

UNCDF Technical Annex

Embargoed Technical Annex
11 August 2026



STRATEGIC MANAGEMENT

Clear strategic direction geared to key functions, intended results and integration of relevant cross-cutting priorities.

KPI 1: Organisational architecture and financial framework enable mandate implementation and achievement of expected results.

Ratings

KPI / MI	Rating	Scores
KPI 1	S	3.0
MI 1.1	S	3.5
MI 1.2	S	3.4
MI 1.3	S	2.67
MI 1.4	U	2.5

MI 1.1 Strategic plan and intended results based on a clear long-term vision and analysis of comparative advantage in the context of the 2030 Sustainable Development Agenda.

- Element 1.1.1: The MO has a publicly available Strategic Plan (or equivalent) contains a long-term vision.
- Element 1.1.2: The MO's strategic vision is based on a clear analysis and articulation of comparative advantage.
- Element 1.1.3: The strategic plan operationalises the vision and defines intended results.
- Element 1.1.4: The strategic plan is reviewed regularly to ensure continued relevance and attention to risks.

Ratings

MI / element	Rating	Confidence Level / Score
MI 1.1	3.5	
Element 1.1.1	4	High
Element 1.1.2	3	High
Element 1.1.3	3	Medium
Element 1.1.4	4	High

MI 1.1 Evidence documents

- United Nations Capital Development Fund (2021) "Strategic Framework 2022–2025"
- United Nations Capital Development Fund (2024) "Strategic Framework Mid-Term Evaluation 2022–2025"
- United Nations Development Programme Office of Audit and Investigations (2023) "Audit of the United Nations Capital Development Fund"

MI 1.1 Analysis

Element 1.1.1

The MO has a publicly available Strategic Plan (or equivalent) contains a long-term vision.

UNCDF has a publicly available Strategic Framework 2022–2025, noted by its Executive Board, which clearly articulates both a long-term vision and a medium-term institutional strategy.

The 2022-2025 Strategic Framework situates UNCDF within the **decade of action** to achieve the 2030 Agenda for Sustainable Development and the **Doha Programme of Action for LDCs, 2022–2031**. It acknowledges the unprecedented challenges facing the 46 least developed countries (LDCs)—including the socioeconomic impacts of COVID-19, climate change, and structural impediments such as undiversified economies and weak financial markets—and positions UNCDF’s vision and mission accordingly. Prior to this strategic framework, UNCDF operated under the 2018-2021 Strategic Framework, which was evaluated in 2021 and aimed to support the development of the 2022-2025 Strategic Framework.

The final evaluation of the 2018–2021 Strategic Framework identified the need for a clearer common mission and vision, stronger corporate strategic planning principles, a more integrated country-level approach, a revised Integrated Results and Resources Matrix (IRRM) grounded in a unified theory of change, strengthened gender integration, and a more coherent resource mobilisation strategy. UNCDF accepted these recommendations and committed to a corporate strategic planning process for the 2022–2025 Framework, the development of a revised IRRM and results management system, strengthened country relationship manager arrangements, a dedicated gender strategy, and a corporate resource mobilisation strategy. Management response documentation indicates that these actions were formally completed during 2021–2024.

While important procedural and policy steps were taken, underlying structural issues — including weaknesses in corporate identity, siloed practices, fragmented resourcing, and limitations in performance measurement – hampered the complete adoption of the changes.¹

During the review period, UNCDF’s strategic direction has been guided by its Strategic Framework 2022–2025, which serves as the organisation’s primary corporate planning instrument and articulates its long-term vision, mission, and institutional priorities.

Vision and mission:

- The vision is that LDCs are able to access and leverage the development impact of capital to enable sustainable and inclusive economic growth and achieve the Sustainable Development Goals.
- The mission is to serve as the United Nations flagship catalytic financing entity for the LDCs, focused on strengthening financing mechanisms and systems for structural transformation.

Strategic orientation:

- UNCDF identifies three long-term “strategic game-changers” that form the backbone of its contribution to the 2030 Agenda:
 1. Catalyse additional flows of capital;
 2. Strengthen market systems and financing mechanisms;
 3. Accelerate inclusive, diversified, green economic transformation.

¹ UNCDF Strategic Framework 2021-2025 Mid-Term Evaluation (2024)

- These are pursued across five priority areas, which combine established and emerging themes:
 - Inclusive digital economies;
 - Local transformative finance;
 - Women's economic empowerment;
 - Climate, energy and biodiversity finance;
 - Sustainable food systems finance.

Collectively, the three game-changers articulate UNCDF's theory of contribution to structural transformation in least developed countries: by crowding in additional capital, strengthening the institutional and financial systems that enable sustainable financing, and supporting economic diversification and resilience. The five priority areas operationalise this strategic logic by focusing on specific financing ecosystems and market segments—digital finance, subnational public finance, women-led economic participation, climate and nature-related investment, and food systems—through which UNCDF deploys its catalytic instruments and advisory support.

The framework emphasizes that UNCDF is evolving into a hybrid development organization and development finance institution, leveraging grants, loans, guarantees, and blended finance to catalyse capital while providing advisory services and technical expertise.

Building on these findings, the 2024 Mid-Term Evaluation recommended that UNCDF undertake a comprehensive corporate strategic planning process to strengthen institutional positioning, clarify corporate-level objectives beyond thematic practices, and establish a more robust performance measurement architecture underpinned by a unified theory of change.

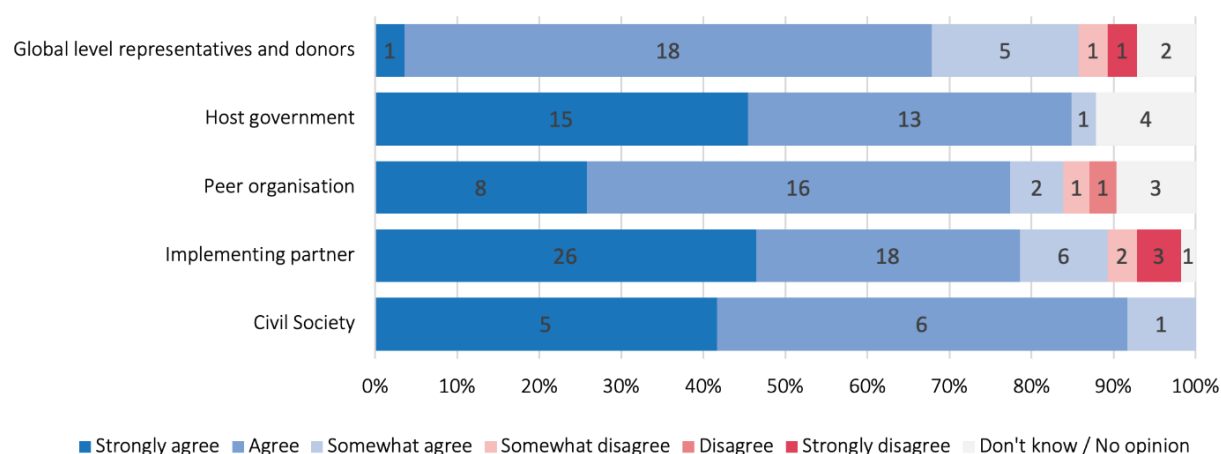
In its formal management response, UNCDF fully accepted these recommendations and committed to a Managing Director-led corporate strategic planning process to design the 2026–2029 Strategic Framework. Initial steps included the development and approval of updated vision and mission statements, articulation of strategic objectives and an investment thesis with associated core principles, and the initiation of organisational reforms intended to strengthen governance, accountability and oversight arrangements. Additional elements—including preparation of a four-year implementation plan to accompany the Framework, development of a revised IRRM and adoption of a resource mobilisation strategy—were initiated during 2024–2025 but are expected to be finalised as part of the implementation of the forthcoming Strategic Framework. These actions form the institutional basis for UNCDF's next strategic cycle, although several operational components remain under development.

The Strategic Framework 2026–2029 (Executive Board took note of the framework in first regular session in 2026) maintains continuity with UNCDF's mission and reorganises UNCDF's strategic focus around three core capabilities—MSME finance, subnational finance, and digital finance. The Framework clarifies that the previous thematic areas have not disappeared but have been reorganised:

- Women's Economic Empowerment now function as cross-cutting priorities applied across all portfolios;
- Inclusive Digital Economies has evolved into the Digital Finance capability;
- Local Transformative Finance has been integrated into the Subnational Finance capability;
- Sustainable Food Systems Finance has been absorbed into MSME Finance and climate-resilient local development.

This adjustment refines UNCDF's focus rather than replacing it, allowing for a more cohesive architecture centred on the structured deployment of investment products—including loans, guarantees and blended finance structures—alongside advisory support while maintaining alignment with the 2030 Agenda's cross-cutting commitments. The draft also strengthens operational coherence through the introduction of an Impact Monitoring, Verification, and Learning (IMVL) system, an integrated budget (2026–2029) linking resources to results, and an updated IRRM tailored to the new capabilities and catalytic outcomes. Organisational reforms undertaken during 2023–2025 to strengthen governance, risk, and portfolio management are discussed further under Element 1.1.4.

Figure 1.1: Stakeholders mainly agree that UNCDF has a clear vision that reflects the development challenges and priorities of its recipient countries



As shown in Figure 1.1, a significant majority of stakeholders agree or strongly agree that UNCDF has a clear vision, with responses clustering toward the positive end of the scale across respondent groups. While the intensity of agreement varies—reflected in a larger share of “agree” than “strongly agree” responses in some categories—there is limited disagreement, indicating broad alignment among stakeholders on the clarity of UNCDF’s strategic vision.

In sum, UNCDF’s Strategic Framework 2022–2025 articulates a clear long-term vision and institutional mission anchored in global development agendas. UNCDF regularly updates its Strategic Frameworks, supported with findings from evaluations, every four years. The 2026–2029 Strategic Framework demonstrates institutional continuity with a sharper focus on catalytic finance, reorganised thematic priorities, and supporting operational reforms that together strengthen UNCDF’s ability to deliver on its long-term vision.

Element 1.1.2

The MO’s strategic vision is based on a clear analysis and articulation of comparative advantage.

UNCDF’s Strategic Framework 2022–2025 articulates a credible comparative advantage rooted in its unique capital mandate and a focus on least developed countries. However, as noted in the 2024 Mid-Term Evaluation, this comparative advantage was not always articulated in operational terms or fully embedded in prioritisation and results measurement systems. The 2026-2029 Strategic Framework addresses this limitation by translating UNCDF’s comparative advantage into a capability-based operating model centred on MSME Finance, Subnational Finance and Digital Finance, providing a clearer articulation of how the organisation intends to operationalise its comparative advantage.

The Framework highlights UNCDF's distinctive institutional position as the *United Nations flagship catalytic financing entity for the LDCs*. The outcome document of the Fourth International Conference on Financing for Development (FfD4), adopted by Member States at the opening of the Conference in Sevilla, formally acknowledged UNCDF's role in supporting LDCs "as an early-stage provider of catalytic concessional first loss capital to de-risk investments and change the risk profile of early-stage markets in countries in special situations, creating the conditions for subsequent crowding-in of the private sector with scaled-up financing through development finance institutions and multilateral development banks." It is the only UN body with a dedicated capital investment mandate, allowing it to blend grants, concessional loans, guarantees, and other catalytic instruments with technical assistance. This hybrid model—part development organization, part development finance institution—is central to UNCDF's value proposition under the 2022–2025 Strategic Framework. The Strategic Framework's emphasis on catalysing additional flows of capital and strengthening financing mechanisms is therefore directly anchored in this institutional mandate.

The Framework also notes that UNCDF is autonomous but institutionally associated with UNDP, with the UNDP Administrator serving as its Managing Director. Under the investment-led model that UNCDF is consolidating, the intended division of labour positions UNDP primarily in upstream policy support, coordination through the UN Country Team, and technical assistance, while UNCDF focuses on structuring and deploying catalytic finance instruments aligned with its capital mandate. During the review period, UNCDF and UNDP formalised aspects of this relationship through an Administrative Arrangement clarifying roles and responsibilities. Interviews indicate that revised guidance on Country Leads, strengthened collaboration with Resident Representatives and Resident Coordinator Offices, and supplementary procedures for investment products have improved role clarity, although operationalisation at country level continues to evolve.

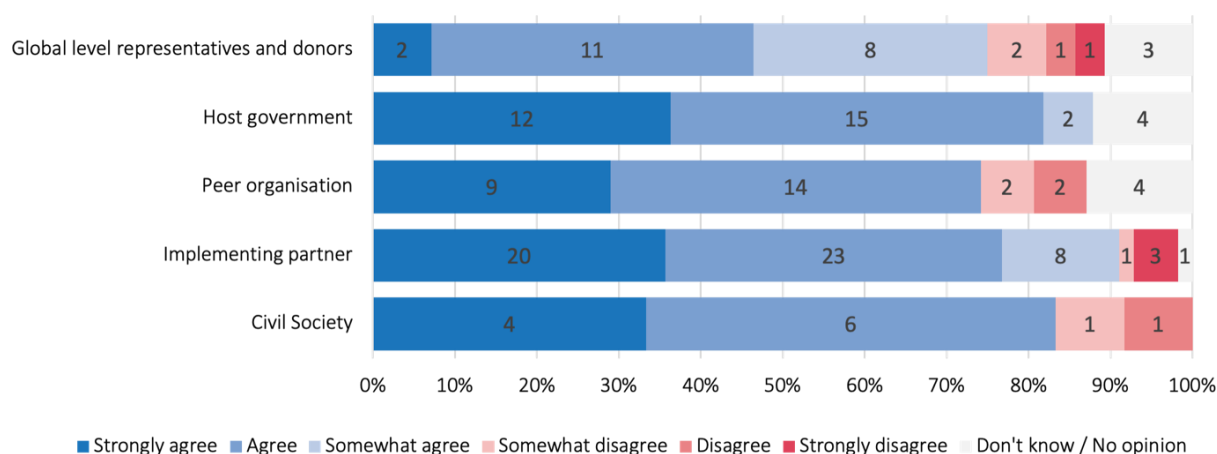
Interviews also suggest that under the earlier, more grant- and technical assistance-centric operating model, UNCDF and UNDP at times operated in adjacent or overlapping spaces—particularly in policy advisory and capacity development—which limited clarity of division of labour at country level. The shift toward a more explicitly investment- and guarantee-focused model under the draft 2026–2029 Framework is intended to reduce such overlap by anchoring UNCDF more clearly in financial structuring and catalytic capital deployment.

A key component of UNCDF's comparative advantage, as noted by management in interviews and public-facing material, is its non-credit-rated status and small institutional size, which give the organisation the flexibility to take risks and deploy small-ticket, high-additionality investments in underserved markets. Larger development banks often cannot engage in such markets due to credit rating constraints, minimum deal sizes, or risk ceilings. As a result, UNCDF is able to work effectively in LDCs, fragile and conflict-affected states (FCAS), and small island developing States (SIDS)—precisely where financing needs are most acute and private capital least willing to flow.

The 2024 Mid-Term Evaluation recognised UNCDF's capital mandate, focus on LDCs, and ability to deploy financial instruments as core elements of its comparative advantage. However, it also concluded that UNCDF had not fully exploited this comparative advantage and that a clearly articulated value proposition, premised on a commonly agreed understanding of its additionality, remained insufficiently defined. The evaluation noted that UNCDF's positioning had not been clearly established on the basis of this comparative advantage and called for clearer articulation of how its capital mandate differentiates it within the UN system and the broader development finance landscape.

This perception is reflected in the MOPAN survey results, which show that a clear majority of respondents agree or strongly agree that UNCDF demonstrates a comparative advantage in its work with recipient countries (Figure 1.2). Narrative responses largely corroborate this assessment, with respondents highlighting UNCDF's niche mandate, risk tolerance, and ability to operate in underserved and high-risk contexts.

Figure 1.2: UNCDF demonstrates a clear comparative advantage in its work with recipient countries



The 2022–2025 Framework also reflects lessons from the previous cycle (2018–2021), including UNCDF's ability to leverage official development assistance to mobilize additional resources; and its early leadership in areas such as digital finance, subnational finance, and gender-responsive financing.

Building on the capability-based architecture described in Element 1.1.1, the Strategic Framework 2026–2029 sharpens UNCDF's comparative advantage by operationalising its role as a catalytic financing entity through three defined capabilities (MSME finance, subnational finance, and digital finance). This framing clarifies how UNCDF deploys risk-absorbing capital and structuring advisory in frontier markets to crowd in follow-on finance, while treating gender equality as a cross-cutting priority embedded across portfolios. It also narrows UNCDF's positioning from a broad thematic portfolio to a more disciplined articulation of where UNCDF intends to add value: taking earlier risk, building investment readiness and creating conditions for follow-on public and private finance in markets where larger financiers are less able to enter directly.

This evolution demonstrates a clearer—and more focused—articulation of comparative advantage: moving from a broad thematic spread to a capability-led model rooted in financial structuring, catalytic capital deployment, and investment-grade market development. The framework sets out a more explicit link between UNCDF's stated comparative advantage and its core capabilities, financing instruments, results architecture and resource planning.

Furthermore, many organisational reforms undertaken since 2023—including the transition to a front–middle–back office model, strengthening of risk and portfolio management, and creation of the IMVL system—have been put in place in direct support of this refined comparative advantage.

Element 1.1.3 The strategic plan operationalises the vision and defines intended results.

Overall, the Strategic Framework 2022–2025 defines intended results clearly through the IRRM, but the extent to which the IRRM operationalises UNCDF's strategic vision and

comparative advantage—particularly in terms of catalytic additionality and system-level impact—is more limited. Changes introduced in the new Strategic Framework seek to address these challenges by aligning the 2026-2029 results architecture with UNCDF’s three core capabilities, catalytic outcomes, IMVL system and integrated budget.

UNCDF operationalises its Strategic Framework 2022–2025 through Integrated Results and Resources Matrix (IRRM), which is the central tool used to monitor, report on, and ensure accountability for its performance and results. The IRRM translates UNCDF’s vision of accelerating inclusive, diversified, and green economic transformation in LDCs into measurable outcomes, outputs, and institutional effectiveness targets. It also reflects lessons learned from the previous Strategic Framework (2018–2021) and its evaluation and incorporates recommendations intended to improve the clarity of impact pathways and strengthen performance monitoring. The 2022–2025 IRRM responded by formalising a four-tier results structure (impact, outcomes, outputs, institutional effectiveness), introducing clearer indicator definitions and baselines, and strengthening the specification of targets across tiers. The 2026-2029 IRRM builds on this by reorganizing intended results around the new capability model. However, as noted further in Element 7.4.2, while the IRRM provides a comprehensive articulation of intended results, its effectiveness as a tool for evidence-based planning, attribution and learning is uneven across tiers.

The IRRM is presented annually to the Executive Board as part of UNCDF’s results and financial reporting and forms part of the background documentation informing Board discussions on performance and strategic direction. While available documentation confirms that IRRM results are reported and reviewed at this level, the extent to which indicator-level findings drive substantive strategic adjustments is not systematically documented. Over the 2022–2025 period, the IRRM has remained broadly stable in terms of outcome architecture and targets. Adjustments have been limited to refinements in indicator granularity, clarification of definitions, and structural presentation, rather than substantive revisions to outcome targets or strategic priorities.

Tier 1 – Impact

- Impact Statement: People, including women, youth, and the most vulnerable, lead productive, dignified lives, free from poverty, in balance with environmental sustainability.
- Indicators: The IRRM tracks contextual indicators aligned with the SDGs, such as poverty headcount (SDG 1.1.1, 1.2.1), multidimensional poverty (UNDP MPI), and the Planetary Pressures-Adjusted Human Development Index. These indicators provide context on long-term development trends in LDCs.

Tier 2 – Outcomes

The IRRM defines three outcome areas, aligned with UNCDF’s strategic game-changers:

1. Inclusive, diversified, green economic transformation accelerated
 - Indicators track the percentage change in full-time jobs in supported enterprises, the number of target enterprises reporting significant growth, the availability of products and services catalysed by UNCDF, and the number of people engaging with them.
2. Increased flows of public and private finance
 - Indicators measure the volume of finance mobilised directly through UNCDF’s investments, the additional finance catalysed after its involvement, and the number of subnational governments with enhanced fiscal space.
3. Strengthened market systems and enhanced financing mechanisms

- Indicators cover the number of funds and financing mechanisms supported by UNCDF, the number of intergovernmental fiscal transfer systems strengthened, and the adoption of new or improved policies, strategies, and regulations.

While these outcomes are conceptually aligned with UNCDF's mandate and theory of change, as noted further in Element 7.4.2, outcome indicators often aggregate heterogeneous interventions and rely heavily on volume-based or proxy measures (e.g. finance mobilised, number of policies supported). For example, "even indicators classified at the outcome level often measure delivery, access, or uptake rather than outcome-level change," and that "the predominance of output-like indicators at higher tiers of the results chain constrains the ability of the monitoring system to generate data that meaningfully captures outcome-level change."² Not only does this limit their capacity to capture causal pathways, additionality or system-level change, but also constrains their usefulness for evaluative learning and adaptive management.

In practice, the 2022-2025 IRRM functions primarily as a results definition and reporting framework rather than as a strategic management tool driving prioritisation and portfolio decisions. While it articulates intended outcomes and outputs, it does not consistently demonstrate how Tier 3 operational activities and Tier 4 institutional effectiveness dimensions translate into the catalytic capital model central to UNCDF's comparative advantage. This reinforces the 2024 Mid-Term Evaluation finding that, although the Strategic Framework articulated relevant objectives, it did not fully embed a unified corporate theory of change linking strategy, governance, resourcing and results measurement into a coherent operational model. The 2026-2029 Strategic Framework brings together capability model, investment thesis, updated IRRM, IMVL system and integrated budget into a more coherent operational model.

The 2024 Mid-Term Evaluation similarly identified limitations in performance measurement and the absence of a clearly articulated organisational theory of change as factors constraining UNCDF's ability to demonstrate its unique value proposition and strategic coherence. The evaluation recommended strengthening the performance management system and clarifying additionality within a comprehensive corporate strategic planning process.

Tier 3 – Outputs

The IRRM identifies four categories of direct outputs that reflect UNCDF's operational contributions:

1. Investments under execution – measured by the number and value of UNCDF investments and their performance against key performance indicators.
2. Pipeline of investment opportunities developed – tracking investment-ready opportunities and those that secure initial investor offers following UNCDF support.
3. Partner capacity and institutional scope developed – measuring support to governments, service providers, and funds, as well as commitments to the Better Than Cash Alliance.
4. Partners piloting or launching products, services, and infrastructure – capturing demonstrations of feasibility and innovation, plus the number of people receiving capability support.

Output indicators capture the scale and scope of UNCDF's operational delivery—such as the number and value of investments executed, pipelines developed, and partners supported. However, the IRRM does not systematically specify or test the causal pathways through which these outputs are expected to contribute to higher-level outcomes. Output reporting therefore emphasises activity completion and volume metrics, with limited use of evaluative evidence to

² From element 7.4.2

assess whether outputs translate into sustained market change, behavioural shifts or durable development outcomes.

Tier 4 – Institutional Effectiveness

The IRRM also embeds seven dimensions of institutional effectiveness, ensuring that programmatic delivery is underpinned by organizational accountability:

1. Resourcing – indicators on mobilising core and non-core funding, maintaining a high share of expenditures in LDCs, and ensuring capital investments are prioritised.
2. Partnerships and Cooperation – number of joint UN programmes, partnerships with IFIs, DFIs, private sector, and CSOs, and initiatives using South-South and triangular cooperation.
3. Organizational Stewardship – evaluation coverage and quality, implementation of evaluation and audit recommendations, and risk management practices.
4. Gender Equality – compliance with UN-SWAP standards and the share of projects with gender markers 2 or 3.
5. People – gender balance in staffing, particularly in management, and staff perceptions of empowerment and engagement.
6. Knowledge and Communications – reach of UNCDF's website, social media, knowledge products, and transparency through IATI reporting.
7. Environmental Stewardship – application of environmental and social standards and monitoring of UNCDF's carbon footprint.

Targets and Accountability

Each tier of the IRRM is linked to milestones and 2025 targets, which enable performance monitoring over the framework period. Examples include:

- Expanding UNCDF's investment portfolio and pipeline of bankable opportunities.
- Mobilising and catalysing significant volumes of public and private finance (with the IRRM tracking both mobilised finance during UNCDF's involvement and catalysed finance after UNCDF's exit).
- Supporting subnational governments to improve fiscal space and financial management.
- Increasing the number of new policies, regulations, and financing mechanisms adopted with UNCDF support.
- Strengthening internal effectiveness, including resourcing, gender balance, audit compliance, and environmental standards.

