in the microcredit sector as well as in decentralization and local governance”. It praised the successful partnership between UNDP and UNCDF in the area of microfinance in a number of countries (Burkina Faso, Ghana, Senegal and Sierra Leone) which had been successful, for example, in helping communities strengthen their livelihoods through better access to credit and, in parallel, supporting governments to develop a regulatory framework for effective and sustainable microcredit institutions at the grassroots level.


### Areas for improvement:

- In Laos PDR, some missed opportunities were noted for UNDP to work together with UNCDF and ILO to address the problem of access to finance for small and medium enterprises, which could have created more opportunities for employment generation at the lower end of the income scale.

*“For the first time, taxes were paid because tax-payers were able to see the results of their contribution.”*

- More concentrated efforts are needed to scale up interventions by strengthening the knowledge base on key enablers and conditions for scaling up at the country level.

The joint UNDP and UNCDF decentralization project in one of the poorest districts of Mozambique *“had not only increased the transparency of the district administration, it also mobilized the population for more effective local development interventions to combat poverty. For the first time, taxes were paid because tax-payers were able to see the results of their contribution.”*

Full report on UNCDF can be found at  <http://web.undp.org/evaluation/thematic/poverty.shtml>

# 2010 - 2012 European Commission Results-Oriented Monitoring Reports

## WHO?

European Commission.

## WHY?

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

## FINDINGS

Programmes received “A” (very good) or “B” (good) on 21 of 25 scores measuring relevance, efficiency, effectiveness, impact and sustainability in each of the four countries. Scores of “C” (problematic) were also received.

- UNCDF projects were found to be highly relevant in supporting piloting of local development funds, capacity building and supporting beneficiaries at different levels of local government.
- UNCDF's work was found to directly support national ownership, with the programme in the Solomon Islands, for example, “exemplifying the principles of the Paris/Accra Declarations”.
- Our high-quality inputs and good training at both local and central levels were praised as leading to increased capacity in newly created bodies.
- Many UNCDF-supported micro-projects were found to benefit a large number of local people.

### Areas for improvement:

- Improving monitoring and evaluation frameworks to better support project implementation.
- Raising staff levels and local governments' resources to strengthen project sustainability.

*Our work was found to directly support national ownership, with the project in the Solomon Islands, for example, “exemplifying the principles of the Paris/Accra Declarations.”*



# 2010 Evaluation of UNDP contribution to strengthening local governance

## WHO?

Teams of independent consultants managed by UNDP Evaluation Office.

## WHY?

To assess the role and contribution made by UNDP and its partners to local governance for improved service delivery and acceleration of the achievement of the MDGs at the local level, as well as to decentralization processes and the promotion of inclusiveness and accountability of sub-national governments. The evaluation also assessed ways in which UNDP had been able to forge key partnerships with its associated funds – such as UNCDF – to promote local governance.

## FINDINGS

The evaluation found that *“UNDP and UNCDF have worked together effectively on local governance issues in least developed countries [...]”. At the country level, UNCDF local governance portfolio was found to be “well aligned with that of UNDP”, with “strong evidence of cooperation between UNCDF and UNDP at the country level, based on an understanding of [each agency’s] comparative advantages”.*

### Areas for improvement:

- In support to the capacity development and resource mobilization efforts, UNDP and UNCDF should develop country-level long-term strategic plans for local governance that are in full alignment with national priorities.
- Strengthening analysis, documentation and dissemination of lessons learned.



*“... strong evidence of cooperation between UNCDF and UNDP at the country level, based on an understanding of [each agency’s] comparative advantages.”*

*“Working together, [UNDP and UNCDF] have been able to leverage respective expertise and resources in support of local governance reforms particularly because of their perceived political neutrality and the long-standing trust built with national Governments.”*

Full report on UNCDF can be found at  <http://erc.undp.org/evaluationadmin/downloadaddocument.html?docid=4396>

# 2008 Decentralization in Client Countries: An Evaluation of WB Support

## WHO?

The Independent Evaluation Group (IEG)

## WHY?

To assess the effectiveness of Bank support for decentralization between fiscal 1990 and 2007 in 20 countries

## FINDINGS

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://lnweb90.worldbank.org/oed/oeddoclib.nsf/DocUNIDViewForJavaSearch/CB108AC5A1CACD30852574EF0050139B/\\$file/decentralization\\_eval.pdf](http://lnweb90.worldbank.org/oed/oeddoclib.nsf/DocUNIDViewForJavaSearch/CB108AC5A1CACD30852574EF0050139B/$file/decentralization_eval.pdf)

*"... the Bank's operational work was undertaken in collaboration with other development partners, based on successful UN Capital Development Fund (UNCDF) pilot projects."*



# 2008 Assessment of Multilateral Organizations

## WHO?

Government of Sweden.

## WHY?

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

## FINDINGS

*“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 [as a] financing mechanism.”*

- UNCDF was seen as a major contributor to strengthening institutional capacity at local level.
- The evaluation noted that our “bottom-up” approach to planning and budgeting produces sustainable results.
- UNCDF was recognized as promoting participation of women and disadvantaged groups in decision-making.
- UNCDF was rated as “good” in terms of external effectiveness, and “good and improving” in terms of internal effectiveness.