The IRRM does not, however, consistently articulate or empirically test the causal pathways linking these outputs to outcome-level change. As a result, output reporting focuses primarily on delivery and volume metrics, with limited integration of evaluative evidence to assess whether outputs contribute to sustained market development, behavioural change or durable development outcomes.

As noted in Element 1.1.1, the Strategic Framework 2026–2029 introduces a strengthened and more integrated results architecture. The current IRRM remains in force through 2025, the new Strategic Framework 2026–2029 introduces a strengthened and more integrated results architecture. Central to this is the creation of an Impact Monitoring, Verification, and Learning (IMVL) system, designed to capture catalytic impact—particularly leverage, risk transfer, market development effects, and system-wide change. The draft framework also proposes an updated Integrated Results and Resources Matrix, aligned with the new capability-based model (MSME Finance, Subnational Finance, Digital Finance) and its associated outcomes.

This upgraded results system aims to:

- better measure catalytic additionality and capital mobilisation;
- integrate financial and development performance into a single results chain;
- ensure comparability across capabilities;
- strengthen verification and learning loops; and
- more clearly link resources to results through an integrated 2026–2029 budget.

Taken together, these enhancements provide a more complete strategic management architecture for operationalizing UNCDF's vision and intended results. As implementation is at an early stage, evidence of how effectively these elements function together will accumulate only during the 2026–2029 cycle.

Element 1.1.4

The strategic plan is reviewed regularly to ensure continued relevance and attention to risks

UNCDF's strategic plan is reviewed at defined intervals through independent evaluation processes. Evaluations of both the 2018–2021 and 2022–2025 Strategic Frameworks were completed, and evidence shows that recommendations were formally accepted and have informed subsequent strategic planning.

UNCDF's Strategic Framework 2022–2025 included a provision for a mid-term evaluation, mandated in its annexed Evaluation Plan. The evaluation was completed in August 2024, providing a structured assessment of progress, relevance, and risks, and offering forward-looking recommendations.

The 2024 Mid-Term Evaluation provided the most recent structured review of continued relevance and strategic risks. The evaluation recommended that UNCDF undertake a corporate strategic planning process to design the next Framework, supported by a business plan to operationalise its strategic objectives. It also called for strengthened governance, clearer articulation of additionality, a robust resourcing strategy, enhanced gender and inclusion capacity, and a stronger performance measurement system.

UNCDF fully accepted the recommendations and initiated follow-up actions. By the end of 2024, it had adopted new vision and mission statements, developed an investment thesis and principles, and set a roadmap and budget for the preparation of the next Strategic Framework. A Executive Secretary–led planning process was launched in late 2024, with consultations at headquarters and regional levels scheduled through 2025.

Importantly, UNCDF frameworks are not designed in isolation: the 2022–2025 Strategic Framework and its IRRM were explicitly informed by lessons from the implementation of the previous framework and the recommendations of the final evaluation of the 2018–2021 Framework. As discussed in Elements 1.1.1–1.1.3, the draft 2026–2029 Framework reflects mid-term evaluation findings through a more unified corporate framing, a capability-based strategic architecture, and a strengthened results system framework, ensuring continuity and learning across cycles. These evaluation insights are visibly embedded in the draft Strategic Framework 2026–2029 (not yet approved).

Strategic risks identified through corporate audit processes have also informed adjustments to UNCDF's operating model and institutional focus. In particular, internal audit of UNCDF in 2023

identified weaknesses in governance, oversight, resourcing and risk management arrangements that limited organisational coherence and hampered UNCDF's ability to manage and deploy financial products. A follow-up audit conducted in 2025 confirmed that UNCDF had fully implemented all ten audit recommendations, achieving a 100% implementation rate. The completed actions strengthened governance arrangements, clarified institutional roles and responsibilities with UNDP, reinforced risk management and oversight functions, and improved controls over grants, loans and guarantee operations. These reforms directly support UNCDF's strategic shift toward a more integrated and investment-oriented operating model, enhancing its relevance and comparative advantage as a catalytic finance institution within the UN system.

The 2023 internal audit and its 2025 follow-up provide evidence that governance, risk management, and control weaknesses were formally reviewed and addressed. UNCDF has subsequently strengthened its enterprise risk management processes through the establishment of a recurring Quarterly Corporate Risk Report, which consolidates the corporate risk register, aggregated project risk exposure, and investment portfolio risk review for review by senior management and the Risk Management Group (RMG). The 2026 Q1 report indicates that these processes include strategic risks explicitly linked to implementation of the Strategic Framework 2026–2029 and are intended to support ongoing corporate-level risk oversight beyond audit and evaluation cycles.

In summary, UNCDF reviews its strategic plan systematically. The 2024 mid-term evaluation, mandated in the Strategic Framework, and 2023 Internal Audit assessed relevance, highlighted risks, and provided concrete recommendations. UNCDF has acted on these by initiating corporate reforms and preparations for the next Strategic Framework, ensuring its planning remains responsive, risk-aware, and evidence-based.

MI 1.2. Organisational architecture congruent with a clear long-term vision and associated operating model

- Element 1.2.1: The MO's organisational architecture is congruent with the strategic plan
- Element 1.2.2: The MO's operating framework supports implementation of the strategic plan
- Element 1.2.3: The MO's operating framework is reviewed regularly to ensure continued relevance
- Element 1.2.4: The MO's operating framework allows for strong co-operation across the organisation
- Element 1.2.5: The MO's operating framework clearly delineates responsibilities for results

Ratings

MI / element	Rating	Confidence Level / Score
MI 1.2	3.4	
Element 1.2.1	4	High
Element 1.2.2	3	Medium
Element 1.2.3	3	Medium
Element 1.2.4	4	Medium
Element 1.2.5	3	Medium

MI 1.2 Evidence documents

- United Nations Capital Development Fund (2021) "Strategic Framework 2022–2025"
- United Nations Capital Development Fund (2024) "Strategic Framework Mid-Term Evaluation 2022–2025"

- United Nations Development Programme Office of Audit and Investigations (2023) “Audit of the United Nations Capital Development Fund”
- United Nations Development Programme Office of Audit and Investigations (2025) “Follow-up Audit of the United Nations Capital Development Fund”
- United Nations Development Programme (2024) “Delegation of Authority to the Executive Secretary of the United Nations Capital Development Fund”
- United Nations Development Programme and United Nations Capital Development Fund (2024) “Administrative Arrangements Agreement”

MI 1.2 Analysis

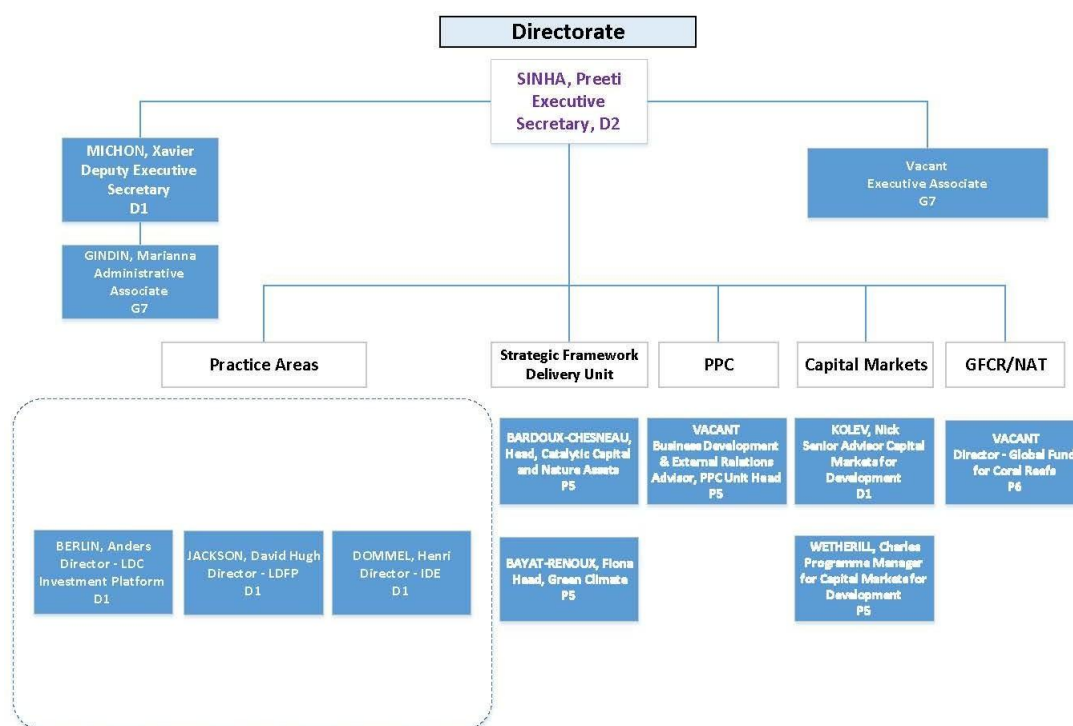
Element 1.2.1

The MO's organisational architecture is congruent with the strategic plan.

UNCDF's organisational architecture has become more congruent with its Strategic Framework over the assessment period.

At the beginning of the assessment period, UNCDF's structure was organised around thematic divisions such as inclusive digital economies, local development finance, climate and energy, and women's economic empowerment (see Figure 1.3 below). Flagship practices each evolved distinct governance and operating approaches, with cross-cutting corporate functions dispersed across country, regional and practice levels without clear reporting lines to headquarters. In practice, this model reinforced siloed delivery and a continued emphasis on technical assistance and grants, limiting UNCDF's ability to operationalise more complex catalytic instruments such as loans and guarantees. Both the 2023 OAI audit and the 2024 Mid-Term Evaluation identified these structural features as constraining UNCDF's capacity to deliver on its catalytic finance mandate.

Figure 1.3: UNCDF Organisational Chart as of May 2023



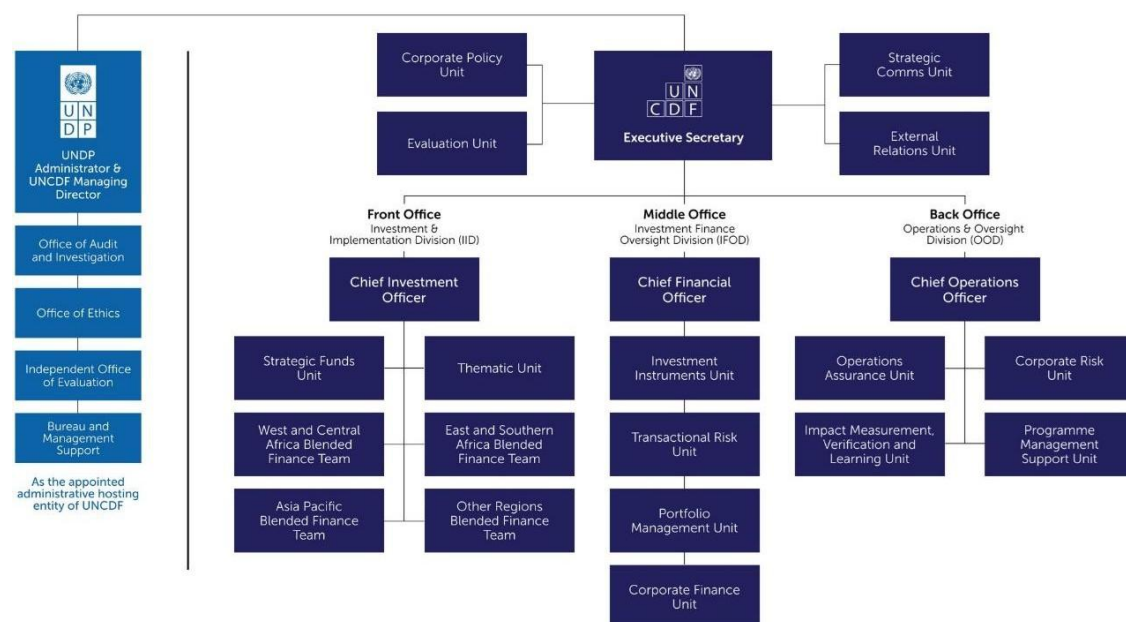
Oversight findings confirmed these shortcomings. The Mid-Term Evaluation (2024) found that “the disproportionate influence of UNCDF’s practices functioning as silos is an indication of a weaker corporate voice and identity; further reinforcing the need for UNCDF’s new strategic framework to establish an appropriate balance”. It recommended a comprehensive corporate strategic planning process to realign organisational structure, governance arrangements, performance indicators and management lines with UNCDF’s strategic objectives and capital mandate. The OAI Audit (2023) similarly reported significant gaps in UNCDF’s ability to effectively conduct loans and guarantees, pointing to weaknesses in governance, internal controls, and risk management that limited the organisation’s capacity to implement its catalytic finance mandate. The audit recommended clarifying institutional roles and accountabilities with UNDP, strengthening governance and risk management arrangements, and reinforcing oversight and control mechanisms for grants, loans and guarantees.

Leadership instability, with three Executive Secretaries between 2020 and 2024 including a 16-month interim Officer-in-Charge, further delayed the institutional reforms needed to align the organisational architecture with strategic ambitions.

In response, UNCDF undertook a major restructuring between 2023 and 2025, moving from a fragmented thematic model to a front–middle–back office architecture (see Figure 1.4 below). The Front Office (Investment and Implementation Division) now leads investment origination and execution, including loans and guarantees; the Middle Office (Investment Finance Oversight Division) was created to provide the financial oversight, risk management, and compliance functions that both the audit and mid-term evaluation identified as missing; and the Back Office (Operations and Oversight Division) manages operations, fiduciary functions, and programme support. Corporate policy, evaluation, communications, and external relations now report directly to the Executive Secretary, consolidating corporate direction. The restructuring was accompanied by targeted staffing reforms to close identified capacity gaps, including recruitment

of senior finance, risk and portfolio management specialists and measures to strengthen institutional capacity on gender and inclusion.

Figure 1.4: UNCDF Organisational Chart as of January 2025



Source: <https://www.uncdf.org/our-team>

As noted earlier, internal audit follow-up confirms that UNCDF has fully addressed previously identified structural and governance gaps. The 2025 follow-up audit verified that all ten recommendations from the 2023 OAI audit were fully implemented, resulting in a 100% completion rate. These actions included clarification of institutional roles and accountabilities with UNDP, strengthened governance and risk management arrangements, reinforced oversight of grants, loans and guarantees, and consolidation of operational and fiduciary controls. Interviews with UNCDF staff indicate that the front–middle–back office model has clarified reporting lines and delineated responsibilities between investment origination, oversight and operational support functions. Given staff turnover during the restructuring period, many current personnel are more familiar with the revised model than with the previous thematic structure. Across interviews, staff acknowledged that the changes were necessary to support UNCDF's shift toward a more investment-focused operating model. Together, these measures demonstrate that the revised organisational architecture is being used to address the structural and capacity constraints that had limited UNCDF's ability to operationalise its catalytic finance mandate.

Element 1.2.2

The MO's operating framework supports implementation of the strategic plan.

UNCDF has taken substantive steps to strengthen its operating framework in response to identified weaknesses, and by 2025 the principal structural and control gaps highlighted in audit and evaluation findings had been addressed. These reforms provide the operating framework required to support implementation of the catalytic finance strategy, while evidence of longer-term effectiveness will continue to accumulate during implementation the 2026-2029 Strategic Framework.

During the review period, UNCDF undertook a series of reforms to strengthen its operating framework and better align operational processes, investment systems and country-level engagement with the Strategic Framework 2022–2025. UNCDF's operating framework relied on a hybrid approach combining catalytic financial instruments (grants, loans, guarantees), financial and technical advisory services, policy and regulatory support, and partnership delivery mechanisms such as the BUILD Fund and IMIF. These mechanisms translated the Strategic Framework's "strategic game-changers" into operational pathways for catalysing capital, strengthening financial systems, and supporting market transformation in LDCs. UNCDF used a set of established operational tools—such as the UNCDF Operations Manual (2020), investment process documentation for facilities like BRIDGE, and trust fund and portfolio reporting systems—to guide implementation of its investment and advisory work.

As discussed under Element 1.2.1, audit and evaluation findings identified gaps in internal controls, risk management and investment oversight that constrained implementation of loans and guarantees under the existing operating framework. From 2023, UNCDF initiated a set of operational reforms to strengthen the operating framework. The most significant was the adoption of a front–middle–back office model, which clarified institutional roles and established a more structured approach to investment delivery. The Front Office now leads investment origination and execution; the Middle Office provides dedicated oversight, risk management, and financial assurance; and the Back Office oversees fiduciary support, programme management, and compliance. New units—including a Transactional Risk Unit and a Portfolio Management Unit—were created to address capacity gaps identified in the audit and evaluation. These changes ensure more consistent application of investment standards, improve risk management, and enhance overall operational discipline.

UNCDF also strengthened its country operating model over the review period. Its integration within UN Country Teams—through UNDP Resident Representatives serving as official in-country representatives—ensured alignment with UN Sustainable Development Cooperation Frameworks and national development priorities. Clarified guidance on the role of Country Leads and expanded collaboration with RRs and RCOs supported more coherent country-level programming and pipeline development. Interviews with UNCDF staff in sample countries and regional hubs indicate that the development of supplementary policies and procedures for investment products, together with the organisational restructuring and the recent administrative agreement with UNDP, has clarified accountability and strengthened the cascade of responsibilities from headquarters level to regional levels.

The Integrated Results and Resources Matrix (IRRM 2022–2025) supports implementation by providing a common results framework linking UNCDF's strategic priorities to outputs, outcomes and institutional effectiveness indicators. However, consistent with findings discussed under Element 1.1.3, the IRRM has functioned primarily as a monitoring and accountability tool, with weaker articulation of causal pathways between outputs and outcome-level change. In practice, this has limited the extent to which results information generated through the IRRM informs operational decision-making, prioritisation and adaptation during implementation. The Mid-Term Evaluation therefore recommended development of a more integrated performance and results system, prompting UNCDF to begin work in late 2024 on a new results system—including the IMVL mechanism and an updated IRRM—designed to provide more consistent measurement of catalytic impact, market effects, and financial performance.

Overall, UNCDF has significantly strengthened its operating framework through defined front, middle and back office functions; dedicated investment oversight, risk and portfolio management capacities; clarified administrative arrangements with UNDP; supplementary procedures for investment products; and country engagement arrangements through UNDP Resident Representatives, regional hubs and Country Leads. These changes provide a stronger foundation for implementing the catalytic finance model, although evidence of their effectiveness will take time to emerge.

Element 1.2.3

The MO's operating framework is reviewed regularly to ensure its continued relevance.

The existence of both external and internal reviews demonstrates that UNCDF's operating framework has been regularly and systematically reviewed to ensure its relevance. These reviews directly informed changes to organizational structure, investment governance, risk management, delegation arrangements, administrative accountabilities and performance measurement.

UNCDF's operating framework was reviewed at several points during the 2020–2025 period through both external oversight processes and internal organisational assessments. As noted earlier (Elements 1.1.4 and 1.2.1), the Mid-Term Evaluation of the Strategic Framework 2022–2025 served as a key mechanism for assessing whether UNCDF's operating model, systems, and capacities were adequate to support implementation. Although the evaluation focused on strategy, it also examined foundational operational elements—such as risk management, performance measurement, business planning, and cross-organisational alignment—highlighting areas where the operating framework required strengthening. These findings directly informed the operational reforms initiated from 2023 onward.

The 2023 OAI Audit provided another formal review of the operating framework. It identified gaps in internal controls, investment processes, and risk systems, particularly in relation to the use of loans and guarantees. Importantly, follow-up audit verified that governance, investment oversight, and risk management reforms adopted in 2023–2025 were operationalised and functioning as intended.

UNCDF also conducted several internal organisational and operational reviews during the review period, especially during the 2023–2025 restructuring process. These internal assessments evaluated the degree to which the operating model—its investment processes, risk functions, country engagement modalities, and operational support systems—needed to evolve to support the organisation's catalytic finance mandate.

Together, these external and internal reviews demonstrate that UNCDF's operating framework has been reviewed periodically and systematically. The findings from these processes have shaped the operational adjustments undertaken in the latter part of the review period, helping ensure that the operating modalities remain relevant and responsive to institutional needs, strategic direction, and organisational risks.

Element 1.2.4

The MO's operating framework allows for strong co-operation across the organisation.

UNCDF's operating framework shifted significantly during the 2023–2025 period, moving from a model that limited cross-organisational cooperation to one designed to promote more integrated working. OAI follow-up audit confirms UNCDF has successfully addressed structural challenges identified in 2023.

As noted earlier in Elements 1.2.1 and 1.2.3, the pre-2023 operating model was highly thematic and fragmented, with divisions working largely independently. Both the 2022 OAI audit and the 2024 Mid-Term Evaluation highlighted that this structure fostered siloed practices, hindered collaboration, created inefficiencies and weakened UNCDF's corporate identity. The mid-term evaluation explicitly noted that “the disproportionate influence of UNCDF's practices functioning as silos” reflected a weak corporate centre and contributed to inconsistencies in how operational processes were applied across teams.

Under the earlier model, cooperation tended to be informal and uneven. Thematic teams generally advanced their own pipelines and workplans, and cross-functional processes—such as investment preparation, risk assessment, portfolio oversight, and results reporting—were not consistently shared across units. Interviews indicated that even when a dedicated unit existed to

support more complex instruments such as loans and guarantees, it was rarely used by programme teams, reflecting the limited integration within the operating framework.

In response to these shortcomings, the 2023–2025 operational restructuring—including the shift to a front–middle–back office model—was explicitly designed to enable stronger cooperation. Centralising investment origination in the Front Office, consolidating oversight and risk functions in the Middle Office, and unifying administrative and programme support in the Back Office created shared institutional functions that require cross-team collaboration. The creation of cross-cutting corporate units (Policy, Evaluation, Strategic Communications, External Relations) reporting directly to the Executive Secretary also aimed to strengthen coherence and reduce fragmentation. The Strategic Framework 2026–2029 further acknowledges that sustaining this more integrated operating model will require strengthened institutional systems and more predictable core resources to support risk management, pipeline development, and impact measurement functions across the organisation.

As noted in Element 1.2.1, the 2025 follow-up audit confirmed full implementation of the 2023 OAI recommendations. The audit findings indicate that governance, oversight and risk functions are now structurally integrated across front, middle and back office divisions. These embedded controls and clarified accountability lines provide a formal basis for stronger cross-organisational cooperation compared to the pre-2023 operating model.

Element 1.2.5

The MO's operating framework clearly delineates responsibilities for results.

Gaps in accountability for results have been clearly identified. The structural foundations for clearer delegation are now in place and have been reinforced through the front–middle–back office model, the Delegation of Authority to the Executive Secretary, the Administrative Arrangements Agreement with UNDP, and supplementary operational procedures for investment products. Further refinement of regional–country level engagement remains relevant as the model scales, but the core institutional responsibilities for results are now delineated.

For much of the review period, UNCDF's operating framework did not clearly delineate responsibilities for results. Both independent evaluation and audit evidence point to fragmented governance arrangements, unclear accountabilities, and weak delegation as systemic constraints.

As highlighted by the 2024 mid-term evaluation, the former practice-based model impeded cross-organisational cooperation. The mid-term evaluation concluded that: "Within the 'practice' structure, working relationships and accountabilities are unclear." These structural issues extended to regional and country-level collaboration. The evaluation noted that: "The three Regional Hubs do not have the delegation of authorities to supervise personnel in all practices." The mid-term evaluation further identified ambiguity in accountability relationships arising from UNCDF's non-resident status within the UN system, noting that "it is unclear what are the accountabilities of UNCDF personnel in-country to the UN country teams and UN Resident Representative." Taken together, these findings indicate that, prior to 2023, UNCDF's operating framework did not provide a coherent or enforceable structure for assigning responsibility for results across functions, geographies, and delivery modalities.

Internal audit findings corroborated these concerns. The 2023 OAI audit identified unclear institutional roles, weak governance arrangements, and insufficiently defined accountabilities between UNCDF and UNDP as key risks affecting oversight, risk management and results accountability. The audit explicitly recommended that UNCDF, in collaboration with UNDP, clarify administrative arrangements, define roles and responsibilities, and strengthen delegation and oversight mechanisms to reduce fragmentation and improve accountability for delivery and results.

As explored further in 3.1.1, in response, the 2023–2025 restructuring introduced a front–middle–back office operating model designed to reduce fragmentation and create institutional functions that require collaboration. Investment origination was centralised in the Front Office; financial oversight and risk management were consolidated in the Middle Office; and fiduciary and programme support functions were unified in the Back Office. This model assigns responsibility across the investment cycle, separating origination and execution, independent oversight and risk management, and operational and fiduciary support.