### Areas for improvement:

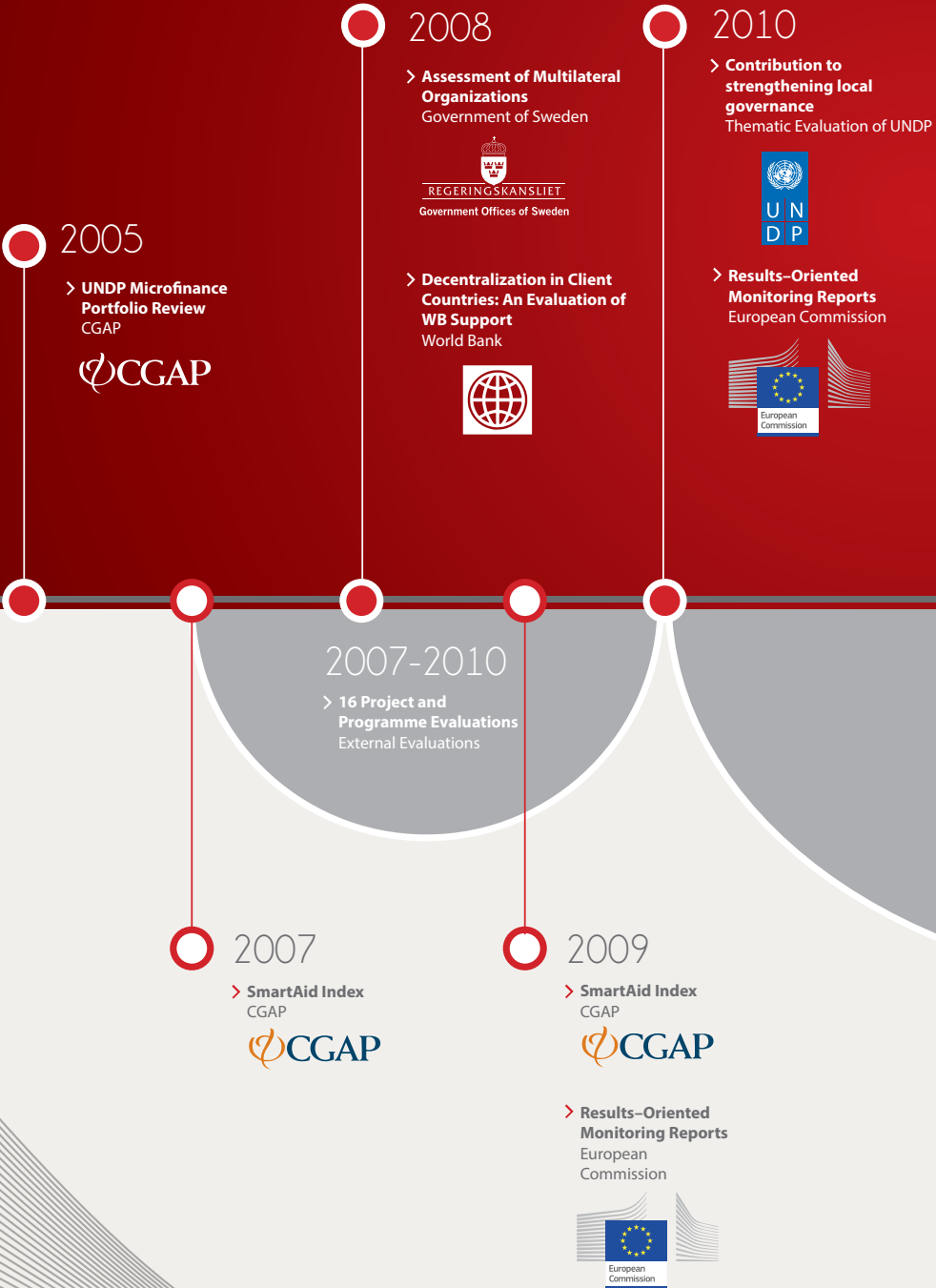
- Ensuring optimal functioning of the results-based management system.

Full report on UNCDF can be found at [www.government.se/sb/d/3365/a/121951](http://www.government.se/sb/d/3365/a/121951)



*“UNCDF is at the forefront in the area of its niche mandate and has... clear comparative advantages within it.”*







2012

- > **Contribution to poverty reduction**  
Thematic Evaluation of UNDP



- > **Results-Oriented Monitoring Reports**  
European Commission



# Assessing UNCDF 2005 - 2013



2013

- > **SmartAid Index**  
CGAP



2010-2013

- > **21 Project, Programme and Thematic Evaluations**  
External Evaluations



2013

- > **Inclusive Finance Portfolio Review**  
Independent Evaluation



- > **MicroLead**  
Programme Evaluation



2011

- > **SmartAid Index**  
CGAP



2012

- > **Australia Multilateral Assessment**  
Government of Australia



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

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



**UN Capital Development Fund**

Two United Nations Plaza

New York, NY 10017

[info@uncdf.org](mailto:info@uncdf.org) | [www.uncdf.org](http://www.uncdf.org)

Tel: +1 212 906 6565 | Fax +1 212 906 6479

[www.facebook.com/uncdf](https://www.facebook.com/uncdf)

[www.twitter.com/uncdf](https://www.twitter.com/uncdf)