These structural changes have been reinforced by formal delegation and administrative instruments that directly respond to audit recommendations. In October 2024, the UNDP Administrator issued a Delegation of Authority to the UNCDF Executive Secretary, formally vesting accountability for delegated authorities, providing for escalation of exceptional cases to the Administrator, and permitting onward delegation within UNCDF subject to documentation and control requirements. In addition, UNCDF and UNDP formalised their respective roles and responsibilities through an Administrative Arrangements Agreement, which clarifies governance, administrative accountability, and the respective responsibilities of UNCDF and UNDP in supporting programme delivery, oversight and results management.

These formal instruments have strengthened clarity at the institutional level, particularly with respect to delegation, administrative accountability, and headquarters-level oversight. As UNCDF decentralises investment origination and oversight functions to regional hubs and shifts its product mix toward loans and guarantees, further clarification of regional–country engagement arrangements, selectivity criteria, and pipeline management responsibilities will be necessary to ensure consistent accountability for results across geographies. While the structural foundations for clearer delegation are now in place, full operational alignment across headquarters, regional hubs and country-level engagement modalities continues to evolve.

MI 1.3: Strategic plan supports the implementation of global commitments and associated results.

- Element 1.3.1: The strategic plan is aligned to the 2030 Sustainable Development Agenda, wider normative frameworks and their results (including, for example, the Grand Bargain and the QCPR)
- Element 1.3.2: A system is being applied to track normative results for the 2030 Sustainable Development Agenda and other relevant global commitments (for example, the QCPR and the Grand Bargain, where applicable)
- Element 1.3.3: Progress on implementation and aggregated results against global commitments are published at least annually

Ratings

MI / element	Rating	Confidence Level / Score
MI 1.3	2.67	
Element 1.3.1	4	High
Element 1.3.2	2	Medium
Element 1.3.3	2	Medium

MI 1.3 Evidence documents

- United Nations Capital Development Fund (2021) “Strategic Framework 2022–2025”
- United Nations Capital Development Fund (2023) “United Nations System-wide Action Plan 2.0 Performance 2018–2023”
- United Nations Capital Development Fund (2024) “Integrated Results and Resources Matrix”
- United Nations Capital Development Fund (2024) “Strategic Framework Mid-Term Evaluation 2022–2025”

MI 1.3 Analysis

Element 1.3.1

The strategic plan is aligned to the 2030 Sustainable Development Agenda, wider normative frameworks and their results (including, for example, the Grand Bargain and the QCPR).

The 2022-2025 strategic framework is aligned with the relevant aspects of the 2030 Sustainable Development Agenda and wider normative frameworks and their results.

UNCDF's Strategic Framework 2022–2025 is explicitly aligned with the 2030 Agenda for Sustainable Development and other core UN normative frameworks that guide the positioning, priorities, and operational behaviour of UN development system entities. The Framework situates UNCDF's mandate squarely within the “Decade of Action” and identifies the organisation's contribution to achieving the SDGs—particularly SDG 1 (poverty reduction), SDG 5 (gender equality), SDG 8 (decent work and economic growth), SDG 9 (industry, innovation and infrastructure), SDG 10 (reduced inequalities), SDG 13 (climate action), and SDG 17 (partnerships and finance). The strategy's three “game-changers”—catalysing capital, strengthening market systems and financing mechanisms, and accelerating inclusive, diversified and green economic transformation—are presented as UNCDF's direct contributions to the structural transformations needed to advance SDG achievement in least developed countries (LDCs).

The Strategic Framework is also aligned with UN normative guidance on financing for development, including the Addis Ababa Action Agenda, by emphasising UNCDF's catalytic financing mandate and its role in mobilising additional public and private capital toward the SDGs. Its focus on financial inclusion, blended finance, subnational fiscal systems, and digital public infrastructure reflects broader UN commitments to innovative financing and sustainable development financing ecosystems.

Alignment with the Quadrennial Comprehensive Policy Review (QCPR) is embedded throughout the Framework. UNCDF commits to:

- anchoring its country-level work in UN Sustainable Development Cooperation Frameworks (UNSDCFs);
- contributing to coherent, country-led UN programming;
- strengthening cooperation with UNDP and other UN agencies; and
- promoting integrated solutions consistent with UN development system (UNDS) reform.

The Strategic Framework's explicit anchoring in LDC needs, including its stated ambition to be operational in all 46 LDCs by 2025, reflect alignment with the Doha Programme of Action for LDCs (2022–2031), which calls for strengthening productive capacities, mobilising finance, advancing digital transformation, and supporting resilience-building—areas central to UNCDF's mandate and tools. While this ambition demonstrates strong normative alignment, its realisation depends on the availability of core and non-core resources and on partnership arrangements at country level. As noted in the Mid-Term Evaluation, UNCDF's limited and highly variable core resource base constrains the extent to which geographic coverage can be systematically expanded or sustained, suggesting that full operational presence in all LDCs may remain contingent on resource mobilisation and selectivity decisions.

The Framework also incorporates cross-cutting UN norms on gender equality, environmental sustainability, and leaving no one behind, treating gender and climate as organisation-wide priorities and embedding them across outcomes, outputs, and institutional effectiveness indicators in the IRRM. These commitments reflect compliance with UN-wide standards such as the UN-SWAP and UN environmental and social safeguards.

The Mid-Term Evaluation (2024) confirms this alignment, noting that the Strategic Framework “is relevant to the challenges faced by LDCs” and grounded in global normative commitments. It also notes that UNCDF’s evolution into a hybrid development finance institution is consistent with the UN’s call for strengthened financing capabilities to support SDG achievement, especially in capital-constrained markets.

Finally, the new Strategic Framework (2026–2029)—including emerging emphasis on integrated capabilities, strengthened results systems, and closer alignment with UNCT architectures—further reinforce UNCDF’s adherence to UN normative frameworks and the 2030 Agenda. The 2026–2029 Strategic Framework is also aligning to the Fourth International Conference on Financing for Development (FfD4), specifically the Compromiso de Sevilla, which positioned UNCDF as “an early-stage provider of catalytic concessional first loss capital to de-risk investments and change the risk profile of early-stage markets in countries in special situations.” These forward-looking adjustments show continuity with global mandates and respond to QCPR expectations on coherence, financing, and country-level integration.

Element 1.3.2

A system is being applied to track normative results for the 2030 Sustainable Development Agenda and other relevant global commitments (for example, the QCPR and the Grand Bargain, where applicable)

UNCDF applies a structured system to track normative results linked to the 2030 Agenda and other UN commitments, primarily through the IRRM 2022–2025. While this framework enables systematic reporting on SDG-aligned outputs and selected outcomes, its capacity to demonstrate catalytic and impact-level contributions is more limited—an issue that the 2026–2029 Strategic Framework seeks to address through a strengthened results architecture and the proposed IMVL system.

UNCDF applies a structured system to track normative results associated with the 2030 Sustainable Development Agenda and other global commitments guiding the UN development system. This system is centred on the IRRM 2022–2025, which includes SDG-linked indicators, cross-cutting commitments (gender equality, climate and environmental standards), and QCPR-aligned measures of UN system cooperation.

The IRRM incorporates SDG-referenced indicators in its impact tier, such as the poverty headcount ratio (SDG 1.1.1), the Multidimensional Poverty Index, and the Planetary Pressures-Adjusted HDI, which contextualise UNCDF’s contribution to the 2030 Agenda. UNCDF also tracks its performance on gender equality, consistent with UN-SWAP requirements. The 2024 IRRM shows 66% of projects marked GEN2 and 9% GEN3, and monitors compliance with strengthened UN system gender standards introduced in 2023.

The IRRM includes indicators aligned to QCPR-mandated cooperation and integration, including participation in joint UN programmes, partnerships with IFIs/DFIs and civil society, and use of South–South and triangular cooperation modalities. Together, these indicators capture how UNCDF contributes to the UN development system’s collective results under the UNSDCF at country level.

Environmental and climate-related commitments are tracked through IRRM indicators on the application of UNDP environmental and social standards and reductions in institutional emissions, reflecting UNCDF's alignment with UN-wide environmental norms and the climate dimension of the SDGs.

The 2024 Mid-Term Evaluation confirmed that these systems enable UNCDF to track normative and SDG-related progress, while recommending further integration of results systems to better capture systemic and catalytic contributions—work that is underway through development of a new IMVL system for the next strategic cycle.

Element 1.3.3

Progress on implementation and aggregated results against global commitments are published at least annually

Progress on implementation and aggregated results against global commitments are published annually. Their utility is reduced by poor articulation of how UNCDF outputs are assumed to contribute to global level results. The intention is to address this gap during implementation of the 2026-2029 Strategic Framework.

UNCDF publishes aggregated results and progress on its development and normative commitments annually through Executive Board reporting, which provides Member States with updates on performance against the IRRM 2022–2025. These reports include results on SDG-linked indicators, gender equality, environmental and climate commitments, partnerships, and integrated UN system engagement—all key components of the UN development agenda and QCPR guidance.

Annual reporting also includes UNCDF's UN-SWAP submission, which publicly documents progress on gender-related normative standards and gender-marker performance. This ensures regular visibility on UNCDF's contribution to the UN system's gender equality commitments under the 2030 Agenda.

IRRM results are published annually and include year-on-year progress toward SDG-linked indicators, performance on gender equality, climate/environmental standards, and measures of cooperation within the UN development system.

However, whilst UNCDF meets the requirement to publish aggregated results annually through its Executive Board documentation, IRRM reporting, and annual UN-SWAP results, providing regular visibility on its progress against the 2030 Agenda and wider UN development commitments, in the assessment period the utility of the results information is reduced by poor articulation of how UNCDF outputs are assumed to contribute to the global level results for the reasons set out in element 1.1.3).

MI 1.4: Financial Framework supports mandate implementation.

- Element 1.4.1: Financial and budgetary planning ensures that all priority areas have adequate funding in the short-term or are at least given clear priority in cases where funding is very limited
- Element 1.4.2: The MO has a single integrated budgetary framework that ensures transparency.
- Element 1.4.3: The MO's financial framework is reviewed regularly by its governing body.

- Element 1.4.4: Funding windows or other incentives in place to encourage donors to provide more flexible/un-earmarked funding at global and country levels
- Element 1.4.5: Policies/measures are in place to ensure that earmarked funds target priority areas
- Element 1.4.6: [UN] Funding modalities with UN reform: 15% of total resources are from pooled funding

Ratings

MI / element	Rating	Confidence Level / Score
MI 1.4	2.5	
Element 1.4.1	2	High
Element 1.4.2	2	Medium
Element 1.4.3	3	Medium
Element 1.4.4	2	High
Element 1.4.5	2	High
Element 1.4.6	4	High

MI 1.4 Evidence documents

- United Nations Capital Development Fund (2020) “Financial Situation of the United Nations Capital Development Fund”
- United Nations Capital Development Fund (2021) “Financial Situation of the United Nations Capital Development Fund”
- United Nations Capital Development Fund (2022) “Financial Situation of the United Nations Capital Development Fund”
- United Nations Capital Development Fund (2023) “Financial Situation of the United Nations Capital Development Fund”
- United Nations Capital Development Fund (2024) “Financial Situation of the United Nations Capital Development Fund”
- United Nations Capital Development Fund (2024) “Integrated Results and Resources Matrix”
- United Nations Capital Development Fund (2024) “Strategic Framework Mid-Term Evaluation 2022–2025”
- United Nations Development Programme Office of Audit and Investigations (2023) “Audit of the United Nations Capital Development Fund”
- United Nations Capital Development Fund (2021) “Strategic Framework 2022–2025”
- United Nations Capital Development Fund (2026) “Resource Mobilization Strategy 2026–2029”

• MI 1.4 Analysis

Element 1.4.1

Financial and budgetary planning ensure that all priority areas have adequate funding in the short term or are at least given clear priority in cases where funding is very limited.

During the review period, UNCDF’s financial planning processes were heavily shaped by earmarked and project-driven funding, limiting its ability to allocate core resources strategically across priority areas. At the same time, UNCDF maintained regular financial planning and oversight processes through annual financial situation reports, Executive Board review, IRRM reporting on the share of expenditure in LDCs, and annual monitoring

of core and non-core resources. While recent reforms propose a more integrated budget framework, evidence of corporate-level financial planning mechanisms ensuring balanced funding across strategic priorities during 2020–2025 is limited.

During 2020–2025, UNCDF’s financial and budgetary planning was primarily annual and resource-driven, reflecting donor contributions rather than a centrally determined allocation across strategic priority areas. UNCDF’s financial and budgetary planning during 2020–2025 was based on annual resource projections and financial situation reports submitted to the Executive Board. These reports include detailed information on total contributions, core vs. non-core resources, capital investments, programme expenditures, and donor concentration, providing visibility on overall financial performance. However, across all five years reviewed (2020–2024), UNCDF’s financial reporting does not include any breakdown of resources or expenditures by thematic or priority area. As a result, it is not possible—on the basis of available financial documentation—to determine how annual budget planning allocated resources across the five thematic priority areas of the Strategic Framework 2022–2025.

Table 1.1: UNCDF Contributions by Funding Type (2020–2024)

Year	Total Contributions	Core Funding	Earmarked Resources / Other	Pooled Funding ³
2020	\$76.0M	\$10.6M (14%)	\$65.4M (86%)	Not reported
2021	\$134.0M	\$10.7M (8%)	\$123.3M (92%)	Not separately reported
2022	\$179.0M	\$9.0M (5%)	\$170.0M (95%)	Not separately reported
2023	\$78.0M	\$6.2M (8%)	\$71.8M (92%)	\$26.2M ⁴
2024	\$123.0M	\$6.2M (5%)	\$116.8M (95%)	\$21.0M

Source: *Financial situation of the United Nations Capital Development Fund, 2020-2024*

As shown in Table 1.1 financial reports show that UNCDF’s funding profile is characterised by very high dependence on earmarked resources, which accounted for 86–95% of total contributions each year from 2020–2024. Regular (core) resources ranged from only 5–14%, limiting UNCDF’s flexibility to allocate funding strategically across priority areas. Annual contributions also fluctuated significantly—from \$76 million in 2020 to \$179 million in 2022, then down to \$78 million in 2023 before rising again to \$123 million in 2024—creating volatility in available resources. These patterns indicate that donor earmarking and annual fluctuations played a major role in shaping which areas could be funded, rather than an internal mechanism distributing resources according to strategic priorities. As discussed under Element 3.2.1, UNCDF’s resource mobilisation strategy during the period focused largely on securing earmarked, project-based funding, reinforcing the reactive nature of financial planning.

A further limitation concerns the structure of UNCDF’s financial reporting. Both the Financial Situation Reports submitted to the Executive Board and the audited financial statements present aggregate figures that combine client-facing development expenditures (including grants, loans and guarantees) with internal management, oversight and institutional effectiveness costs. These reports do not disaggregate expenditures by Strategic Framework priority area, or thematic cluster. Consequently, while overall resource levels and funding composition are transparent, the available documentation does not permit an assessment of how resources were allocated across the five priority areas of the Strategic Framework or whether any particular area received proportionate funding relative to others.

³ UNCDF does not publish a standalone “pooled funding” figure as defined in the UN Funding Compact

⁴ For 2023–2024, pooled funding reflects combined contributions from UN entities and UN pooled mechanisms, the closest available proxy in UNCDF’s financial reports.

Only one IRRM indicator touches on resource distribution: the share of UNCDF expenditure occurring in LDCs. This indicator reflects UNCDF's mandate focus on LDCs and helps track whether expenditures align with this overarching institutional priority. However, this does not provide insight into how funding is distributed across the Strategic Framework's five priority areas (inclusive digital economies; local transformative finance; women's economic empowerment; climate/energy/biodiversity finance; and sustainable food systems finance).

Both the 2024 Mid-Term Evaluation and the 2022 OAI Audit identified gaps related to resource alignment. The mid-term evaluation noted that funding was "fragmented and unpredictable," making it difficult to sustain coherent implementation across priority areas, and highlighted limited institutional capacity to direct resources toward organisation-wide priorities. The Audit similarly found that UNCDF lacked integrated planning tools and internal controls to ensure that resources were deployed consistently in support of corporate objectives.

As discussed further under KPI 4 (MI 4.3), UNCDF did not operate an integrated organisational budget during the review period that linked financial resources to strategic objectives or management results. Financial reporting distinguished between development and management expenditures in aggregate, but did not map costs to individual strategic outcomes or priority areas. This structural limitation constrains assessment of whether financial planning ensured adequate funding of each priority area. However, the evidence also shows that UNCDF has addressed this limitation in the 2026-2029 planning cycle through an integrated budget framework aligned with the new capability-based Strategic Framework.

The new 2026–2029 Strategic Framework introduces an integrated organisational budget linking resources more explicitly to strategic capabilities and results, alongside a refined resource mobilisation approach. However, as these mechanisms are being operationalized in 2026, their effectiveness cannot be assessed within the review period.

Element 1.4.2

The MO has a single integrated budgetary framework that ensures transparency.

UNCDF is transparent in terms of financial reporting but did not operate during the 2020-2025 cycle a single integrated budgetary framework that ensures full transparency in terms of expenditure against strategic priorities. UNCDF has developed a single integrated budgetary framework that links resources more systematically and transparently with organisational capabilities and strategic priorities for the 2026-2029 Strategic Framework period.

During the 2020–2025 review period, UNCDF did not operate under a single integrated budgetary framework. Instead, its financial architecture remained fragmented across multiple funding streams, including regular (core) resources, earmarked other resources, capital investment accounts, and trust funds such as the Last Mile Finance Trust Fund. This fragmentation is evident across all UNCDF annual financial situation reports from 2020–2024, which present consolidated figures for contributions, expenditures, liquidity, capital investments, and donor concentration but do not integrate these into one unified organisational budget.

Although UNCDF is affiliated with UNDP, it is not part of the UNDP Integrated Budget. In the UNDP Integrated Resources Plan and Integrated Budget Estimates 2026–2029 (DP/2025/23), UNCDF appears only under Special Purpose Activities as a "non-UNDP operation administered by UNDP," with an allocation of \$7.6 million for 2026–2029. This entry represents the portion of UNCDF's institutional costs channeled through UNDP's administrative systems; it does not constitute an integrated budget for UNCDF's programme resources, capital investments, or trust fund operations. UNCDF continues to submit a separate, stand-alone financial situation report annually to the Executive Board.

UNCDF's financial reporting practices do provide a high degree of transparency. The Managing Director's annual financial situation reports are submitted to the Executive Board and presented

for discussion with Member States. These reports disclose overall contributions, core vs non-core resource shares, expenditure categories, liquidity, and the status of capital investments. UNCDF also participates in UNDP's audit and oversight mechanisms, and its reporting complies with UN financial regulations. However, transparency does not equate to integration: UNCDF's financial framework remained structurally decentralised during the 2022-2025 cycle, with no single instrument consolidating all resource streams into a unified organisational budget. The 2026-2029 Integrated Resources Plan and Integrated budget, provides a more consolidated view of resources and links them to organizational capabilities and strategic priorities.

Both the 2024 Mid-Term Evaluation and the 2022 OAI Audit highlighted this fragmentation. The mid-term evaluation found that UNCDF's resources were "fragmented and unpredictable," limiting the organisation's capacity for coherent, organisation-wide financial planning. The audit identified gaps in financial controls and planning processes, further underscoring the absence of an integrated budget framework.

UNCDF began preparatory work in late 2024 to develop an integrated budget for the next Strategic Framework cycle (2026–2029), aiming to align resources more systematically with organisational capabilities and strategic priorities. However, this reform was developed as part of the transition to the 2026-2029 Strategic Framework and had not yet generated implementation evidence at the time of review.

Element 1.4.3

The MO's financial framework is reviewed regularly by its governing body.

Overall, UNCDF's financial framework was reviewed regularly by its governing body through established reporting and audit oversight mechanisms. Annual financial situation reports were submitted to the Executive Board throughout the review period, complemented by integrated results and resources reporting and audit follow-up.

UNCDF's financial framework was reviewed regularly by its governing body during the 2020–2025 review period through established Executive Board oversight mechanisms. Each year, UNCDF submitted a stand-alone "Annual Review of the Financial Situation of the United Nations Capital Development Fund"—the Managing Director's financial situation report—which provided the Executive Board with detailed information on contributions, core and non-core resource flows, liquidity, expenditure levels, capital investments, and donor concentration. These reports were issued annually for 2020, 2021, 2022, 2023, and 2024, ensuring sustained financial oversight by the Board. Oversight mechanisms therefore enable accountability and transparency on financial management.

In addition to these annual financial situation reports, the Executive Board reviewed UNCDF's performance through its annual integrated results and resources reporting, which included updates on programme expenditures, capital investment performance, institutional effectiveness indicators, and financial sustainability metrics. The Board also received updates on UNCDF's compliance with UNDP audit mechanisms, including reviews conducted by the Office of Audit and Investigation (OAI). The 2022 OAI audit and the ongoing follow-up audit were both formally reported to the Board, providing external validation of financial controls and risk management.

Element 1.4.4

Funding windows or other incentives in place to encourage donors to provide more flexible/un-earmarked funding at global and country levels.

To date, outside the LMFTF, UNCDF has not established additional funding windows or other incentives at global and country levels to encourage donors to provide more flexible/un-earmarked funding and address its fragmented and unpredictable funding.

During 2020–2025, UNCDF did not operate formal incentives or structured funding windows specifically designed to increase flexible or un-earmarked resources. Across all five years of financial situation reports (2020–2024), UNCDF’s resource base remained overwhelmingly earmarked, with non-core resources representing 86–95% of annual contributions and regular (core) resources accounting for only 5–14% each year.

UNCDF did maintain certain broad thematic or multi-year instruments—such as the Last Mile Finance Trust Fund (LMFTF)—which enabled some degree of aggregation across donors. However, contributions to these instruments remained earmarked at the thematic level. They did not function as incentives for un-earmarked contributions, nor did they materially increase the proportion of flexible resources available for organisation-wide priorities. The LMFTF was designed as a flexible funding mechanism that pools together lightly earmarked resources from various donors towards thematic priorities. As of 31 December 2024, LMFTF has received \$100 million. This indicates that UNCDF had a functioning pooled funding window during the review period, although its contribution to fully flexible or unearmarked resources remained limited.

The 2024 Mid-Term Evaluation confirmed this picture, finding that UNCDF’s funding profile was “fragmented and unpredictable” and that the organisation did not have an overarching resource mobilisation strategy capable of expanding the share of flexible funds. The mid-term evaluation also noted that heavy reliance on projectised, donor-driven contributions constrained UNCDF’s ability to plan strategically and allocate resources across priority areas. The 2022 OAI Audit similarly identified gaps in resource planning and the absence of coherent mechanisms to channel funds toward institutional priorities.

The 2025 follow-up audit confirmed that UNCDF had implemented the audit’s recommendations related to governance, risk management, and financial oversight, including the recruitment of key senior roles such as the Chief Risk Officer and the Head of the Programme Management Support Unit. These actions strengthened internal controls and institutional capacity; however, they addressed governance and process weaknesses rather than the underlying structural issue of high earmarking and limited core funding flexibility, which remained a defining feature of UNCDF’s financial framework during the review period.

UNCDF’s financial situation reports and strategic documentation do not indicate the presence of institutional tools commonly used to incentivise flexible funding—such as differential fee structures, matched funding schemes, corporate priority windows, or governance-linked incentives. Instead, UNCDF continued to operate within a model predominantly shaped by donor earmarking, with no evidence of internal mechanisms designed to encourage or increase un-earmarked contributions during the review period.

UNCDF has recently begun strengthening its approach to flexible and predictable financing through development of the 2026–2029 Resource Mobilization Strategy. The strategy explicitly prioritizes increasing regular (core) funding, establishing a revolving trust fund pooling soft-earmarked contributions, and expanding multi-year contributions from core donors. It also introduces targets for increasing flexible capital and reducing fragmentation through pooled financing arrangements. However, these mechanisms were still at an early stage of operationalization and their effectiveness in increasing un-earmarked or more flexible funding could not be assessed within the review period.

Element 1.4.5

Policies/measures are in place to ensure that earmarked funds target priority areas

UNCDF has operated measures to ensure earmarked funds support work within its five priority areas. UNCDF recognises that this is insufficient and has introduced an Integrated Budget Framework and strengthened approach to resource mobilisation to address this gap under the 2026-2029 strategic framework.

UNCDF's financial reporting from 2020–2024 shows that the organisation relied heavily on earmarked, project-based contributions, which accounted for 86–95% of total annual contributions, with regular (core) resources representing only 5–14% each year. Because of this funding structure, ensuring that earmarked resources aligned with the five priority areas of the Strategic Framework 2022–2025 was an essential operational requirement. However, the available evidence indicates that UNCDF did not have formal, organisation-wide policies or mechanisms that systematically ensured earmarked contributions were directed toward its priority areas. Instead, alignment relied mainly on programmatic design, donor interest, and the content of bilateral agreements.

UNCDF did employ some practices that supported alignment. The Strategic Framework 2022–2025 required that all new projects and investments fall within one of the five priority areas, and the organisation's programme expenditure consistently represented around 89% of total spending, indicating that most funds—earmarked or otherwise—flowed to mission-related activities. Thematic platforms such as the Last Mile Finance Trust Fund helped pool contributions within broad strategic domains, providing some structure around which earmarked funding could be organised. In addition, project and investment approval processes provide entry points to confirm strategic alignment before resources are committed.

Despite these practices, UNCDF did not have a formal policy instrument in place during the review period to ensure that earmarked contributions consistently targeted its five priority areas. Both external oversight exercises underscored this gap. The 2024 Mid-Term Evaluation concluded that UNCDF's resource base remained “fragmented and unpredictable” and highlighted the absence of a coherent, organisation-wide approach for mobilising and allocating resources across priorities, including mechanisms to systematically steer earmarked funds toward the highest-priority thematic areas. Similarly, the 2022 OAI Audit identified weaknesses in financial planning and internal controls, recommending stronger oversight of how resources—particularly earmarked contributions—were programmed and monitored.

Compounding this, UNCDF's annual financial situation reports do not break down expenditures or allocations by priority area, thematic cluster, or organisational capability. This lack of disaggregated reporting makes it difficult, based on available documentation, to determine how earmarked funds were distributed across priority areas or whether any coverage gaps were identified and addressed through internal planning processes. The 2026-2029 Integrated Resources Plan and Integrated Budget is expected to strengthen this transparency by mapping resources to organizational capabilities and strategic priorities.

Element 1.4.6

[UN] Funding modalities with UN reform: 15% of total resources are from pooled funding

Available data shows that UNCDF has exceeded the 15% pooled funding target set out in the UN Funding Compact.

UNCDF participates actively in UN pooled funding mechanisms, including Multi-Partner Trust Funds (MPTFs) and joint UN programmes. Based on available financial data, UNCDF exceeded the 15% pooled-funding benchmark in the years where comparable figures are reported.

As shown in Table 1.1 see Element 1.4,1 UNCDF received \$26.2 million from pooled and UN-entity sources in 2023, representing 33.6% of total contributions (\$78 million). In 2024, pooled and UN-entity funding totalled \$21 million, equivalent to 17.1% of total contributions (\$123 million). In both cases, pooled funding exceeded the 15% target set out in the UN Funding Compact.

Comparable pooled-funding data is not reported separately in the financial situation reports for 2020–2022. However, the available evidence for 2023–2024 indicates that UNCDF's engagement with pooled funding has been substantial and, where data exist, consistently above the UN's pooled-funding benchmark.

KPI 2: Structures and mechanisms in place and applied to support the implementation of global frameworks for crosscutting issues at all levels, in line with the 2030 Sustainable Development Agenda principles.

Ratings

KPI /MI	Rating	Scores
KPI 2	U	2.47
MI 2.1	S	2.67
MI 2.2	U	2.00
MI 2.3	S	2.67
MI 2.4	S	2.83
MI 2.5	U	2.17

MI 2.1 Corporate/sectoral and country strategies respond to and/or reflect the intended results of normative frameworks for women's economic empowerment

- Element 2.1-1. Dedicated policy statement on women's economic empowerment available and showing evidence of application.
- Element 2.1-2. Women's economic empowerment indicators and targets fully integrated into the MO's strategic plan and corporate objectives.
- Element 2.1-3. Accountability systems (including corporate reporting and evaluation) reflect women's economic empowerment indicators and targets.
- Element 2.1-4. Women's economic empowerment screening checklists or similar tools inform the design for all new interventions.
- Element 2.1-5. Human and financial resources are available to address women's economic empowerment issues.
- Element 2.1-6. Staff capacity development on women's economic empowerment is being or has been conducted.

Ratings

MI / Element	Rating	Confidence Level
MI 2.1	2.67	
Element 2.1.1	3	High
Element 2.1.2	3	Medium
Element 2.1.3	2	Medium
Element 2.1.4	3	Medium
Element 2.1.5	2	Low
Element 2.1.6	3	Low

MI 2.1 Evidence

- United Nations Capital Development Fund (2021) “Strategic Framework 2022–2025”
- United Nations Capital Development Fund (2024 draft) “Draft Strategic Framework 2026–2029”
- United Nations Capital Development Fund (2022) “Gender Equality Strategy 2022–2025”
- United Nations Development Programme and United Nations Capital Development Fund (2022) “Integrated Results and Resources Matrix, Annex to DP/2022/12”
- United Nations Capital Development Fund (2022) “Mid-Term Review of the Strategic Framework 2022–2025”
- United Nations Capital Development Fund (2025) “Supplementary Guidelines to the United Nations Development Programme Programme and Operations Policies and Procedures”
- United Nations Capital Development Fund (2025) “Standard Operating Procedures for the Investment Process”
- United Nations Capital Development Fund (2025) “Investment Strategy”
- United Nations Capital Development Fund (2025) “Pre-Assessment Memo Template”
- United Nations Capital Development Fund (2025) “Transaction Assessment Memo Template – Light Version”
- United Nations Capital Development Fund (2025) “Transaction Assessment Memo Template – Enhanced Version”
- United Nations Capital Development Fund (2024) “Annual Report 2024”
- United Nations Capital Development Fund (2023) “Integrated Results and Resources Matrix”
- United Nations Capital Development Fund (2024) “Integrated Results and Resources Matrix”
- United Nations Capital Development Fund (2021) “HR Plan and Strategy”
- United Nations Capital Development Fund (2022) “HR Plan and Strategy”
- United Nations Capital Development Fund (2023) “HR Workplan and Strategy”
- United Nations Capital Development Fund (2018) “Strategic Framework Evaluation 2018–2021”
- United Nations Capital Development Fund (2024) “Combined Evaluation of Remittances and Migration Programmes”
- United Nations Development Programme (n.d.) “Gender Marker Guidance”
- United Nations Capital Development Fund (n.d.) “Gender Mainstreaming Checklist”

MI 2.1 Analysis

Element 2.1-1. Dedicated policy statement on women’s economic empowerment available and showing evidence of application.

UNCDF has a dedicated institutional strategy on gender equality and women’s economic

empowerment in the form of the Gender Equality Strategy 2022–2025, and WEE is reflected in the Strategic Framework 2022–2025 and draft 2026–2029 framework. However, while evidence indicates partial organizational uptake, documentation does not demonstrate systematic institutional mechanisms to ensure consistent application across all new interventions (see Element 2.1-4 for design-level application).

UNCDF has a dedicated corporate policy statement on women’s economic empowerment articulated in its Gender Equality Strategy 2022–2025. The Strategy sets out the organization’s commitment to “address gender inequality and promote women’s economic empowerment,” identifying the empowerment of women and girls in last-mile economies as a critical strategic priority. It adopts a transformative framing that emphasizes addressing structural and institutional barriers as the foundation for gender-responsive financing, and commits UNCDF to increasing the flow of public and private investments in gender equality and women’s economic empowerment.

Women’s economic empowerment is also reflected in the Strategic Framework 2022–2025 (illustrated version), which elevates WEE as a priority area and defines it as the pursuit of “Equal Economies, where every woman has equal access, equal agency, and equal leadership.” The Strategic Framework sets two WEE-related objectives—Gender Finance Gap Zero and Red Tape Zero—signalling corporate intent to expand financing for women and reduce barriers to their financial and digital inclusion. Gender benchmarks are further embedded in the Integrated Results and Resources Matrix, indicating that WEE is part of UNCDF’s strategic results architecture.

There is institutional evidence of the application of this policy framework. The Mid-Term Evaluation reports that UNCDF finalized its Gender Equality Strategy and Action Plan in 2022 to guide integration of gender equality and WEE at corporate and programming levels, and that WEE was formally designated a thematic area under the 2022–2025 Strategic Framework. Staff consulted for the evaluation identified signs of Strategy uptake, including recruitment procedures requiring at least two qualified female candidates and greater clarity on gender objectives. These findings indicate early organizational application of WEE commitments and an operational shift toward integrating gender considerations into institutional processes.

The Strategic Framework 2026–2029 maintains continuity with existing gender commitments while reorganising UNCDF’s structure around three core capabilities—MSME finance, subnational finance and digital finance—as the primary channels for delivering catalytic capital and advisory support. Within this streamlined architecture, Women’s Economic Empowerment becomes a cross-cutting priority applied across all portfolios, rather than a standalone thematic area. This reflects an institutional shift toward embedding WEE systematically across UNCDF’s financing and advisory operations, ensuring that gender considerations inform MSME support, local financing mechanisms, and digital finance solutions. Under the new framework, WEE remains a strategic commitment, but its influence is broadened and integrated into the organisation’s consolidated financial-oriented approach, consistent with UNCDF’s continued alignment with the 2030 Agenda’s cross-cutting commitments.

Element 2.1-2. Women’s economic empowerment indicators and targets fully integrated into the MO’s strategic plan and corporate objectives.

Women’s economic empowerment indicators are embedded within UNCDF’s Integrated Results and Resources Matrix (IRRM) through sex-disaggregated fields and WEE design classifications across outcome and output indicators. These indicators include baselines and 2025 targets at the aggregate level. However, as noted in the 2023 Mid-Term Evaluation, clarity and reliability of reporting could be strengthened.

UNCDF's Strategic Framework 2022–2025 is monitored through the IRRM, which includes sex-disaggregated reporting requirements and classifications for whether selected interventions are “designed to positively impact women’s economic empowerment.” Within the IRRM, sex-disaggregation and WEE design classifications are embedded in different ways. Sex-disaggregated reporting is included in OC 1.1 (net change in full-time equivalent jobs, including jobs for women), OC 1.4 (number of people engaging with supported products and services, including number of women), and OP 4.2 (capacity development support, disaggregated by female/women), as well as in Institutional Effectiveness Indicator 4.2 (gender-marker scoring of projects). These fields provide visibility on women’s participation and reach. Separately, several outcome and output indicators include explicit classifications for interventions “designed to positively impact women’s economic empowerment,” including OC 1.3 and OC 1.4 (products, services and engagement designed to impact WEE), OC 3.3 and OP 3.1 (policies and regulations designed to impact WEE), OP 3.2 (financing mechanisms designed to impact WEE), OP 4.1 (products/services operating to impact WEE), and OP 4.2 (capacity development relating to WEE). These design classifications identify a subset of interventions with an intentional empowerment objective, distinct from general sex-disaggregated reporting. These indicators include baseline values, annual reporting from 2022 onward, and 2025 targets.

Output indicators similarly allow reporting on whether investments, products, services, policies or financing mechanisms are intended to advance WEE. This includes OP 1.1 classifications for investments designed to positively impact WEE, OP 3.1 and OC 3.3 classifications for policies and regulations under development or adopted, and OP 4.1 and OP 4.2 classifications for products, services and capacity development activities. While sex-disaggregation supports visibility on participation and beneficiary characteristics, only the specific WEE design classifications reflect an intentional focus on women’s economic empowerment within a subset of interventions.

At the institutional level, the IRRM includes two Gender Equality Institutional Effectiveness Indicators: Indicator 4.1 on the percentage of UN-SWAP minimum standards met or exceeded and Indicator 4.2 on the proportion of projects assigned gender-marker scores of 2 or 3. These indicators provide a means to track gender mainstreaming across the portfolio.

The Gender Equality Strategy 2022–2025 identifies WEE as a corporate priority and states that gender benchmarks form part of the IRRM. The Strategy also commits UNCDF to strengthening application of the gender marker through programme portfolio reviews, Programme Appraisal Committee (PAC) processes, and institutional gender oversight mechanisms. Supporting operational guidance reviewed includes the UNDP Gender Marker Guidance and UNCDF Gender Mainstreaming Checklist, which outline expectations relating to gender analysis, gender-responsive indicators and targets, sex-disaggregated data collection, and assignment of gender-marker classifications at output level. This links the Gender Equality Strategy, the IRRM and the project-level gender-marker system.

UNCDF applies the UNDP Gender Marker framework (GEN0–GEN3) at project output level. Under this framework, GEN0 indicates that an intervention does not contribute to gender equality objectives; GEN1 reflects a limited contribution where gender considerations are present but not systematically integrated; GEN2 applies where gender equality or women’s empowerment are significant and consistent objectives integrated across the rationale, activities, indicators, and budget of the intervention; and GEN3 applies where gender equality or women’s empowerment constitute the principal objective of the intervention. The UNDP guidance further specifies that GEN2 classifications require evidence of gender analysis, expected gender-related change, and indicators to measure or track this change.

IRRM indicators are intended to cascade to project-level results frameworks through alignment requirements, application of gender markers at output level, and use of supporting tools such as

the UNCDF Gender Mainstreaming Checklist. The checklist requires consideration of gender analysis, sex-disaggregated data, gender-responsive indicators and targets, allocation of financial resources for gender activities, and inclusion of gender considerations in monitoring and evaluation processes.

Overall, the evidence shows that WEE indicators and targets are integrated into UNCDF's strategic results architecture through sex-disaggregated indicators, WEE design classifications, gender-marker indicators and UN-SWAP institutional effectiveness indicators. However, weaknesses in indicator application, documentation consistency and communication of results limit the extent to which this integration is consistently demonstrated in practice.

Element 2.1-3. Accountability systems (including corporate reporting and evaluation) reflect women's economic empowerment indicators and targets.

Overall, while WEE is incorporated through IRRM reporting, sex-disaggregated results data, WEE design classifications, gender-marker reporting and UN-SWAP institutional effectiveness indicators, evaluative evidence suggests that empowerment outcomes are not systematically assessed across programmes. Gender is frequently operationalised as improved access or participation, and there is limited evidence that WEE-specific indicators or targets are consistently examined at project closure or in decentralized evaluations.

At the corporate level, accountability for women's economic empowerment operates primarily through the IRRM during the review period. Annual reporting against IRRM indicators is presented through corporate results reporting to the Executive Board. WEE-related classifications and sex-disaggregated data therefore form part of aggregate performance reporting. However, documentation reviewed does not indicate that results against WEE-specific targets are systematically presented as a distinct performance area, nor that progress against empowerment outcomes is separately analysed in Board reporting. Corporate reporting takes place, but the presentation and interpretation of WEE results could be made more visible as a dedicated performance stream.

Institutional indicators—such as those relating to UN-SWAP compliance and gender-marker scoring—provide additional information on gender mainstreaming across the portfolio. These indicators help identify the proportion of UNCDF's activities that align with gender-significant or gender-specific programming, though they do not track empowerment outcomes directly. Nevertheless, they form part of the accountability system for monitoring whether gender quality and women's empowerment are being mainstreamed across the portfolio.

With respect to evaluation, the evidence base shows uneven treatment of women's economic empowerment across the evaluation portfolio. The Independent Evaluation of the Strategic Framework 2018–2021, which also served as a gender thematic evaluation, directly assessed WEE and concluded that UNCDF contributed to improved access to finance and support for women-led enterprises, while noting uneven integration and limited evidence of empowerment outcomes beyond access and participation.

Subsequent programme- and country-level evaluations continue to reference women as priority beneficiaries, but most do not assess empowerment outcomes. Several evaluations—including the Migration and Remittances Programme Mid-Term Evaluation (2024), the Digital Financial Services in Sierra Leone evaluation, the Municipal Investment Finance evaluation, and the Africa Policy Accelerator evaluation—frame gender primarily in terms of access, onboarding, or participation. In multiple cases, evaluations explicitly note that empowerment mechanisms were unclear, baselines or targets for empowerment outcomes were not established, or gender-

disaggregated results were not consistently reported. The LoGIC Bangladesh Mid-Term Evaluation provides the clearest example of measurable livelihood and income effects for women, but this appears to be an exception rather than standard practice across the portfolio.

The Strategic Framework 2026–2029 sets in motion an updated results architecture through a new IMVL system and a streamlined IRRM, with plans to strengthen verification and reporting of results and impacts. According to clarification provided by UNCDF, methodological notes have been developed for IRRM indicators, including requirements for gender-disaggregated reporting at output, outcome, and impact levels. These developments suggest a more structured approach to tracking and verifying gender-related performance across the results framework. While the methodological guidance itself was not reviewed as part of the assessment, implementation of the IMVL–IRRM architecture, associated quality assurance processes, and future evaluations will provide a clearer indication of the extent to which women’s economic empowerment outcomes are systematically assessed.

Overall, WEE indicators and targets are reflected in UNCDF’s corporate reporting and accountability framework through the IRRM, gender-marker reporting and institutional indicators. However, weaknesses in indicator application, reporting quality and the assessment of empowerment outcomes limit the extent to which accountability systems consistently demonstrate progress on women’s economic empowerment.

Element 2.1-4. Women’s economic empowerment screening checklists or similar tools inform the design for all new interventions.

UNCDF uses a Gender Mainstreaming Checklist and related design and appraisal tools to incorporate gender considerations into new interventions.

UNCDF’s design and appraisal architecture included several tools and processes incorporating gender-related considerations. During the assessment, UNCDF also provided supplementary tools—including the UNCDF Gender Mainstreaming Checklist and newer project results framework tools associated with the evolving 2026 results architecture—which include references to gender analysis, sex-disaggregated indicators, gender-responsive targets, and assignment of gender markers at output level.

At the early design stage, the Pre-Assessment Memo (PAM) obliges teams to explain how a proposed intervention aligns with UNCDF’s Strategic Framework priority areas, including gender equality and WEE. This requirement allows for WEE to be considered conceptually during project development. In addition, supplementary guidance reviewed indicates that interventions classified under higher gender-marker categories (GEN2 and GEN3) are expected to include supporting evidence such as gender analysis, gender-responsive objectives, and measurable gender-related indicators. However, PAM itself does not contain a dedicated WEE screening methodology or formal assessment criteria systematically applied across all interventions.

As interventions advance through appraisal, the Transaction Assessment Memo (TAM) similarly requires alignment with the Strategic Framework but does not isolate WEE as a distinct screening dimension. Gender-related elements—such as sex-disaggregated beneficiary estimates and an optional narrative on gender-lens considerations—support consideration of gender issues during appraisal. Supplementary guidance reviewed further indicates that interventions classified as GEN2 or GEN3 are expected to include supporting evidence such as gender analysis, gender-responsive objectives, and measurable gender-related indicators.

Safeguards processes, including application of the UNDP Social and Environmental Screening Procedure (SESP), address social and environmental risks that may include gender

considerations, but they are structured as risk management tools. They do not assess whether an intervention contributes to WEE or require teams to evaluate WEE-specific opportunities or outcomes. Similarly, due diligence and shortlisting processes outlined in the UNCDF Investment SOP do not include gender or WEE-specific requirements. The Investment Strategy (May 2025) states that gender inclusion should be considered in due diligence yet does not define how this should be assessed nor provide a tool or criterion to guide such assessments.

Additional measures have been introduced as part of the evolving 2026 results architecture. These include IRRM methodological notes, RBM focal point training on indicator selection criteria and implementation of the new IRRM, a project indicator catalogue incorporating development priorities such as environmental and social safeguards and gender considerations, and review of impact screening by the Programme Management Support Unit (PMSU) with spot-checks undertaken by the IMVL unit. These review and spot-checking functions did not exist prior to 2026. These developments suggest stronger design-stage quality assurance by linking gender considerations to indicator selection, results frameworks and review processes, although their implementation and effectiveness could not yet be assessed.

The importance of clearer and more systematic gender-responsive screening was also reflected in evaluation findings. A programme-level evaluation of UNCDF's remittances and migration work recommended introducing gender-responsive proposal scoring to prioritise interventions with clear strategies to advance gender inclusion, financial health and decent work for women. Management accepted this recommendation and initiated a review of applicable selection criteria.

Element 2.1-5. Human and financial resources are available to address women's economic empowerment issues.

Evidence reviewed suggests that dedicated human and financial resources specifically focused on women's economic empowerment remained limited during much of the review period, although UNCDF increasingly adopted a mainstreamed approach in which gender-related considerations were integrated across broader programming and operational functions.

Findings from the 2022 Mid-Term Review indicated several constraints within UNCDF's broader institutional environment that affected the availability of human resources to support gender equality and women's economic empowerment. The Review observed that UNCDF did not have dedicated gender or inclusion experts and instead relied on gender focal points who undertook these responsibilities in addition to their primary roles and without specialized technical expertise. It also identified the need for gender expertise at country level to conduct the analysis required for programme development and pointed to gaps in coordination between headquarters and field offices and in the dissemination of gender-related tools and processes. More generally, the Review reported that gender and WEE themes were "nascent" and not consistently applied across practice areas, suggesting limited staff capacity at the time.

Following these observations, the Gender Equality Strategy (2022–2025) introduces several commitments intended to strengthen UNCDF's human and financial resources for gender integration. These include plans to resource high-level gender advisers to support analytical work and policy engagement, development and resourcing of a corporate gender capacity-building plan including annual staff training, and a requirement that programme-linked gender training constitute at least 30 percent of the overall learning budget. These commitments reflect an institutional intention to address capacity gaps noted in the mid-term evaluation.

While the Strategy sets out future resourcing commitments, the available documentation does

not provide evidence on the extent to which these human and financial resource measures have been implemented or whether they have addressed the constraints identified in 2022. Gender-related activities are being funded through project-level resources across parts of the portfolio. Earlier in the review period, UNCDF had one staff member assigned specifically to the WEE topic.

Additional evidence provided by UNCDF indicates that implementation of its GEWEE approach is also supported by a corporate Head Gender Focal Point and four regional Gender Focal Points, who meet quarterly to review implementation of the GEWEE Strategy and the PSEAH framework. However, these responsibilities are combined with other substantive functions.

At the project level, the Gender Equality Marker is used to identify expenditure associated with gender-responsive programming. In 2025, UNCDF reported that 85 percent of projects were classified as GEM2 and four projects as GEM3, with total expenditure of USD 91 million across GEM1–3 projects through April 2026. While this demonstrates that gender-related activities are resourced through the project portfolio, it does not provide evidence of a dedicated corporate budget for WEE.

UNCDF indicated that, under the Strategic Framework 2026–2029, gender considerations are increasingly being mainstreamed across programming and operational functions rather than managed through a standalone gender practice area. Under this model, UNCDF indicated that specialized gender expertise may be drawn from partner UN entities, including UN Women and UNDP, where relevant. This suggests an institutional approach that seeks to integrate WEE considerations within UNCDF's broader financing and programming model while leveraging the comparative advantages and technical expertise of other UN system partners.

Overall, UNCDF has strengthened the mechanisms supporting the mainstreaming of WEE through its focal-point network, gender-marker system and project-level resources. However, dedicated specialist capacity and corporate-level financial resources remained limited, and evidence of implementation of the Gender Equality Strategy's resourcing commitments remains incomplete.

Element 2.1-6. Staff capacity development on women's economic empowerment is being or has been conducted.

The need for systematic capacity development on women's economic empowerment has been recognised, and UNCDF has introduced several measures to strengthen staff capacity. However, evidence on the implementation, coverage and effectiveness of these initiatives remains limited.

The 2022 Mid-Term Review reported that UNCDF's staff capacity to integrate gender equality and WEE was limited at the time of assessment. It found that understanding of gender and WEE varied across practice areas and that UNCDF did not have dedicated gender or inclusion specialists, with responsibilities instead assigned to focal points who generally lacked specialised technical expertise. This indicated a need for more systematic capacity development.

The Gender Equality Strategy (2022–2025) outlines several commitments intended to strengthen staff capacity, including developing a corporate gender capacity-building plan, introducing annual gender-related training for all staff, dedicating at least 30 percent of the organisational learning budget to programme-linked gender training, and resourcing senior gender advisers to provide technical guidance. These commitments signal an institutional intention to expand gender-related competencies.

All personnel are required to complete mandatory “Gender at UNDP” training upon joining the organization, and staff may also engage through a UNDP-led Community of Practice that provides updates and knowledge-sharing related to WEE. UNCDF’s 2025 Gender SWAP Report and 2026-2027 Action Plan includes dedicated resources for gender-related capacity development, indicating plans for staff capacity development activities to take place.

Guidance on data quality and on the application of the Gender Equality Marker and SDG 5 coding across programme design, monitoring and reporting processes has also recently been introduced. The newly established PMSU has developed internal practices to support the measurement and reporting of gender-related results, while the RBM team provides guidance on tracking gender-related SDG contributions through internal platforms, webinars, project-level reporting templates and dashboards. These measures suggest increasing institutional support for staff capacity development on gender-related reporting and results management, although their implementation and effectiveness could not yet be assessed.

Overall, these measures indicate increasing institutional attention to gender-related staff capacity development. However, the documentation reviewed did not provide a consolidated assessment of the extent, coverage or effectiveness of WEE-specific capacity development activities implemented during the review period.

MI 2.2: Corporate/sectoral and country strategies respond to and/or reflect the intended results of normative frameworks for climate, clean energy and biodiversity finance.

- Element 2.2-1. Dedicated policy statement on climate, clean energy and biodiversity finance available and showing evidence of application.
- Element 2.2-2. Climate, clean energy and biodiversity finance indicators and targets fully integrated into the MO's strategic plan and corporate objectives.
- Element 2.2-3. Accountability systems (including corporate reporting and evaluation) reflect climate, clean energy and biodiversity finance indicators and targets.
- Element 2.2-4. Climate, clean energy and biodiversity finance screening checklists or similar tools inform design for all new interventions.
- Element 2.2-5. Human and financial resources are available to address climate, clean energy and biodiversity finance issues.
- Element 2.2-6. Staff capacity development on climate, clean energy and biodiversity finance is being or has been conducted.

Ratings

MI / Element	Rating	Confidence Level
MI 2.2	2	
Element 2.2.1	3	Medium
Element 2.2.2	2	Medium
Element 2.2.3	2	Medium
Element 2.2.4	2	Medium

Element 2.2.5	2	Low
Element 2.2.6	1	Low

MI 2.2 Document Evidence

- United Nations Capital Development Fund (2021) “Strategic Framework 2022–2025”
- United Nations Capital Development Fund (2024 draft) “Draft Strategic Framework 2026–2029”
- United Nations Development Programme and United Nations Capital Development Fund (2022) “Integrated Results and Resources Matrix, Annex to DP/2022/12”
- United Nations Capital Development Fund (2022) “Mid-Term Review of the Strategic Framework 2022–2025”
- United Nations Capital Development Fund (2023) “Integrated Results and Resources Matrix”
- United Nations Capital Development Fund (2024) “Integrated Results and Resources Matrix”
- United Nations Capital Development Fund (2022) “Climate, Energy and Nature Theory of Change Presentation”
- International Organization for Standardization (2023) “ISO 14093: Local Climate Finance Standard Flyer”
- United Nations Capital Development Fund (2025) “Supplementary Guidelines to the United Nations Development Programme Programme and Operations Policies and Procedures”
- United Nations Capital Development Fund (2025) “Standard Operating Procedures for the Investment Process”
- United Nations Capital Development Fund (2025) “Investment Strategy”
- United Nations Capital Development Fund (2025) “Pre-Assessment Memo Template”
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- United Nations Capital Development Fund (2022) “HR Plan and Strategy”
- United Nations Capital Development Fund (2023) “HR Workplan and Strategy”
- United Nations Capital Development Fund (2023) “Final Evaluation Report: LoCAL Programme”
- United Nations Capital Development Fund (2018) “Strategic Framework Evaluation 2018–2021”

MI 2.2 Analysis

Element 2.2-1. Dedicated policy statement on climate, clean energy and biodiversity finance available and showing evidence of application.

Climate, Clean Energy and Biodiversity Finance was one of UNCDF’s five priority areas under the 2022-2025 SF but UNCDF does not have a dedicated policy statement on climate, clean energy and biodiversity finance. Under the Strategic Framework 2026–2029, UNCDF’s evolving capability-based model is intended to apply its core institutional capabilities flexibly across thematic priorities and country demands, including climate- and resilience-related objectives.

UNCDF’s approach to climate, clean energy and biodiversity finance is articulated through its strategic frameworks and thematic programmatic materials rather than through a dedicated, standalone corporate policy statement. UNCDF Climate Presentation from January 2022, sets out a Theory of Change for “Climate, Energy and Nature,” including intended impacts, barriers to progress, assumptions and outcome pathways. This presentation provides a consolidated articulation of UNCDF’s strategic intentions in climate and nature finance, but serves as a thematic framing tool rather than a formal corporate policy document endorsed through institutional governance processes.

Climate, clean energy and biodiversity priorities are also reflected in UNCDF's broader strategic architecture. The Strategic Framework 2022–2025 identifies “Climate, Clean Energy and Biodiversity Finance” as one of UNCDF's five priority areas, and the IRRM incorporates indicators that may be disaggregated to highlight contributions to climate or nature-related objectives. Evidence from the Mid-Term Review indicates that UNCDF has applied aspects of this strategic focus through its engagement in local climate adaptation planning and financing, including through the LoCAL mechanism. Materials related to ISO 14093 state that the standard was developed using the LoCAL methodology and experiences from countries implementing LoCAL, and that the LoCAL methodology forms the basis of ISO 14093. These materials illustrate the use of UNCDF's local climate adaptation financing model in the development of an international standard.

The Strategic Framework 2026–2029 introduces a capability-based institutional model intended to distinguish how UNCDF delivers from the thematic priorities it supports. Under this approach, UNCDF's three core capabilities—combining financial instruments, advisory services, market intelligence and partnerships—are intended to be applied flexibly across evolving thematic priorities and country demands, including climate, resilience, food systems and gender-related objectives. This framing reflects an effort to avoid fragmentation across thematic areas while maintaining strategic flexibility and alignment with broader global development frameworks.

Element 2.2-2. Climate, clean energy and biodiversity finance indicators and targets fully integrated into the MO's strategic plan and corporate objectives

Climate, clean energy and biodiversity finance indicators are integrated into UNCDF's corporate results framework through IRRM design classifications and related reporting fields, although this integration relies primarily on tagging mechanisms rather than dedicated thematic outcome indicators.

UNCDF's Strategic Framework 2022–2025 identifies climate, clean energy and biodiversity finance as one of its five priority areas. These themes are structurally integrated into UNCDF's corporate objectives through a comprehensive set of indicators and classifications in the IRRM. Across the results chain, outcome indicators—such as OC 1.3 on new or improved products, services and infrastructures; OC 1.4 on uptake and use of supported offerings; OC 2.1 and OC 2.2 on mobilized and catalyzed finance; and OC 3.2 and OC 3.3 on financing mechanisms and policy and regulatory change—require classification of whether interventions are “designed to positively impact climate/clean energy/biodiversity.” These climate- and nature-related classifications include baselines, annual reporting through 2024, and explicit 2025 targets.

Similarly, output indicators require disaggregation by whether investments, products and services, capacity development activities, funds and financing mechanisms, and policies in development or adopted are intended to advance climate, clean energy or biodiversity priorities. This includes classifications under OP 1.1 for investments, OP 3.1 for policies and regulations under development, OP 3.2 for financing mechanisms, OP 4.1 for piloted or launched products and services, and OP 4.2 for thematic capacity development. These embedded classifications constitute a structured mechanism for tracking UNCDF's contributions to climate and nature finance across multiple levels of results.

The draft Strategic Framework 2026–2029 maintains climate, clean energy and biodiversity as cross-cutting priorities and references mechanisms such as LoCAL as established channels for climate and adaptation finance. It continues the current model by embedding climate and nature considerations within UNCDF's core capabilities and results system but does not introduce separate corporate-level climate indicators or thematic targets.

Overall, climate, clean energy and biodiversity finance are fully integrated into UNCDF's

corporate results framework through systematic IRRM classifications with annual reporting and 2025 targets, even though the Strategic Framework itself does not define standalone thematic indicators.

Element 2.2-3. Accountability systems (including corporate reporting and evaluation) reflect climate, clean energy and biodiversity finance indicators and targets.

Climate, clean energy and biodiversity finance indicators are monitored through UNCDF's IRRM. However, documentation does not demonstrate that results against these indicators and targets are consistently analysed or reflected in Board-level reporting and evaluation processes.

At the corporate level, climate, clean energy and biodiversity finance indicators are embedded within the IRRM and are subject to annual reporting as part of UNCDF's overall results reporting framework. IRRM reporting includes classifications identifying whether interventions are "designed to positively impact climate/clean energy/biodiversity," with baselines, annual progress data and 2025 targets. These results form part of corporate performance reporting to the Executive Board. For instance, the IRRM has indicators on product development (OC 1.3), uptake and use (OC 1.4), mobilized and catalyzed finance (OC 2.1 and OC 2.2), policy and regulatory development and adoption (OP 3.1 and OC 3.3), financing mechanisms (OP 3.2) and capacity development (OP 4.2). Together, these indicators form a structured accountability mechanism for monitoring UNCDF's climate and nature contributions. However, documentation reviewed does not indicate that climate-related results are systematically presented as a distinct thematic performance section in Board reporting, nor that progress against climate classifications and targets is analysed separately from aggregate portfolio results.

Corporate reporting supplements this indicator framework with narrative information on climate-related activities—such as LoCAL-supported adaptation investments, clean energy initiatives, and nature-focused blended finance—and annual IRRM annexes publicly report disaggregated climate-, energy- and biodiversity-related indicator data. However, the documentation reviewed does not demonstrate that performance against climate-related IRRM classifications and targets is systematically analysed or interpreted at a thematic corporate level beyond presentation of indicator data and programme examples.

With respect to evaluation, documentation reviewed does not demonstrate that evaluations are explicitly required to assess performance against IRRM climate, clean energy or biodiversity classifications or targets in a systematic manner. Programme-level evaluations reviewed during the assessment period (including LoCAL, MIF, APA and digital finance country evaluations) reference climate, adaptation or environmental considerations where relevant, but generally do not assess portfolio-level performance against IRRM climate classifications or targets.

The LoCAL evaluation provides programme-specific evidence of structured accountability mechanisms—such as Annual Performance Assessments, climate adaptation assessments and processes aligned with ISO 14093—used to track local climate-resilient investments. Management committed to maintaining and strengthening these tools, conducting portfolio reviews and supporting countries in monitoring and verifying investments. While these mechanisms support accountability within the LoCAL programme, they do not constitute organisation-wide systems for climate, clean energy and biodiversity finance indicators and targets.

Overall, climate and nature indicators are monitored through the IRRM and reported as part of aggregate corporate performance reporting. However, evidence does not demonstrate that results against climate-related indicators and targets are systematically analysed and presented as a distinct accountability stream at Board level, nor that evaluations are uniformly required to assess performance against climate-specific IRRM indicators across the portfolio. The forthcoming IMVL–IRRM reform may affect this architecture, but its implications for evaluation and Board-level climate accountability fall outside the review period.

Element 2.2-4. Climate, clean energy and biodiversity finance screening checklists or similar tools inform design for all new interventions.

UNCDF incorporates climate, clean energy and biodiversity considerations into aspects of its intervention design and appraisal processes through broader strategic alignment, safeguards, and investment review mechanisms. While these processes can serve as “similar tools” for integrating climate-related considerations, UNCDF does not have a standalone or fully standardized climate-specific screening checklist applicable across all new interventions. Consistent with the organization’s evolving strategic direction under the draft 2026–2029 Strategic Framework, which shifts from the previous standalone thematic focus toward a more streamlined set of core financing capabilities.

UNCDF’s design-stage tools incorporate several requirements that guide strategic and safeguards alignment. At the early design stage, the Pre-Assessment Memo requires teams to demonstrate alignment with UNCDF’s Strategic Framework priority areas and strategic outcomes. As climate, clean energy and biodiversity finance is one of the Strategic Framework’s priority areas, this requirement establishes a general expectation for thematic alignment. In this context, the PAM process introduces consideration of climate-related alignment where relevant to the intervention. However, the PAM does not include a climate- or nature-specific field, checklist or criterion applicable to all interventions.

At appraisal, Transaction Assessment Memo similarly requires teams to describe alignment with the UNCDF Strategic Framework but does not include climate-, clean energy- or biodiversity-specific screening questions. The TAM’s required Social and Environmental Screening, aligned with UNDP’s Social and Environmental Standards, focuses on environmental and social risk mitigation rather than identifying or assessing climate, clean energy or biodiversity finance opportunities.

UNCDF’s Supplementary Guidelines to POPP and the Investment SOP establish corporate requirements for due diligence and compliance with POPP, but neither introduces a screening mechanism specific to climate, clean energy or biodiversity finance. Strategic documents and thematic presentations outline UNCDF’s ambitions and programmatic approaches in climate and nature finance, but they do not create a corporate requirement that all new interventions undergo a climate, clean energy or biodiversity finance screening.

Element 2.2-5. Human and financial resources are available to address climate, clean energy and biodiversity finance issues.

UNCDF's Strategic Framework 2022–2025 identifies climate, clean energy and biodiversity finance as a priority area; however, the Framework does not set out specific human or financial resource requirements to support this thematic commitment.

The organizational arrangements and staffing structures described in the Framework and related corporate documents do not include dedicated climate or nature finance positions or specialized units assigned to lead or coordinate climate, clean energy or biodiversity finance across the portfolio.

The 2022 Mid-Term Review did not examine climate, clean energy or biodiversity finance resourcing specifically but highlighted broader institutional constraints that also affect UNCDF's capacity to deliver thematic priorities. These included limitations in staffing and expertise across several corporate functions, gaps in coordination between headquarters and field operations, and weaknesses in systems needed to support technical workstreams. These issues suggest that institutional capacity to support specialized thematic agendas—of which climate and nature finance are examples—was constrained at the time of the Review, although no theme-specific capacity assessment was undertaken.

Subsequent strategic documents indicate that, following the 2023 organizational reform and development of the Strategic Framework 2026–2029, UNCDF has increasingly organized staffing and operational structures around institutional capabilities and financial instruments rather than thematic areas. UNCDF indicated that it does not maintain dedicated staffing structures for climate, clean energy or biodiversity finance and instead positions these issues within its broader sector-agnostic operating model.

Element 2.2-6. Staff capacity development on climate, clean energy and biodiversity finance is being or has been conducted.

UNCDF's Strategic Framework 2022–2025 identifies climate, clean energy and biodiversity finance as a priority area but does not set out specific staff capacity development measures to support technical competencies in these themes.

Subsequent strategic documents and clarifications provided by UNCDF indicate that, following the 2023 organizational reform and development of the Strategic Framework 2026–2029, UNCDF increasingly organizes its operations around institutional capabilities and investment functions rather than thematic sectors. Under this model, climate- and nature-related expertise is expected to be incorporated through recruitment of personnel with relevant professional competencies rather than through dedicated thematic staffing or broad-based internal training programmes.

The Strategic Framework 2026–2029 also signals an intention to strengthen technical capabilities through enhanced monitoring, learning and analytics under the planned IMVL system. However, specific staff skills frameworks or institutional capacity development initiatives related specifically to climate, clean energy or biodiversity finance were not identified.

Overall, UNCDF's evolving capability-based model appears to place greater emphasis on recruitment and deployment of specialized expertise aligned with its financial and investment functions rather than on dedicated organization-wide thematic training initiatives.

MI 2.3: Corporate/sectoral and country strategies respond to and/or reflect the intended results of normative frameworks for inclusive digital economies.

- Element 2.3-1. Dedicated policy statement on inclusive digital economies available and showing evidence of application.

- Element 2.3-E2. Inclusive digital economies indicators and targets fully integrated into the MO's strategic plan and corporate objectives.
- Element 2.3-E3. Accountability systems (including corporate reporting and evaluation) reflect inclusive digital economies indicators and targets.
- Element 2.3-E4. Inclusive digital economies screening checklists or similar tools inform design for all new interventions.
- Element 2.3-E5. Human and financial resources are available to address inclusive digital economies issues.
- Element 2.3-E6. Staff capacity development on inclusive digital economies is being or has been conducted.

Ratings

MI / Element	Rating	Confidence Level / Score
MI 2.3	2.67	
Element 2.3.1	3	High
Element 2.3.2	3	High
Element 2.3.3	3	High
Element 2.3.4	3	Medium
Element 2.3.5	3	Medium
Element 2.3.6	1	Medium

MI 2.3 Documentary Evidence

- United Nations Capital Development Fund (2021) "Strategic Framework 2022–2025"
- United Nations Capital Development Fund (2024 draft) "Draft Strategic Framework 2026–2029"
- United Nations Capital Development Fund (2023) "Integrated Results and Resources Matrix"
- United Nations Capital Development Fund (2024) "Integrated Results and Resources Matrix"
- United Nations Capital Development Fund (2022) "Inclusive Digital Economies Strategy"
- United Nations Capital Development Fund (2019–2024) "Digital Portfolio: Leaving No One Behind in the Digital Era"
- United Nations Capital Development Fund (2025) "Supplementary Guidelines to the United Nations Development Programme Programme and Operations Policies and Procedures"
- United Nations Capital Development Fund (2025) "Standard Operating Procedures for the Investment Process"
- United Nations Capital Development Fund (2025) "Investment Strategy"
- United Nations Capital Development Fund (2025) "Pre-Assessment Memo Template"
- United Nations Capital Development Fund (2025) "Transaction Assessment Memo Template – Light Version"
- United Nations Capital Development Fund (2025) "Transaction Assessment Memo Template – Enhanced Version"
- United Nations Capital Development Fund (2024) "Annual Report 2024"
- United Nations Capital Development Fund (2022) "Mid-Term Review of the Strategic Framework 2022–2025"
- United Nations Capital Development Fund (2018) "Strategic Framework Evaluation 2018–2021"
- United Nations Capital Development Fund (2024) "Combined Evaluation of Remittances and Migration Programmes"

MI 2.3 Analysis

Element 2.3-1. Dedicated policy statement on inclusive digital economies available and is showing evidence of application.

Overall, UNCDF has a dedicated policy statement on inclusive digital economies in the form of the IDE Strategy 2022. Evidence from strategic frameworks and programmatic documentation indicates that this Strategy has been applied in practice through UNCDF's digital portfolios, operational models and country programmes. The continuation of this work under the Digital Finance capability in the 2026-2029 Strategic Framework further confirms that digital inclusion has remained an institutional priority rather than a time-bound thematic initiative.

UNCDF has an explicit, organization-wide policy statement on inclusive digital economies articulated in its Inclusive Digital Economies (IDE) Strategy 2022, which sets out UNCDF's vision, mission, and operational priorities for advancing inclusive digital transformation in least developed countries. The Strategy defines UNCDF's approach to enabling digital economies that empower individuals and businesses—particularly those underserved by traditional financial and digital systems—by strengthening policy and regulatory environments, expanding digital infrastructure, and developing inclusive digital services. The Strategy identifies four pillars—policy and regulation, innovation and digital services, infrastructure, and skills and capacity—through which UNCDF seeks to catalyse inclusive digital economies.

Evidence of application of this strategy appears across UNCDF's strategic and programmatic documents. The Strategic Framework 2022–2025 identifies Inclusive Digital Economies as one of the organization's five priority thematic areas, embedding the digital transformation agenda within UNCDF's overarching corporate objectives. The Framework commits the organization to expanding digital access, strengthening digital financial systems, and enabling market-building for digital services in partner countries. These commitments are reflected in programmatic work, including country-level IDE portfolios, the development of digital payment ecosystems, support to small and medium enterprises through digital channels, and the deployment of digital solutions to enhance public service delivery.

The Digital Portfolio Document: Leaving No One Behind in the Digital Era further demonstrates application of the IDE Strategy through detailed programmatic articulation and reporting of activities and results achieved under the inclusive digital economies agenda. It outlines UNCDF's interventions in areas such as digital financial literacy, digital payments interoperability, agent network expansion, cross-border digital remittances, and the strengthening of policy and regulatory frameworks for digital finance. These interventions correspond directly to the pillars and objectives of the IDE Strategy, showing how the Strategy is operationalized across multiple country and regional programmes.

The Strategic Framework 2026–2029 continues to reflect the organization's commitment to inclusive digital transformation. It integrates the digital agenda within UNCDF's new operating model by positioning Digital Finance as one of three core capabilities through which the organization delivers impact. While the Framework reorganizes the thematic structure of UNCDF's work, digital inclusion continues to serve as an essential pathway for achieving strategic outcomes, demonstrating continuity in the application of the IDE Strategy's core principles.

Element 2.3-E2. Inclusive digital economies indicators and targets fully integrated into the MO's strategic plan and corporate objectives.

Overall, inclusive digital economies are substantively and systematically integrated into UNCDF's corporate objectives through the IRRM, which provides the indicators and targets used to measure performance under the Strategic Framework.

The IRRM embeds digital inclusion across multiple outcome and output indicators, each with baseline values, annual reporting and 2025 targets, providing a structured approach for tracking UNCDF's contributions to IDE.

At the outcome level, IDE-relevant contributions are captured through classifications under OC 1.3 on new or improved digital products and services, OC 1.4 on the number of people engaging with digital offerings, and OC 3.3 on adopted policies, strategies and regulations designed to positively impact inclusive digital economies. In the 2023 IRRM, OP 3.1 also includes IDE-related classifications for policies and strategies in development. These indicators ensure that digital inclusion is reflected systematically across UNCDF's strategic results chain.

At the output level, IDE integration is further reinforced through OP 1.1(c.1), which tracks the number and value of UNCDF investments designed to positively impact inclusive digital economies. Additional indicators track piloted or launched digital products and services (OP 4.1(a.1)) and IDE-related capacity development activities (OP 4.2(b.1)). These indicators collectively quantify UNCDF's operational contributions to digital transformation.

This results architecture aligns with and operationalizes the Inclusive Digital Economies Strategy 2022, which provides UNCDF's thematic direction for digital transformation. The draft Strategic Framework 2026–2029 continues to embed digital priorities by positioning Digital Finance as one of UNCDF's core capabilities and, consistent with current practice, anticipates continued reliance on IRRM-based indicators for monitoring results related to inclusive digital economies.

Element 2.3-E3. Accountability systems (including corporate reporting and evaluation) reflect inclusive digital economies indicators and targets.

Overall, UNCDF's accountability system incorporates inclusive digital economies through a set of IRRM indicators that track IDE-related products, services, policies, investments and capacity development. These indicators include baselines, annual reporting and 2025 targets, and annual IRRM reporting publicly presents disaggregated IDE-related results data.

UNCDF's accountability for inclusive digital economies is primarily exercised through the IRRM, which embeds IDE across multiple outcome and output indicators. These include classifications for digital products and services, engagement and uptake, policies and regulations, IDE-related investments and capacity development, each with baselines, annual reporting and 2025 targets. This structure provides a clear mechanism for tracking UNCDF's contributions to inclusive digital economies across the results chain and annual IRRM reporting publicly presents disaggregated IDE-related results data.

The Strategic Framework 2026–2029 proposes the introduction of an integrated IMVL system that will operate alongside a streamlined IRRM. Materials reviewed indicate that UNCDF has begun operationalizing this transition through new methodological notes, indicator catalogues, project linkage exercises, and updated monitoring guidance intended to align both new and ongoing projects with the revised IRRM structure. Additional guidance issued by PMSU and the IMVL unit indicates that projects active beyond 2026 are expected, where feasible, to align with the new IRRM and contribute to reporting under the new Strategic Framework cycle. However, as these systems are still under rollout and implementation, it remains too early to assess how accountability, analysis, and reporting of IDE-related results will function in practice under the revised IMVL–IRRM architecture.

Element 2.3-E4. Inclusive digital economies screening checklists or similar tools inform design for all new interventions.

UNCDF incorporates inclusive digital economy considerations into aspects of its intervention design and appraisal processes through broader strategic alignment,

portfolio guidance, and investment review mechanisms. While these processes can serve as “similar tools” for integrating digital inclusion considerations, UNCDF does not maintain a standalone digital-specific screening checklist applicable to all new interventions.

At the design stage, the Pre-Assessment Memo asks teams to describe how a proposed intervention aligns with the Strategic Framework priority areas, which include inclusive digital economies. This creates space for digital considerations to be acknowledged, but the template does not include specific prompts or criteria related to digital access, digital services, infrastructure needs or policy relevance.

The Transaction Assessment Memo similarly requires teams to demonstrate alignment with the Strategic Framework but does not introduce digital-specific fields or analytical requirements. Any reference to digital components is optional and descriptive, and not tied to design, appraisal or approval decisions.

Corporate guidance governing design, due diligence and approval processes, including the Supplementary POPP Guidance and the Investment SOP, do not introduce digital-specific checklists or screening criteria. Likewise, while the Inclusive Digital Economies Strategy and Digital Portfolio outline thematic ambitions and programmatic models, these documents do not function as corporate screening tools and are not embedded into design templates as mandatory requirements. Nevertheless, they provide a structured reference framework for IDE/Digital Finance intervention design, while the PAM/TAM create formal opportunities for digital relevance to be documented where applicable.

A combined evaluation of UNCDF’s remittances and migration programmes recommended strengthening proposal selection processes by introducing gender-responsive proposal scoring within this digital finance portfolio. Management accepted this recommendation and initiated a review of applicable selection criteria. While this reflects emerging practice in a programme that contributes to inclusive digital economies, it remains portfolio-specific rather than constituting a corporate screening mechanism applicable to all interventions.

Overall, UNCDF does not yet have a standalone digital screening checklist applicable to all interventions. However, for IDE- and Digital Finance-related interventions strategic guidance, IRRM classifications and investment appraisal requirements provide several design-stage entry points for considering digital inclusion. These mechanisms provide a reasonable basis for integrating digital considerations, although digital-specific prompts and criteria are not yet consistently standardised across corporate design and appraisal tools.

Element 2.3-E5. Human and financial resources are available to address inclusive digital economies issues.

UNCDF identifies inclusive digital economies as a core strategic priority under the Strategic Framework 2022–2025. Prior to the 2024–2025 organizational restructuring, Inclusive Digital Economies (IDE) constituted one of UNCDF’s largest thematic practice areas, accounting for 36 staff globally. This reflects that dedicated human resources and operational capacity were in place to support digital finance and inclusive digital economy programming during the review period.

The Strategic Framework 2022–2025 presents inclusive digital economies as one of UNCDF’s core thematic areas, yet it does not outline a budget allocations linked to this theme.

The Strategic Framework 2026–2029 positions digital transformation within UNCDF’s new operating model by establishing Digital Finance as one of three core capabilities. UNCDF has increasingly shifted toward a capability-based operating model organized around institutional functions and financial instruments rather than thematic sectors. Under this approach, Digital

Finance is positioned as one of UNCDF's three core capabilities and programming is intended to be delivered through the Front Office structure.

Element 2.3-E6. Staff capacity development on inclusive digital economies is being or has been conducted.

Available documentation show minimal progress in establishing staff capacity development initiatives specifically focused on inclusive digital economies.

The Strategic Framework 2022–2025 identifies inclusive digital economies as one of UNCDF's priority areas, but it does not outline training requirements, technical learning programmes or skill-building measures dedicated to this theme.

Programmatic documents, including the Digital Portfolio and the Inclusive Digital Economies Strategy, outline UNCDF's thematic approach to digital inclusion but focus on external interventions rather than internal capacity development. They do not provide information on staff training, digital skills development or institutional learning mechanisms that may support implementation.

The Strategic Framework 2026–2029 signals continued emphasis on digital transformation through the establishment of Digital Finance as a core capability. Efforts are underway to deploy training on digital finance to augment relevant personal capacity, with some staff having already obtained certification,

MI 2.4: Corporate/sectoral and country strategies respond to and/or reflect the intended results of normative frameworks for local transformative finance.

- Element 2.4-1. Dedicated policy statement on local transformative finance available and showing evidence of application.
- Element 2.4-2. Local transformative finance indicators and targets fully integrated into the MO's strategic plan and corporate objectives.
- Element 2.4-3. Accountability systems (including corporate reporting and evaluation) reflect local transformative finance indicators and targets.
- Element 2.4-4. Local transformative finance screening checklists or similar tools inform design for all new interventions.
- Element 2.4-5. Human and financial resources (exceeding benchmarks) are available to address local transformative finance.
- Element 2.4-6. Staff capacity development on local transformative finance is being or has been conducted.

Ratings

MI / Element	Rating	Confidence Level
MI 2.4	2.83	
Element 2.4.1	3	High
Element 2.4.2	3	High
Element 2.4.3	3	High
Element 2.4.4	3	Medium
Element 2.4.5	3	Medium
Element 2.4.6	2	Medium

MI 2.4 Document Evidence

- United Nations Capital Development Fund (2021) "Strategic Framework 2022–2025"
- United Nations Capital Development Fund (2024 draft) "Draft Strategic Framework 2026–2029"
- United Nations Capital Development Fund (2023) "Integrated Results and Resources

Matrix”

- United Nations Capital Development Fund (2024) “Integrated Results and Resources Matrix”
- United Nations Capital Development Fund (2022) “Local Transformative Finance Practice Presentation”
- United Nations Capital Development Fund (n.d.) “Theory of Change for Local Government Finance and Local Economic Development”
- United Nations Capital Development Fund (2025) “Supplementary Guidelines to the United Nations Development Programme Programme and Operations Policies and Procedures”
- United Nations Capital Development Fund (2025) “Standard Operating Procedures for the Investment Process”
- United Nations Capital Development Fund (2025) “Investment Strategy”
- United Nations Capital Development Fund (2025) “Pre-Assessment Memo Template”
- United Nations Capital Development Fund (2025) “Transaction Assessment Memo Template – Light Version”
- United Nations Capital Development Fund (2025) “Transaction Assessment Memo Template – Enhanced Version”
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- United Nations Capital Development Fund (2022) “Mid-Term Review of the Strategic Framework 2022–2025”
- United Nations Capital Development Fund (2018) “Strategic Framework Evaluation 2018–2021”
- United Nations Capital Development Fund (2024) “Combined Evaluation of Remittances and Migration Programmes”
- United Nations Capital Development Fund (2025) “Staff Number by Division Office and Geography 2022–2025”

MI 2.4 Analysis

Element 2.4-1. Dedicated policy statement on local transformative finance available and showing evidence of application.

Overall, while UNCDF does not maintain a formal organizational policy dedicated solely to Local Transformative Finance, it has established a clear and coherent practice framework and programmatic approach, supported by a theory of change and evidence of application across its country operations.

UNCDF does not have a formal, standalone corporate policy statement dedicated to Local Transformative Finance (LTF). The Strategic Framework 2022–2025 identifies Local Transformative Finance—anchored in subnational finance, municipal investment, local economic development and fiscal decentralization—as one of UNCDF’s five priority areas. This strategic positioning is further elaborated through internal practice materials that outline the mission, vision and core functions of the LTF Practice, including support to national and local governments to design, test and scale financing mechanisms for the urban, green and productive transitions.

The LTF Practice framework describes the clients served (national and local governments, utilities, special purpose vehicles and local transformation actors) and the financial instruments used, including loans, guarantees, local government bonds, reimbursable and capitalization grants, Local Development Funds, and Performance-Based Climate Resilient Grants. It also sets out a comprehensive offer to governments and partners, covering investment readiness, project structuring, transaction facilitation, domestic capital market development, municipal bonds, own-source revenue systems, fiscal decentralization mechanisms and local climate finance. Evidence of application appears in UNCDF’s support to local governments in contexts such as bond issuance preparation, development of subnational financing systems and climate finance delivery through mechanisms like LoCAL.

A complementary theory of change provides a conceptual structure for LTF, outlining how increased public and private finance directed to local development, strengthened local government financial systems and investment-friendly regulatory environments contribute to inclusive, resilient and vibrant local economies. The diagram highlights the intermediate outcomes, outputs and inputs associated with LTF, including technical assistance, capital, advocacy and innovation.

In the Strategic Framework 2026–2029, LTF is no longer presented as a standalone thematic area but is incorporated into the broader Subnational Finance capability, which reflects UNCDF’s shift to an integrated capability model with a clearer link to UNCDF’s catalytic finance mandate and revised operating model. Nonetheless, the core elements of LTF—local government finance, capital market development, and mechanisms to unlock investment at the local level—remain present as part of the portfolio.

Element 2.4-2. Local transformative finance indicators and targets fully integrated into the MO’s strategic plan and corporate objectives.

LTF is integrated into UNCDF’s corporate objectives through a defined set of IRRM indicators covering investments and policy and regulatory change. These provide time-bound targets and annual monitoring, although the scope of LTF coverage is narrower than that of other thematic areas tracked across the full results chain.

LTF is integrated into UNCDF’s strategic framework through selected indicators and classifications in the IRRM, which operationalizes the Strategic Framework 2022–2025. While LTF is not embedded across the entire results chain in the way that women’s economic empowerment, climate or inclusive digital economies are, it is reflected in several outcome and output indicators that track UNCDF’s contributions to subnational finance and territorial development.

At the output level, OP 1.1 includes a classification for investments “designed to positively impact local transformative finance,” enabling UNCDF to monitor the number and value of investments directed toward local development and subnational financing priorities. OP 3.1 similarly records the number of policies, strategies and regulations in development that are intended to contribute to LTF objectives. Both indicators report baselines, annual values for 2022–2024 and 2025 targets.

At the outcome level, OC 3.3 includes a corresponding classification capturing the number of policies, strategies and regulations adopted that are designed to positively impact LTF. This provides a link between UNCDF’s upstream institutional support and downstream adoption of regulatory and policy reforms. As with other IRRM indicators, OC 3.3 includes baselines, annual reporting and explicit 2025 targets.

Element 2.4-3. Accountability systems (including corporate reporting and evaluation) reflect local transformative finance indicators and targets.

UNCDF’s accountability system incorporates LTF through a set of IRRM indicators.

Accountability for LTF is reflected through the IRRM, which tracks a defined set of LTF-related classifications. These include investments designed to positively impact LTF (OP 1.1), policies and regulations in development (OP 3.1) and those adopted following UNCDF support (OC 3.3). Each indicator contains baselines, annual reporting and 2025 targets, providing a structured mechanism for monitoring UNCDF’s contributions to subnational finance and territorial development.

Beyond the IRRM annexes, corporate reporting highlights examples of LTF-related work—such as support to local governments, fiscal decentralization mechanisms, and subnational climate finance through LoCAL. However, while annual IRRM reporting includes LTF-related indicator data, corporate reporting does not systematically analyse or interpret progress against LTF-related IRRM indicators and targets beyond presentation of indicator data and programme examples.

As discussed under Element 2.3-E3, UNCDF has begun operationalizing the transition to the 2026–2029 Strategic Framework and revised IMVL–IRRM architecture through new methodological guidance, indicator catalogues, project linkage exercises, and updated monitoring

processes intended to align both new and ongoing projects with the revised capability-based results structure. Under the new Framework, local transformative finance functions are repositioned within the Subnational Finance capability. However, as these systems are still under rollout and implementation, it remains too early to assess how accountability, analysis, and reporting of LTF-related results will function in practice under the revised IMVL–IRRM architecture.

Evaluation evidence highlights programme-specific accountability considerations relevant to aspects of local transformative finance. The evaluation of the LoCAL mechanism describes structured monitoring and assessment tools used to track local climate-resilient investments—such as Annual Performance Assessments, climate adaptation assessments and processes aligned with ISO 14093. Management committed to maintaining and strengthening these tools, conducting portfolio reviews and supporting country monitoring and verification systems. These arrangements operate within LoCAL and do not constitute organisation-wide accountability systems for local transformative finance.

The summary of the Municipal Investment Finance evaluation also noted monitoring and documentation challenges within that portfolio, including weaknesses in tracking results and communicating progress. These findings relate to specific projects within the municipal finance space rather than the overall thematic area but indicate broader constraints that can affect accountability practices in local transformative finance.

Element 2.4-4. Local transformative finance screening checklists or similar tools inform design for all new interventions.

UNCDF incorporates local transformative finance considerations into aspects of its intervention design and appraisal processes through broader strategic alignment, safeguards, and investment review mechanisms. While these processes can serve as “similar tools” for integrating local transformative finance considerations, UNCDF does not appear to maintain a standalone or fully standardized local transformative finance-specific screening checklist applicable across all new interventions. However, for interventions where LTF/Subnational Finance is relevant, practice guidance, LoCAL tools, municipal finance approaches and appraisal processes provide structured design-stage entry points for considering local transformative finance.

UNCDF’s design-stage tools incorporate several requirements intended to guide strategic alignment and intervention review. LTF is a strategic priority in the Strategic Framework 2022–2025, and later incorporated into the Subnational Finance capability in the draft Strategic Framework 2026–2029. The Pre-Assessment Memo requests teams to describe alignment with Strategic Framework priority areas, which allows LTF, moving forward Subnational Finance, concepts to be referenced where relevant. However, the template does not include specific prompts related to subnational finance, local government systems, territorial development, or LTF outcomes more broadly.

The Transaction Assessment Memo similarly requires general strategic alignment but does not contain LTF-specific analytical fields. While interventions involving municipal finance or local government support may reference these elements, such references are not tied to screening criteria or appraisal thresholds and therefore do not operate as a LTF screening mechanism.

Corporate guidance governing design and approval processes, including the Supplementary POPP Guidance and the Investment SOP, does not introduce LTF-specific checks or mandatory design-stage requirements. Likewise, LTF practice documents and the theory of change outline thematic ambitions and operational models. These documents nevertheless provide an opportunity for LTF/Subnational Finance intervention design, including local government finance, fiscal decentralisation, municipal investment, local economic development, performance-based grants, domestic capital market development and local climate finance.

Overall, UNCDF does not yet have a standalone LTF/Subnational Finance screening checklist applicable to all new interventions. However, practice guidance, thematic frameworks and appraisal processes provide structured entry points for considering LTF/Subnational Finance in relevant interventions. While these mechanisms are not fully standardised as corporate screening tools, they provide a reasonable basis for integrating LTF considerations during intervention design.

Element 2.4-5. Human and financial resources (exceeding benchmarks) are available to address local transformative finance.

UNCDF identifies Local Transformative Finance as a core thematic area in the Strategic Framework 2022–2025, with functions related to subnational finance, local government systems and territorial development. The LTF unit represented a significant share of UNCDF’s programming and staffing structure prior to the 2024–2025 organizational reorganization, and UNCDF’s evolving operating model increasingly embeds these functions within its broader capability-based institutional structure.

The Strategic Framework 2022–2025 presents LTF as one of UNCDF’s core thematic areas and references a range of related interventions, including municipal finance, domestic capital market development, performance-based grants, and local development financing mechanisms. Practice-level materials present UNCDF’s LTF offer—ranging from municipal bonds and domestic capital market development to performance-based grants and local development funds. In 2024, the LTF practice area accounted for 62 staff, representing the largest thematic staffing grouping within UNCDF prior to the shift from thematic siloes to the front–middle–back office structure.

The draft Strategic Framework 2026–2029 positions Subnational Finance as one of UNCDF’s three core financing capabilities within its revised operating model. UNCDF indicates that its business model is being optimized around these three core capabilities, with programming, expertise, and operational delivery increasingly organized through a capability-based structure focused on institutional functions and financing instruments. Under this approach, functions previously associated with LTF appear intended to be integrated within UNCDF’s broader Subnational Finance capability rather than maintained as a standalone thematic stream.

Element 2.4-6. Staff capacity development on local transformative finance is being or has been conducted.

Available documentation does not show that UNCDF has established staff capacity development initiatives specific to Local Transformative Finance.

The Strategic Framework 2022–2025 and Local Transformative Finance Practice presentation does not describe any staffing structures, resource allocations or capacity development arrangements for LTF. The Strategic Framework 2026–2029 incorporates LTF functions into the Subnational Finance capability but does not define associated capacity development efforts. While UNCDF maintained a sizeable LTF practice during the review period, including 62 staff in 2024, this demonstrates the existence of specialist institutional capacity rather than evidence of staff capacity development. The documentation reviewed did not provide evidence of structured learning, onboarding, technical training, peer exchanges or other capacity development initiatives specific to Local Transformative Finance.

MI 2.5: Corporate/sectoral and country strategies respond to and/or reflect the intended results of normative frameworks for sustainable food systems finance.

- Element 2.5-1. Dedicated policy statement on sustainable food systems finance available and showing evidence of application.
- Element 2.5-2. Sustainable food systems finance indicators and targets fully integrated into the MO’s strategic plan and corporate objectives.

- Element 2.5-3. Accountability systems (including corporate reporting and evaluation) reflect sustainable food systems finance indicators and targets.
- Element 2.5-4. Sustainable food systems finance screening checklists or similar tools inform design for all new interventions.
- Element 2.5-5. Human and financial resources (exceeding benchmarks) are available to address sustainable food systems finance.
- Element 2.5-6. Staff capacity development on sustainable food systems finance is being or has been conducted.

Ratings

MI / Element	Rating	Confidence Level
MI 2.5	2.17	
Element 2.5.1	2	High
Element 2.5.2	3	High
Element 2.5.3	3	High
Element 2.5.4	2	Medium
Element 2.5.5	2	Medium
Element 2.5.6	1	Medium

MI 2.5 Document Evidence

- United Nations Capital Development Fund (2021) “Strategic Framework 2022–2025”
- United Nations Capital Development Fund (2024 draft) “Draft Strategic Framework 2026–2029”
- United Nations Capital Development Fund (2023) “Integrated Results and Resources Matrix”
- United Nations Capital Development Fund (2024) “Integrated Results and Resources Matrix”
- United Nations Capital Development Fund (2025) “Supplementary Guidelines to the United Nations Development Programme Programme and Operations Policies and Procedures”
- United Nations Capital Development Fund (2025) “Standard Operating Procedures for the Investment Process”
- United Nations Capital Development Fund (2025) “Investment Strategy”
- United Nations Capital Development Fund (2025) “Pre-Assessment Memo Template”
- United Nations Capital Development Fund (2025) “Transaction Assessment Memo Template – Light Version”
- United Nations Capital Development Fund (2025) “Transaction Assessment Memo Template – Enhanced Version”
- United Nations Capital Development Fund (2024) “Annual Report 2024”
- United Nations Capital Development Fund (n.d.) “Sustainable Food Systems Finance”
- United Nations Capital Development Fund (n.d.) “Financing for Food”
- United Nations Capital Development Fund (n.d.) “UNCDF’s Offer: Transformative and Sustainable Food Systems Finance”

MI 2.5 Analysis

Element 2.5-1. Dedicated policy statement on sustainable food systems finance available and showing evidence of application.

Overall, while UNCDF does not have a standalone corporate policy document dedicated to sustainable food systems finance, the Strategic Framework, IRRM classifications and programmatic materials provide a relatively coherent thematic orientation and evidence of application across rural development and agrifinance interventions.

UNCDF does not maintain a standalone corporate policy statement on sustainable food systems finance. However, the Strategic Framework 2022–2025 identifies Sustainable Food Systems (SFS) as one of its five priority thematic areas and outlines UNCDF’s intention to strengthen financing for

food and agricultural value chains, climate-resilient production systems, and rural market development. This thematic priority is further operationalized through the IRRM, which includes classifications under selected outcome and output indicators that track whether policies, regulations and financing mechanisms are “designed to positively impact sustainable food systems.”

Evidence of application also appears in UNCDF’s earlier Finance for Food (F4F) initiative, which introduced an approach to supporting local food systems through blended finance, technical assistance and territorial investment planning. The F4F brochure describes how UNCDF supported local governments, smallholders and value-chain actors through mechanisms such as grants, risk-sharing facilities, and catalytic financing for productive infrastructure, value-chain strengthening and inclusive market systems. UNCDF’s current public-facing description of sustainable food systems finance further emphasizes mobilizing capital toward smallholder farmers, MSMEs, and local governments through concessional loans, guarantees, blended finance structures, and digital tools that enhance productivity, climate resilience and access to markets.

Additional materials describing UNCDF’s “Transformative and Sustainable Food Systems Finance” offer further articulate the organization’s positioning on food systems finance and its intended financing approach. These materials frame sustainable food systems finance as part of UNCDF’s broader mandate to mobilize blended finance and catalytic capital for local economic transformation, including through support to MSMEs, local governments, financial service providers and territorial food systems. The document outlines a financing approach combining technical assistance, grants, guarantees, loans, blended finance structures and digital finance solutions to support food systems transformation, climate resilience and local market development.

In the draft Strategic Framework 2026–2029, SFS is not maintained as a standalone thematic area but becomes part of the MSME Finance capability, with agrifinance, value-chain development and related investments incorporated into a broader enterprise-focused results model.

Element 2.5-2. Sustainable food systems finance indicators and targets fully integrated into the MO’s strategic plan and corporate objectives.

Overall, Sustainable Food Systems is integrated into UNCDF’s corporate objectives through a defined set of IRRM indicators spanning institutional, investment and market-level contributions, each with targets through 2025.

SFS classifications appear across the IRRM results chain, including indicators for investments, products and services, engagement, policy development, policy adoption and financing mechanisms. These classifications each contain baselines, annual reporting and 2025 targets, providing a structured basis for monitoring UNCDF’s contributions to sustainable food system outcomes.

At the output level, SFS appears in OP 3.1, which tracks policies and regulations in development, and in OP 3.2, which records financing mechanisms under preparation. At the outcome level, SFS classifications appear in OC 1.3, which captures new or improved products, services and infrastructures designed to contribute to food system transformation, and OC 1.4, which tracks the number of people engaging with SFS-relevant offerings. SFS also appears in OC 3.3, which records the number of policies adopted that are designed to positively impact sustainable food systems.

The presence of SFS across these indicators demonstrates that the theme is reflected beyond policy-level interventions, extending to investment-driven products and services and their uptake. While the Strategic Framework highlights Sustainable Food Systems as a thematic priority, the IRRM provides the operational mechanism for tracking results. In the new Strategic Framework 2026–2029, SFS work transitions into the MSME Finance capability, but no new indicators are introduced, and monitoring is expected to continue through IRRM classifications.

Element 2.5-3. Accountability systems (including corporate reporting and evaluation) reflect sustainable food systems finance indicators and targets.

UNCDF's accountability system incorporates SFS through a robust set of IRRM indicators, however, external corporate reporting does not yet consistently reflect these indicators.

Accountability for SFS is reflected through selected classifications in the results framework, which identify policies, financing mechanisms, investments and products and services intended to contribute to food system outcomes. These classifications have baselines, annual reporting and 2025 targets, providing a basic structure for tracking UNCDF's contributions in this area. Their presence indicates that SFS is recognised within the internal results framework, though in a more limited way compared to other thematic areas.

Public-facing reporting does not consistently present results against these classifications or show progress toward related targets. As a result, while internal monitoring arrangements acknowledge SFS, this is not yet systematically reflected in external corporate reporting.

The Strategic Framework 2026–2029 signals potential attention to food systems work, but under the three core capabilities: MSME finance, subnational finance, and digital finance.

Element 2.5-4. Sustainable food systems finance screening checklists or similar tools inform design for all new interventions.

UNCDF incorporates sustainable food systems considerations into aspects of its intervention design and appraisal processes through broader strategic alignment, and investment review mechanisms. While these processes can serve as “similar tools” for integrating sustainable food systems considerations, UNCDF does not appear to maintain a dedicated Sustainable Food Systems screening checklist or equivalent mechanism to ensure systematic consideration of SFS during the design of new interventions.

UNCDF's design-stage tools incorporate several requirements intended to guide strategic alignment and intervention review. At the early design stage, the PAM requires teams to demonstrate alignment with UNCDF Strategic Framework priorities and strategic outcomes. Under the 2022–2025 Strategic Framework, Sustainable Food Systems was identified as a thematic priority area. In this context, the PAM process introduces consideration of sustainable food systems-related alignment where relevant to the intervention. However, does not include any prompts, questions or criteria specific to food systems, agricultural value chains or related outcomes. The Transaction Assessment Memo similarly asks for Strategic Framework alignment but contains no SFS-related analytical fields, and references to food systems—where they appear—are descriptive rather than structured.

Corporate guidance governing design and investment processes, including the Supplementary POPP Guidance and the Investment SOP, do not introduce SFS-specific requirements or screening steps. Likewise, programmatic materials describing UNCDF's food system work, including the earlier Finance for Food model, are not embedded into corporate templates as screening tools.

Element 2.5-5. Human and financial resources (exceeding benchmarks) are available to address sustainable food systems finance.

Available documentation does not indicate that UNCDF has established dedicated human or financial resources for SFS.

The Strategic Framework 2022–2025 identifies SFS as one of its priority thematic areas, but it does not outline staffing arrangements, technical roles, or resource allocations linked specifically to this theme. Under the new Strategic Framework 2026-2029, UNCDF is moving to sector agnostic approach and therefore does not have dedicated human or financial resources.

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Element 2.5-6. Staff capacity development on sustainable food systems finance is being or has been conducted.

Available documentation does not indicate that UNCDF has developed or implemented staff capacity development initiatives specific to SFS.

The Strategic Framework 2022–2025 identifies SFS as a thematic priority, but it does not outline training requirements, competency frameworks or learning programmes dedicated to food systems finance, agricultural value chains or related technical areas. Corporate guidance documents likewise do not reference SFS-related training or institutional learning measures.

OPERATIONAL MANAGEMENT

Assets and capacities organised behind strategic direction and intended results, to ensure relevance, agility and accountability.

KPI 3: The operating model and human and financial resources support relevance and agility

Ratings

KPI / MI	Rating	Score
KPI 3	S	2.89
MI 3.1	S	2.83
MI 3.2	S	2.6
MI 3.3	S	3
MI 3.4	S	3.14

MI 3.1: Organisational structures and staffing ensure that human and financial resources are continuously aligned and adjusted to key functions

- Element 3.1.1: The MO's organisational structure is aligned with, or being reorganised to align with, requirements set out in the current strategic plan.
- Element 3.1.2: The MO's staffing structure is aligned with, or being restructured to align with, requirements set out in the current strategic plan.
- Element 3.1.3: The MO's administrative expenditure is aligned to current organisational priorities and goals as set out in the current strategic plan.
- Element 3.1.4 The MO's internal restructuring exercises have a clear purpose and intent that are aligned to the priorities of the current strategic plan.
- Element 3.1.5: [UN] Engagement in supporting the resident coordinator systems through cost-sharing and resident coordinator nominations.
- Element 3.1.6: [UN] Application of mutual recognition principles in key functional areas

Ratings

MI / Element	Rating	Confidence Level / Score
MI 3.1	2.83	
Element 3.1.1	3	High
Element 3.1.2	3	High
Element 3.1.3	3	High
Element 3.1.4	3	Medium
Element 3.1.5	2	Medium
Element 3.1.6	3	Medium

MI 3.1 Evidence documents

- United Nations Capital Development Fund (2022) "Organisational Chart"
- United Nations Capital Development Fund (2025) "Organisational Chart"
- United Nations Capital Development Fund (2021) "Strategic Framework 2022–2025"
- United Nations Capital Development Fund (2024 draft) "Draft Strategic Framework 2026–2029"
- United Nations Capital Development Fund (2021) "HR Plan and Strategy"
- United Nations Capital Development Fund (2022) "HR Plan and Strategy"
- United Nations Capital Development Fund (2023) "HR Workplan and Strategy"
- United Nations Capital Development Fund (2024) "Strategic Framework Mid-Term Evaluation 2022–2025"
- United Nations Development Programme Office of Audit and Investigations (2023) "Audit of the United Nations Capital Development Fund"
- United Nations Capital Development Fund (2024) "Resource Mobilization Strategy and

- Action Plan 2024–2025”
- United Nations Capital Development Fund (2025) “Investment Strategy”
 - United Nations Capital Development Fund (n.d.) “UNCDF Update on Direction Staff Presentation”
 - United Nations Capital Development Fund (2024) “Inclusion Survey”
 - United Nations Capital Development Fund (2024) “Engagement Survey”
 - United Nations Capital Development Fund (2025) “Inclusion Survey”
 - United Nations Development Programme (n.d.) “Accountability System Policy”
 - Joint Inspection Unit of the United Nations System (2024) “Review of the Implementation of the Principle of Mutual Recognition within the United Nations System”
 - United Nations Development Programme and United Nations Capital Development Fund (2025) “Aligning Policy and Capital: A Joint United Nations Development Programme–United Nations Capital Development Fund Offer Leveraging Country-Led Financing Arrangements”

MI 3.1 Analysis

Element 3.1.1

The MO’s organisational structure is aligned with, or being reorganised to align with, requirements set out in the current strategic vision.

Overall, the restructuring undertaken during the review period represents a deliberate effort to align organisational architecture with UNCDF’s catalytic finance vision. The structure is directionally aligned with both the 2022–2025 Strategic Framework and the proposed 2026–2029 capability model, although practical modalities for regional–country engagement under this model continue to evolve.

As discussed under Element 1.2.1, UNCDF undertook a major restructuring between 2023 and 2025, transitioning from a thematic, practice-based model to a front–middle–back office architecture. This restructuring was initiated in response to audit and evaluation findings and aimed to better align the organisation’s structure with the catalytic finance mandate articulated in the Strategic Framework 2022–2025.

The Strategic Framework 2022–2025 positioned UNCDF as a catalytic financing institution combining investment origination, financial structuring, advisory services and risk management. The front–middle–back office model reflects this functional orientation: the Front Office leads investment origination and execution; the Middle Office consolidates financial oversight, portfolio management and risk functions; and the Back Office centralises fiduciary, administrative and programme-support functions. Compared to the previous thematic silo arrangement, this structure more closely aligns institutional roles with the investment lifecycle.

The Strategic Framework 2026–2029 introduces a capability-based model organised around three core delivery areas—MSME finance, subnational finance and digital finance. The current functional architecture appears broadly compatible with this capability model. UNCDF further clarifies the structural separation between investment origination and implementation functions, oversight and risk functions, and operational assurance functions under the January 2025 structure. Under this model, the Investment and Implementation Division leads investment origination, deal structuring and project execution, while the Investment Finance Oversight Division is responsible for financial oversight, transactional risk, guarantees, portfolio management and quality assurance of financial instruments. Separate operational assurance, programme support, corporate risk and IMVL functions are positioned within the Operations and Oversight Division. This structure provides clearer institutional differentiation between project delivery, oversight, risk management and monitoring functions than under the earlier thematic practice model.

However, under the revised structure, operational responsibilities for investment origination, oversight and technical delivery are increasingly anchored at the regional hub level. At the same

time, UNCDF's in-country representation operates through UNDP Resident Representatives (RRs), who serve as UNCDF's official representatives within UN Country Teams. UNCDF expects its country presence to be progressively right-sized as legacy project-based offices are phased out, with more direct engagement between regional hubs and country-level counterparts replacing the earlier project-to-country operating model. This shift should strengthen the link between regional investment capabilities and country-level demand. While reporting lines between headquarters and regional hubs are clearer under the new model, documentation reviewed does not yet fully clarify how regional investment functions interface with UNDP Resident Representatives in the field to originate, structure and deliver UNCDF investment products. Nor does it specify how regional hubs coordinate with UN Country Teams to ensure that UNCDF's catalytic finance instruments are embedded within country-level development frameworks and partnership structures.

As UNCDF transitions toward a capability-based delivery model, the effectiveness of this regional-country interface—including collaboration with UNDP Resident Representatives and UN Country Teams—will be central to ensuring that organisational structure remains aligned with strategic ambitions and that investment products are delivered coherently at country level and within the wider UN system.

Element 3.1.2

The MO's staffing structure is aligned with, or being restructured to align with, requirements set out in the current strategic vision.

As noted under Element 3.1.1 and KPI 1, UNCDF initiated a restructuring process between 2023 and 2025 to align its organisational architecture with its catalytic finance mandate. This restructuring included significant changes to the staffing configuration.

Under the previous thematic practice-based model, staff were distributed across flagship areas with dispersed corporate functions. Both the Mid-Term Evaluation and the 2023 audit identified weaknesses in this arrangement, including siloed staffing patterns, unclear reporting lines, duplication of functions and capacity gaps in core finance, risk and oversight roles. Vacancies in key positions further constrained performance.

The emerging staffing model aligns with the front-middle-back office structure. Investment origination, thematic finance expertise and regional blended finance functions are grouped within the Front Office; financial instruments, transactional risk and portfolio oversight capacities are consolidated within the Middle Office; and operations assurance, fiduciary functions, impact measurement and programme support are integrated within the Back Office. This configuration reflects an intended shift toward specialised finance, risk and portfolio competencies consistent with UNCDF's catalytic mandate.

A parallel staffing adjustment has involved decentralising selected headquarters positions to regional hubs (Dakar, Nairobi and Bangkok) to enhance proximity to programme countries. The draft Strategic Framework 2026–2029 reinforces this direction, identifying specialist competencies—such as blended finance, credit risk, structuring and municipal finance—as central to UNCDF's mandate and signalling further deployment of technical expertise closer to the field.

The restructuring process has further clarified the evolving staffing and functional architecture within UNCDF. The revised model formalizes differentiated responsibilities across regional investment teams, operational assurance, risk, finance, programme support, procurement and oversight functions, with approval and clearance responsibilities increasingly embedded within the regional hub structure. Supporting restructuring materials also indicate that decentralization and staffing adjustments were partly intended to reduce concentration of personnel in OECD and donor country locations, strengthen proximity to programme countries, consolidate financial engineering expertise, and reinforce oversight and corporate functions. UNCDF further indicated that the revised structure and associated terms of reference were intended to align core staffing functions with the requirements of the Strategic Framework 2026–2029, and that decentralization

decisions were informed by a functional review conducted by UNDP's Bureau for Management Services Operational Performance Team in 2024.

However, while the revised structure and associated roles and responsibilities provide greater clarity regarding functional responsibilities, approval authorities and operational accountabilities across the organization, the information provided does not include a comprehensive mapping of existing staff competency profiles against the specialist skill requirements articulated in the Strategic Framework 2026–2029.

Element 3.1.3

The MO's administrative expenditure is aligned to current organisational priorities and goals as set out in the current strategic vision.

During the review period, UNCDF's administrative expenditure was constrained by structural funding imbalances, raising questions about the sustainability of financing essential institutional functions from predominantly non-core resources; recent reforms prioritized key functions such risk and project support.

UNCDF's ability to align administrative expenditure with organisational priorities during the assessment period was constrained by longstanding structural funding imbalances resulting from a heavy reliance on earmarked, project-specific funding provided by donors and limited availability of unearmarked funding.

The 2023 audit identified insufficient staffing in key administrative functions, high levels of vacancies and unclear accountability for financial and operational oversight. It found that the existing operating model did not provide a coherent framework for ensuring that administrative expenditure supported organisational priorities.

In response, UNCDF initiated an organisational restructuring between 2023 and 2025 aimed at realigning administrative capacities with strategic requirements. Audit follow-up confirms that recommendations relating to governance and internal control structures have been formally implemented. Recruitment of specialised staff to support these functions has been prioritized alongside clearer delineation of operational, risk, programme support and oversight responsibilities under the revised structure, although some positions remain in the process of being filled.

The restructuring also involved decentralisation of selected functions from headquarters to regional hubs in Dakar, Nairobi and Bangkok. These adjustments were intended to strengthen proximity to programme countries, consolidate financial engineering expertise, reinforce oversight and corporate functions, and reduce concentration of personnel in OECD and donor locations. UNCDF indicated that administrative resources during the transition period were overseen by the Managing Director and Executive Office.

The new Strategic Framework 2026–2029 reinforces this direction by identifying specialist competencies—particularly in blended finance, credit risk, structuring and municipal finance—as institutional enablers for achieving catalytic impact. The ongoing staffing and administrative realignment therefore appears designed to support both the current Strategic Framework and the proposed capability-based model for 2026–2029.

Element 3.1.4

The MO's internal restructuring exercises have a clear purpose and intent that are aligned to the priorities of the current strategic vision.

UNCDF's restructuring was explicitly designed to address governance and delivery weaknesses identified through audit and evaluation processes and to realign the organisation with its catalytic finance mandate; however, documentation provides less clarity on how the restructuring addressed strategic integration gaps identified in cross-cutting areas under KPI 2.

As discussed under KPI 1 and Elements 3.1.1–3.1.3, UNCDF's 2023–2025 restructuring was initiated in response to consistent findings from the Mid-Term Evaluation and the 2023 audit regarding fragmentation, unclear accountability, insufficient oversight capacity and misalignment between the thematic practice model and UNCDF's catalytic finance ambitions. The stated purpose of the restructuring was to establish a functionally coherent operating model capable of supporting investment origination, risk management, financial structuring and portfolio oversight.

In this respect, the restructuring demonstrates clear alignment with the finance-oriented priorities articulated in the Strategic Framework 2022–2025 and reinforced in the 2026–2029 Strategic Framework. However, as noted under KPI 2, UNCDF's strategic framework also emphasises cross-cutting priorities—including gender equality, climate finance and inclusive digital economies—where gaps were identified in screening, accountability and systematic integration. Documentation reviewed does not clearly demonstrate that the restructuring was explicitly designed to address these cross-cutting integration challenges. While the new structure may create institutional conditions more conducive to cross-functional collaboration, it remains unclear how the restructuring directly strengthened mechanisms for mainstreaming cross-cutting priorities across capabilities and regions.

Overall, the restructuring had a clearly articulated purpose aligned with strengthening UNCDF's catalytic finance model and institutional governance. Its alignment with broader strategic integration objectives—particularly regarding systematic mainstreaming of cross-cutting priorities—appears more indirect and continues to evolve under the proposed 2026–2029 capability-based framework

Element 3.1.5

Engagement in supporting the resident coordinator systems through cost-sharing and resident coordinator nominations.

UNCDF does not participate in RC nomination processes nor does it contribute to RC system cost-sharing arrangements.

Since its establishment, UNCDF has been hosted by UNDP and operates within UNDP's administrative, operational and representational framework. As an agency associated with UNDP, UNCDF does not maintain a separate country office network and relies on UNDP's in-country presence for representation, administrative services and engagement with the UN development system, including the Resident Coordinator (RC) system. UNCDF's country-level engagement is channelled through the UNDP Resident Representatives providing representational coverage for UNCDF in programme countries.

Element 3.1.6

Application of mutual recognition principles in key functional areas.

UNCDF's investment-related operating policies are embedded within a broader operational framework, with supplementary guidance applied specifically to the deployment of investment grants, loans and guarantees.

Through its hosting arrangement within UNDP, UNCDF applies mutual recognition principles articulated in UN development system reform guidance and in UN Sustainable Development Group frameworks on common business operations. UNCDF does not maintain a fully separate operational policy environment; rather, it draws on established organisational policies and procedures of its host entity and supplements them only where its investment mandate requires additional guidance.

In line with these principles, UNCDF applies UNDP's corporate policies and procedures across key functional areas—including human resources, finance, procurement, programme management, evaluation and audit—and supplements them only where its specific investment mandate requires additional guidance. This approach reflects mutual recognition in practice by leveraging shared operational standards and oversight mechanisms, rather than establishing parallel administrative systems.

The JIU report highlights system-wide examples of mutual recognition in human resources, procurement and ICT, including shared services arrangements and digital platforms. As a hosted entity, UNCDF benefits from UNDP's participation in and leadership of these initiatives. In particular, UNCDF uses the Quantum management system, a cloud-based enterprise resource planning and digital engagement platform developed by UNDP and consortium partners, which supports financial management, procurement and administrative processes across multiple UN entities. Through Quantum and other shared systems, UNCDF operates within a harmonised and interoperable administrative environment aligned with broader UN system standards.

Aligning Policy and Capital: A Joint UNDP–UNCDF Offer Leveraging Country-Led Financing Arrangements provides further insight into how collaboration and mutual recognition principles are intended to operate in practice under UNCDF's evolving catalytic finance model. The framework outlines coordinated operational arrangements spanning policy diagnostics, pipeline development, investment structuring, deployment, monitoring and impact reporting, with defined lead and support roles across UNDP and UNCDF functions. Notably, in 2026, UNCDF also expanded engagement with UNDP Resident Representatives, Resident Coordinators, and United Nations Country Teams to strengthen understanding of UNCDF's catalytic finance role and investment capabilities and support earlier identification of pipeline opportunities. The framework also describes shared governance and coordination mechanisms, including joint steering arrangements, integrated country-level SDG finance task teams, shared data and knowledge platforms, and joint reporting processes linking UNDP financing frameworks with UNCDF's IMVL system. These arrangements suggest an effort to operationalize collaboration and interoperability through structured functional integration rather than parallel institutional systems.

MI 3.2: Resource mobilization efforts consistent with the core mandate and strategic priorities

- Element 3.2.1: Resource mobilisation strategy/case for support, with clear targets and monitoring and reporting, explicitly aligned to current strategic plan.
- Element 3.2.2: Resource mobilisation strategy/case for support reflects recognition of need to diversify the funding base, particularly in relation to the private sector.
- Element 3.2.3: Resource mobilisation strategy/case for support seeks multi-year funding within mandate and strategic priorities.
- Element 3.2.4: Resource mobilisation strategy/case for support prioritises the raising of domestic resources from partner countries/institutions, aligned to goals and objectives of the strategic plan/relevant country plan.
- Element 3.2.5: [UN] 1% levy systematically collected and passed on to the UN Secretariat.

Ratings

MI / Element	Rating	Confidence Level / Score
MI 3.2	2.6	
Element 3.2.1	2	High
Element 3.2.2	3	High
Element 3.2.3	3	High
Element 3.2.4	2	High
Element 3.2.5	3	High

MI 3.2 Evidence documents

- United Nations Capital Development Fund (2024) “Resource Mobilization Strategy and Action Plan 2024–2025”
- United Nations Capital Development Fund (2025) “Investment Strategy”
- United Nations Capital Development Fund (2022) “Strategic Framework 2022–2025 (Illustrated Version)”
- United Nations Capital Development Fund (2024 draft) “Draft Strategic Framework 2026–2029”
- United Nations Capital Development Fund (2025) “Organisational Chart”
- United Nations Capital Development Fund (2022) “Organisational Chart”
- United Nations Capital Development Fund (2024) “Strategic Framework Mid-Term Evaluation 2022–2025”
- United Nations Development Programme Office of Audit and Investigations (2023) “Audit of the United Nations Capital Development Fund”
- United Nations Capital Development Fund (2025) “Q2 2025 Levy Summary and Payment Notification”
- United Nations Capital Development Fund (2021) “HR Plan and Strategy”
- United Nations Capital Development Fund (2022) “HR Plan and Strategy”
- United Nations Capital Development Fund (2023) “HR Workplan and Strategy”
- United Nations Development Programme (n.d.) “Accountability System Policy”
- United Nations Capital Development Fund (2024) “Integrated Results and Resources Matrix, Annex 1”
- United Nations Capital Development Fund (2026) “Resource Mobilization Strategy 2026–2029”
- United Nations Capital Development Fund (2026) “Integrated Resource Plan and Integrated Budget Estimates 2026–2029”

MI 3.2 Analysis

Element 3.2.1

Resource mobilisation strategy/case for support, with clear targets and monitoring and reporting, explicitly aligned to current strategic plan.

UNCDF has a documented and strategically aligned resource mobilisation strategy with articulated targets. However, monitoring remains partly aggregate, implementation results are mixed, and evidence of its effectiveness in reducing fragmentation, increasing flexible funding, or ensuring balanced support to priority areas remains limited during the review period.

UNCDF has an explicit and formalised approach to resource mobilisation that is aligned with its current Strategic Framework. The Resource Mobilization Strategy & Action Plan 2024–2025 articulates four pillars: (i) increasing core funding; (ii) driving capital growth through a revitalised trust fund; (iii) anchoring earmarked funding to flagship initiatives to reduce fragmentation; and (iv) expanding partnerships across public and private actors. These pillars respond directly to institutional weaknesses identified in the Mid-Term Evaluation and the 2023 audit, particularly declining core resources and heavy reliance on fragmented, earmarked funding.

The strategy includes defined objectives and performance measures, including stabilising core resources, increasing multi-year contributions, consolidating smaller projects into thematic or regional portfolios, strengthening the trust fund as a flexible deployment vehicle, and expanding partner coalitions. In this respect, the strategy contains clear targets and an articulated monitoring logic.

However, alignment between the Resource Mobilisation Strategy and UNCDF's broader financial planning framework remains partial. As noted under MI 1.4, UNCDF's financial reporting during 2020–2024 does not disaggregate resources or expenditures by Strategic Framework priority area, nor does it demonstrate how resource mobilisation outcomes translate into balanced funding across the five thematic priorities. While aggregate indicators such as total core funding are tracked in the IRRM (e.g., core funding at approximately \$10.6 million against a 2025 target of \$25 million), other strategic objectives — such as reducing fragmentation, consolidating portfolios, or increasing thematic coherence — are not systematically reflected in corporate reporting instruments. The 2024-2025 resource mobilisation strategy was tracked internally through the Quantum+ system and was intended as a transitional bridge to the new Strategic Framework 2026-2029.

Moreover, financial data through 2024 indicate that the structural funding imbalance identified in earlier evaluations persists, with earmarked resources continuing to account for 86–95% of total annual contributions and core funding remaining below historical baselines. While the 2024-2025 Resource Mobilisation Strategy signals institutional intent to address this imbalance, evidence of measurable progress in shifting the funding mix during the review period is limited.

The strategy does not establish an explicit mechanism to prioritise underfunded thematic areas or systematically direct fundraising toward identified gaps. Nor does corporate reporting demonstrate whether fundraising efforts are calibrated to address imbalances across priority areas. As a result, while the Resource Mobilisation Strategy is clearly aligned in intent with the Strategic Framework and contains defined objectives, the extent to which it has materially altered UNCDF's funding structure or improved strategic allocation remains uncertain.

The new Strategic Framework is accompanied by a revised resource mobilisation strategy covering the full Strategic Framework period, with annual tracking and reporting arrangements planned going forward. The strategy is aligned with the Integrated Resource Plan and Integrated Budget Estimates 2026–2029, which project a significant expansion of UNCDF's portfolio of loans

and guarantees as well as its programme expenditures. As this updated strategy falls outside the assessment period, evidence on its implementation and effectiveness was not yet available for review.

Element 3.2.2

Resource mobilisation strategy/case for support reflects recognition of need to diversify the funding base, particularly in relation to the private sector.

UNCDF's Resource Mobilization Strategy (2024–2025) recognises the need to diversify the funding base and reduce reliance on fragmented, tightly earmarked contributions, however this has not translated into measurable strengthening of core resources.

The strategy identifies the high degree of fragmentation in UNCDF's existing funding portfolio and notes that reliance on tightly earmarked, small-scale contributions limits flexibility, increases transaction costs, and constrains the organisation's ability to sustain institutional functions and scale development impact. Diversification is therefore positioned as both a strategic and operational requirement.

As noted under Element 3.2.1, the 2024–2025 Resource Mobilization Strategy was developed as a transitional strategy. UNCDF indicated that the revised strategy accompanying the Strategic Framework 2026–2029 maintains emphasis on diversification of the funding base, including engagement with private financial institutions, philanthropic foundations, high-net-worth philanthropic markets, MDBs and DFIs, and non-OECD DAC contributors. The strategy also identifies specific priority foundations and partnership platforms for engagement and introduces annual tracking and reporting arrangements.

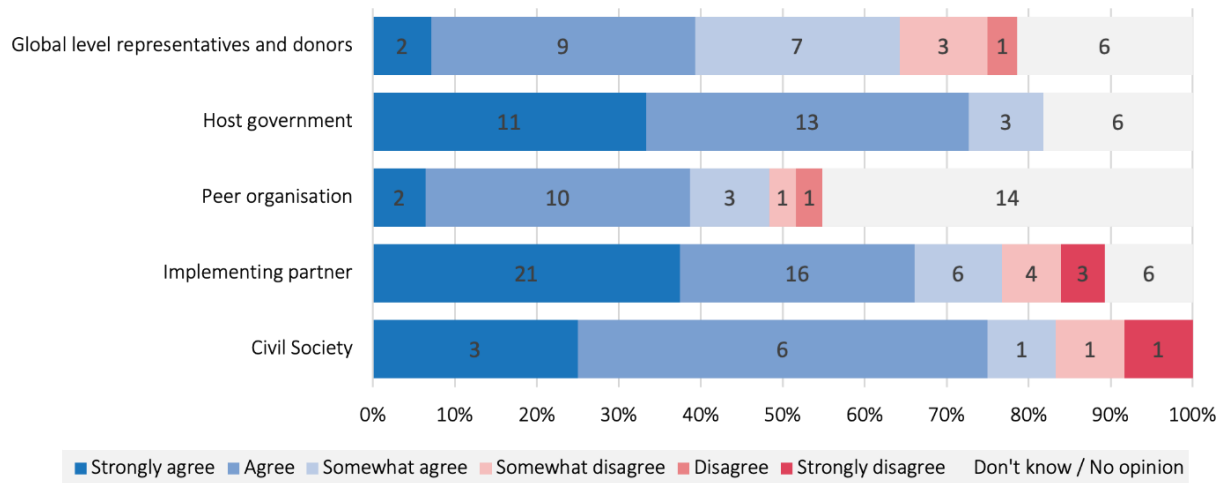
Financial reporting for 2023 and 2024 shows that regular (core) resources continue to be provided by a small number of sovereign donors, with little expansion in the contributor base between the two years. IRRM indicator IE 1.1 (Total US\$ core funding) shows that core resources declined from a baseline of US\$ 14.7 million to US\$ 13.6 million in 2022 and US\$ 10.2 million in 2023, with a 2024 actual of US\$ 10.6 million. While slightly higher than 2023, the 2024 figure remains below the baseline and substantially below both the 2024 milestone and the 2025 target of US\$ 25 million. The core funding base therefore remains narrow and below planned trajectory.

By contrast, the majority of contributions in both 2023 and 2024 fall under other resources, which continue to be dominated by bilateral public donors and multilateral institutions, including the European Union and individual governments, alongside pooled UN mechanisms and philanthropic foundations. The composition of top contributors varies between the two years, reflecting fluctuations in earmarked project funding. While this demonstrates breadth of partnerships, these resources remain predominantly earmarked and variable

The 2024-2025 Resource Mobilization Strategy reflects clear recognition of the need to diversify the funding base — including engagement with private and philanthropic actors — this has not yet translated into measurable strengthening of core resources. Diversification appears to be occurring primarily within the category of earmarked funding rather than through expansion or stabilisation of the regular resource base.

Despite these efforts, IRRM indicator IE 1.1 (Total US\$ core funding) shows that core resources declined from a baseline of US\$ 14.7 million to US\$ 13.6 million in 2022 and US\$ 10.2 million in 2023, with a 2024 actual of US\$ 10.6 million. While slightly higher than 2023, the 2024 figure remains below the baseline and substantially below both the 2024 milestone and the 2025 target of US\$ 25 million.

Figure 3.1 : UNCDF's resource mobilisation strategy reflects need to diversify the funding base



MOPAN survey evidence, in Figure 3.1, shows that stakeholder responses to statements on UNCDF’s resource mobilisation approach are concentrated primarily in the “Strongly agree” and “Agree” categories, with additional responses in “Somewhat agree,” indicating that most respondents expressed agreement to varying degrees. Across the statements, only a small number of respondents selected “Somewhat disagree,” “Disagree,” or “Strongly disagree,” and these represent a minority of total responses. For some items, a proportion of respondents selected “Don’t know / No opinion,” suggesting that not all stakeholders felt able to provide a definitive assessment. Overall, the distribution reflects predominantly positive perceptions, with limited disagreement and some instances of uncertainty.

Element 3.2.3

Resource mobilisation strategy/case for support seeks multi-year funding within mandate and strategic priorities.

UNCDF’s Resource Mobilization Strategy (2024–2025) demonstrates a clear organisational commitment to securing multi-year funding in support of its mandate and strategic priorities.

The strategy identifies predictable, multi-year core contributions as essential for sustaining governance, oversight and operational functions, noting that reductions in flexible funding have constrained the organisation’s ability to deliver on the objectives of the Strategic Framework. In response, the strategy prioritises efforts to increase the volume and share of multi-year core contributions, including by strengthening engagement with existing donors and broadening the core funding base to include non-traditional partners.

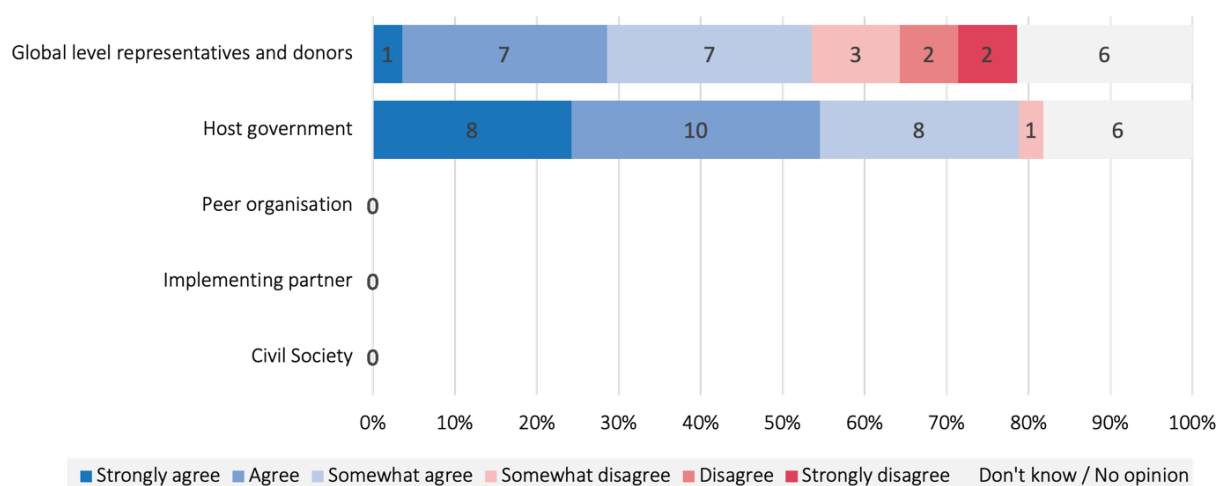
The strategy includes defined targets and key performance indicators related to stabilising core resources and expanding multi-year commitments, providing a basis for monitoring progress. These multi-year ambitions are consistent with the strategic direction set out in the current Strategic Framework, which underscores the need for predictable financing to support UNCDF’s catalytic investment role and core institutional capabilities. UNCDF did not meet its 2025 target of mobilising \$25 million in core funding and only received around \$8.5 million. The Integrated Resources Plan and Integrated Budget Estimates 2026–2029 further reinforce this orientation by presenting a multi-year financial framework aligned to implementation of the Strategic Framework 2026–2029 and emphasising the importance of predictable regular resources to sustain core institutional functions and catalytic financing activities.

The Integrated Resources Plan and Integrated Budget Estimates 2026–2029 further project that UNCDF will allocate approximately \$521 million toward development and humanitarian activities during the 2026–2029 period. The framework indicates that UNCDF intends to mobilise resources from a diversified mix of contributors — including governments, MDBs, DFIs, philanthropic foundations and private sector partners — across its broader financing model. The framework also states that these resources are expected to leverage and catalyse at least three times their value from additional public and private financing sources, consistent with UNCDF’s catalytic financing model. In addition, the framework separately projects \$337.1 million in loans and guarantees, funded through other resources, to supplement programme expenditure during the period.

UNCDF’s planned expansion of financial instruments will also increase the importance of predictable, multi-year financing. In addition to raising resources for loans, guarantees and blended finance operations, UNCDF will need upfront financing of pipeline development, due diligence, supervision, portfolio management and risk oversight over longer operational cycles. Fee income, interest revenue and investment reflows will only contribute to the recovery of these costs over time. During the transition period, the costs of UNCDF’s operational activities for scaling up deployment of the financial instruments will need to be funded from core or other dedicated sources. Ideally this would be done through core funding but given the reality that core funding is extremely scarce for both UNCDF and for the UN system in general, it may need to consider - as part of its Resource Mobilisation Strategy – raising dedicated non-core funding to support its deployment of financial instruments.

Open-ended survey responses reinforce this picture, with many stakeholders highlighting constrained and unpredictable funding as a central challenge. Respondents frequently refer to limited core support, heavy reliance on earmarked contributions, and short funding cycles, noting that these factors restrict flexibility, planning, and the ability to scale successful initiatives beyond pilot stages in a tightening external financing environment.

Figure 3.2: UNCDF mobilises resources at scale to deliver its mandate and strategic priorities



Stakeholder survey responses, as shown in Figure 3.2, reflect mixed perceptions regarding UNCDF’s ability to mobilise resources at scale. While some respondents selected “Strongly agree,” “Agree,” or “Somewhat agree,” a visible minority expressed disagreement, and a notable share selected “Don’t know / No opinion.” The distribution of responses indicates that stakeholder views on UNCDF’s mobilisation performance are not uniformly positive.

Element 3.2.4

Resource mobilisation strategy/case for support prioritises the raising of domestic resources from partner countries/institutions, aligned to goals and objectives of the strategic plan/relevant country plan.

While domestic resource mobilisation is central to UNCDF's programmatic outcomes, the resource mobilisation strategy does not prioritise or seek domestic financial contributions from partner countries or institutions as part of its funding model.

The available documentation does not indicate that UNCDF's resource mobilisation strategy prioritises the raising of domestic financial resources from partner governments or national institutions as a funding stream for the organisation. While the Resource Mobilization Strategy (2024–2025) identifies beneficiary Member States—particularly least developed countries—as partners within UNCDF's engagement landscape, it does not present domestic government contributions as a target, pillar or defined component of resource mobilisation efforts. The strategy instead focuses on strengthening core resources, enhancing flexibility through the trust fund, consolidating earmarked funding and expanding partnerships with public and private actors.

Across the Strategic Frameworks and the Investment Strategy (2024–2025), domestic resource mobilisation is presented as a development objective, aimed at strengthening national financial ecosystems, crowding in domestic capital and enabling local investment capacity. The Strategic Framework 2026–2029 and associated investment and resource mobilisation materials emphasize strengthening domestic financial systems, mobilizing domestic and international private capital, crowding in domestic financial institutions, and enabling local investment ecosystems through blended finance, guarantees and catalytic instruments. These programmatic aims are consistent with UNCDF's catalytic finance mandate but are distinct from institutional resource mobilisation for UNCDF itself. None of the documents reviewed identify domestic government financing as a channel for supporting UNCDF's organisational budget or investment operations.

Overall, while domestic resource mobilisation is central to UNCDF's programmatic outcomes, the resource mobilisation strategy does not prioritise or seek domestic financial contributions from partner countries or institutions as part of its funding model.

Element 3.2.5

[UN] 1% levy systematically collected and passed on to the UN Secretariat.

The available documentation demonstrates that UNCDF systematically collects and remits the 1 percent coordination levy in accordance with UN Funding Compact requirements.

Email correspondence between UNCDF and the Development Coordination Office confirms routine submission of levy reports and the processing of levy payments, including a recorded transfer of USD 68,267.70 for the first half of 2025.

Detailed levy records show cumulative levy transactions from 2019 through the second quarter of 2025, including the amounts collected for each donor contribution, their USD-equivalent values, and the dates on which corresponding payments were made to the UN Secretariat. These records document consistent remittance across multiple reporting cycles and donors.

MI 3.3: The MO's decisions for investments and other operations and its delegation of authority balance responsiveness and fiduciary requirements.

- Element 3.3.1: An organisation-wide policy or guidelines exist that describe the delegation of decision-making authorities at different levels of the organisation.
- Element 3.3.2: Policy/guidelines or other documents provide evidence of a sufficient level of decision-making autonomy available at the country level (or other decentralised level as appropriate) regarding resource reallocation/ programming.

- Element 3.3.3: Evaluations or other reports contain evidence that reallocation/programming decisions have been made to positive effect at country or other local level as appropriate.
- Element 3.3.4: The MO has made efforts to improve or sustain the delegation of decision-making on resource allocation/programming to the country or other relevant levels.

Ratings

MI / Element	Rating	Confidence Level / Score
MI 3.3	3	
Element 3.3.1	3	Medium
Element 3.3.2	3	Medium
Element 3.3.3	NA	
Element 3.3.4	3	Medium

MI 3.3 Evidence documents

- United Nations Capital Development Fund (2025) “Supplementary Guidelines to the United Nations Development Programme Programme and Operations Policies and Procedures”
- United Nations Capital Development Fund (2025) “Standard Operating Procedures for the Investment Process”
- United Nations Capital Development Fund (2022) “Organisational Chart”
- United Nations Capital Development Fund (2025) “Organisational Chart”
- United Nations Capital Development Fund (2022) “Strategic Framework 2022–2025 (Illustrated Version)”
- United Nations Capital Development Fund (2024 draft) “Draft Strategic Framework 2026–2029”
- United Nations Capital Development Fund (2024) “Strategic Framework Mid-Term Evaluation 2022–2025”
- United Nations Development Programme Office of Audit and Investigations (2023) “Audit of the United Nations Capital Development Fund”
- United Nations Capital Development Fund (2025) “Investment Strategy”
- United Nations Capital Development Fund (2024) “Resource Mobilization Strategy and Action Plan 2024–2025”
- United Nations Capital Development Fund (2023) “Evaluation Report: Burkina Faso Digital Finance Country Strategy”
- United Nations Capital Development Fund (2026) “Roles and Responsibilities for Key Business Processes”
- United Nations Development Programme (n.d.) “Accountability System Policy”

MI 3.3 Analysis

Element 3.3.1

An organisation-wide policy or guidelines exist that describe the delegation of decision-making authorities at different levels of the organisation.

UNCDF has established an organisation-wide framework for delegation of authority covering investment, operational and programmatic processes, embedded within the broader UNDP accountability framework and supplemented by UNCDF-specific guidance for its investment mandate.

UNCDF's delegation of authority arrangements are grounded in the broader UNDP accountability and operational framework, which UNCDF applies in accordance with its hosting arrangement. As outlined in the Supplementary Guidelines to the POPP, UNCDF uses the UNDP Financial Regulations and Rules and associated operational policies, documenting only the areas in which UNCDF's mandate requires additional or distinct provisions. These guidelines affirm that delegation of authority, internal controls and managerial accountability follow the principles of the UNDP Accountability System, which requires formally defined, consistently applied and segregated lines of authority across the organisation.

Within this overarching framework, UNCDF has established supplementary policies and procedures that specify delegated decision-making roles for its core financial instruments. The Supplementary Guidelines for grants, loans and guarantees define the decision points and delegated authorities applicable to project appraisal, instrument selection, approval, amendment and execution. They identify the Executive Secretary, Chief Operations Officer and Chief Financial Officer as key delegation holders for instrument approvals, exceptions, write-offs and deviations from standard templates, with committees such as the Project Appraisal Committee and the Investment and Disbursement Impact Committee providing corporate-level review and recommendation functions.

These policy provisions are operationalised through the Standard Operating Procedures for the Investment Process, which detail the responsibilities of the front, middle and back offices at each stage of the investment cycle. The SOP establishes a sequenced set of review and approval steps, including pre-assessment and investment decision gates, and defines the roles of technical staff, investment committees and senior management in exercising delegated authority. It also outlines conditions under which waivers may be granted and clarifies escalation pathways for decisions requiring higher-level approval.

Together, these documents provide an organisation-wide framework for delegation of authority as it relates to investment operations and related financial decisions, embedded within the broader UNDP accountability and internal control system. Additional organisational guidance, including the "UNCDF Roles and Responsibilities for Key Business Processes" document, further consolidates business processes, workflows and approving authorities across operational, programmatic and investment functions. The document maps origination, review, clearance, approval and signature roles across key business processes and helps clarify accountability and segregation of duties across the organisation.

Element 3.3.2

Policy/guidelines or other documents provide evidence of a sufficient level of decision-making autonomy available at the country level (or other decentralised level as appropriate) regarding resource reallocation/ programming.

UNCDF's organisational model differs from that of many UN entities in that it does not maintain country offices or country-level strategies. Country-level operations are instead delivered through

regional teams and technical staff embedded within programme countries, under a corporate structure historically organised around thematic practice areas and now restructured into a front–middle–back office model. As such, formal country-level delegation of authority for programming or resource reallocation does not appear to be a feature of UNCDF's operating model, and no documentation reviewed suggests that such a delegation framework exists.

Under UNCDF's previous thematic configuration, responsibilities for programming and operational decisions were dispersed across practice areas and regional teams. As noted in earlier elements, both the audit and the Mid-Term Evaluation found that this contributed to siloed decision-making, inconsistent application of procedures, and duplication of functions. These findings underscore that prior decentralisation—while thematic rather than geographic—did not translate into a coherent or accountable delegation of authority framework.

The current restructuring shifts UNCDF from a thematic to a functional decision-making architecture, with defined roles for the Front Office (origination), Middle Office (oversight and risk), and Back Office (operations assurance and support). The Supplementary Guidelines, investment SOPs, and the Roles and Responsibilities for Key Business Processes framework provide more clearly articulated decision-making and approval arrangements across programming, operational and investment functions, including responsibilities delegated to regional teams and hubs. However, the reforms primarily reflect a process of deconcentration rather than decentralisation: staff and operational functions are increasingly positioned closer to programme countries and regional markets, while strategic authority, fiduciary oversight, and key programming and investment decisions remain embedded within UNCDF's central corporate architecture.

The restructuring and regionalisation process indicate a broader operational role for regional hubs, particularly in investment origination, portfolio oversight and delivery support. Documentation reviewed does not indicate that regional hubs will exercise autonomous authority over strategic resource allocation or country-level programming in the manner of delegated country office structures. Rather, delegated authorities continue to operate primarily through UNCDF's functional corporate architecture.

Element 3.3.3

Evaluations or other reports contain evidence that reallocation/ programming decisions have been made to positive effect at country or other local level as appropriate.

N/A

Element 3.3.4

The MO has made efforts to improve or sustain the delegation of decision-making on resource allocation/programming to the country or other relevant levels.

Overall, UNCDF has improved the clarity and coherence of its delegation framework through restructuring and codified approval processes. However, decision-making authority over programming and resource allocation remains primarily centralised at corporate level, with regional hubs exercising structured but limited delegated authority.

Under UNCDF's restructured operating model, the relevant decentralised level for programming is the regional hub rather than the country or HQ level. Programming activities are largely financed through non-core contributions, which are typically mobilised through a combination of regional engagement with donors and corporate-level resource mobilisation efforts. Project origination and pipeline development responsibilities are anchored at the regional level, with designated regional investment or programme leads advancing proposals in coordination with corporate teams.

While regional teams play a central role in identifying opportunities and shaping programme design, formal authority over resource allocation and approval of financial commitments remains vested in corporate governance structures, including investment and oversight committees situated within the Front and Middle Offices. The restructuring has clarified these functional roles and strengthened accountability lines, but it has not substantially devolved final decision-making authority for resource allocation to regional hubs.

MI 3.4: HR systems and policies performance-based and geared to the achievement of results.

- Element 3.4.1: The MO has a system in place that requires all staff, regardless of seniority, undergo a performance assessment.
- Element 3.4.2 There is evidence that the performance assessment system is implemented systematically by the MO for all staff in line with the required frequency.
- Element 3.4.3 The performance assessment system is clearly linked to organisational improvement, particularly the achievement of corporate objectives, and to demonstrate the ability to work with other entities.
- Element 3.4.4 Staff performance assessment is applied in decision-making on promotion, incentives, rewards, sanctions etc.
- Element 3.4.5 The MO has a clear process in place to manage disagreement and complaints regarding staff performance assessments.
- Element 3.4.6 The MO has processes in place to support Diversity, Equity and Inclusion (DEI) in the workplace.
- Element 3.4.7 The MO has processes in place to assess staff engagement and the working environment, including measures to report and follow up on identified issues in a transparent manner.

Ratings

MI / Element	Rating	Confidence Level / Score
MI 3.4	3.14	
Element 3.4.1	4	Medium
Element 3.4.2	3	Medium
Element 3.4.3	3	Low
Element 3.4.4	3	Low
Element 3.4.5	3	Low
Element 3.4.6	3	Medium
Element 3.4.7	3	Medium

MI 3.4 Evidence documents

- United Nations Capital Development Fund (2021) “HR Plan and Strategy”
- United Nations Capital Development Fund (2022) “HR Plan and Strategy”
- United Nations Capital Development Fund (2023) “HR Workplan and Strategy and Implementation Plan”
- United Nations Capital Development Fund (2022) “Organisational Chart”
- United Nations Capital Development Fund (2025) “Organisational Chart”
- United Nations Capital Development Fund (2021) “Strategic Framework 2022–2025”
- United Nations Capital Development Fund (2024 draft) “Draft Strategic Framework 2026–2029”
- United Nations Capital Development Fund (2024) “Inclusion Survey”
- United Nations Capital Development Fund (2024) “Engagement Survey”
- United Nations Capital Development Fund (2025) “Inclusion Survey”
- United Nations Capital Development Fund (2024) “Strategic Framework Mid-Term Evaluation 2022–2025”
- United Nations Development Programme Office of Audit and Investigations (2023) “Audit of the United Nations Capital Development Fund”
- United Nations Capital Development Fund (2025) “Supplementary Guidelines to the United Nations Development Programme Programme and Operations Policies and Procedures”
- United Nations Capital Development Fund (2025) “Standard Operating Procedures for the Investment Process”
- United Nations Development Programme (n.d.) “Accountability System Policy”

MI 3.4 Analysis**Element 3.4.1**

A system is in place which requires all staff, including senior staff, to undergo performance assessment.

A formal, organisation-wide performance management system is in place and applies to all relevant staff, including senior staff.

UNCDF operates under the UNDP hosting and accountability framework, including the UNDP Performance Management and Development (PMD) system and associated HR and oversight policies. Unless otherwise specified, the elements below assess UNCDF’s application of these corporate systems within its organisational context.

Under this framework, all personnel are subject to annual performance assessment in accordance with UNDP corporate requirements, which apply universally across contract types and seniority levels.

UNDP’s PMD policy establishes a structured annual performance cycle from 1 January to 31 December, including mandatory annual performance planning, regular performance discussions and monitoring, a mandatory mid-term review, and a mandatory Annual Performance Review

(APR). The policy applies across contract types and seniority levels, with a separate procedure in place for performance management of staff members at Assistant Secretary-General level and above. The framework links performance management to accountability, professional development and career progression, and is supported by defined timelines and rating scales.

UNCDF's HR strategies further confirm HR's role in supporting and monitoring performance management processes, including ensuring that staff complete required performance documents and that managers fulfil their obligations under the performance cycle.

Element 3.4.2

There is evidence that the performance assessment system is systematically and implemented by the organisation for all staff and to the required frequency.

UNCDF participates in a structured annual performance assessment cycle.

UNCDF participates in a structured annual performance assessment cycle, and available evidence indicates that the system is implemented systematically across the organisation.

UNCDF applies the UNDP corporate performance management framework and annual appraisal cycle. UNCDF's HR strategies indicate that the HR function is responsible for monitoring compliance with UNDP's performance cycle, supporting staff and managers in meeting annual requirements, and ensuring that performance documentation is completed and appropriately filed.

Performance assessment completion statistics provided by UNCDF indicate consistently high completion rates for Annual Performance Reviews (APRs) during the review period. Completion rates were reported at approximately 91.9 per cent in 2023, 91.5 per cent in 2024 and 92.3 per cent in 2025, with a limited number of reviews remaining in progress or not started. These figures suggest that the performance assessment process is being implemented systematically and at regular frequency across the organisation.

Element 3.4.3

The performance assessment system is clearly linked to organisational improvement, particularly the achievement of corporate objectives, and to demonstrate ability to work with other entities.

Evidence reviewed does not clearly demonstrate how the performance assessment system is linked to achievement of UNCDF-specific corporate objectives or assessment of collaboration with external entities.

UNCDF personnel participate in the UNDP corporate performance management system, which is structured around annual performance planning and assessment processes linked to organisational objectives.

However, the documentation reviewed does not clarify how UNCDF-specific corporate objectives under its Strategic Framework are reflected within individual performance assessments. Similarly, while UNCDF operates through extensive collaboration with UNDP and external partners, the materials reviewed do not provide evidence on how the ability to work with other entities is assessed through the performance management system.

Overall, evidence demonstrating a clear linkage between the performance assessment system, achievement of UNCDF corporate objectives, and partnership effectiveness remains limited.

Element 3.4.4

Staff performance assessment is applied in decision-making on promotion, incentives, rewards, sanctions etc.

While UNCDF documentation does not provide examples of how performance ratings have been used in specific promotion or sanction decisions, no evidence suggests that UNCDF operates outside the standard UNDP framework.

Under the UNDP Accountability System and associated HR policies performance results inform decisions on contract renewal, assignment, promotion, recognition and, where appropriate, corrective action. UNCDF's HR strategies reinforce this alignment by positioning performance management as part of workforce planning and managerial accountability.

While UNCDF documentation does not provide examples of how performance ratings have been used in specific promotion or sanction decisions, no evidence suggests that UNCDF operates outside the standard UNDP framework.

Element 3.4.5

A clear process is in place to manage disagreement and complaints regarding staff performance assessments.

UNCDF utilizes established UNDP staff recourse and dispute-resolution mechanisms to manage disagreements and complaints relating to staff performance assessments.

UNCDF applies the UNDP performance management and accountability framework, which includes established mechanisms for staff to raise concerns or disputes regarding their performance assessments. The UNDP Accountability System Policy, which UNCDF follows as part of its operational arrangements, affirms personnel's right to challenge managerial decisions, provides for fair and transparent handling of performance-related issues, and sets out escalation channels within the broader accountability and oversight architecture.

UNCDF staff complaints or disagreements relating to performance assessments are handled through UNDP's HR policy and staff recourse processes. While UNCDF does not maintain separate entity-specific procedures for performance assessment disputes, the application of the UNDP framework provides an established process for managing disagreements and complaints regarding staff performance assessments.

Element 3.4.6

The MO has processes in place to support Diversity, Equity and Inclusion (DEI) in the workplace.

UNCDF participates in UNDP-wide DEI processes and applies the broader framework and workplace inclusion policies.

UNCDF applies the UNDP Diversity, Equity and Inclusion (DEI) Strategy (2022–2025) and participates in associated UNDP-wide DEI governance and workplace inclusion initiatives. The UNDP framework includes institutional commitments related to inclusive workplace culture, anti-racism, non-discrimination and respectful conduct, supported through corporate policies, guidance and organisational mechanisms.

UNCDF confirmed that it participated in the UNDP-wide DEI Committee until July 2025 and falls under the broader UNDP DEI Strategy framework. These arrangements indicate that UNCDF personnel are covered by established organisational processes supporting DEI in the workplace.

Element 3.4.7

The MO has processes in place to assess staff engagement and the working environment, including measures to report and follow up on identified issues in a transparent manner.

UNCDF has established mechanisms to assess staff engagement and workplace climate, including recurring surveys conducted under broader UNDP people and workplace initiatives.

UNCDF has conducted three staff engagement and inclusion surveys in 2024 and 2025. These surveys collect feedback from personnel on a range of workplace dimensions, including team dynamics, inclusion, psychological safety, workload, communication, fairness of evaluation processes and the prevalence or observation of prohibited conduct such as harassment, discrimination and abuse of authority. Each survey provides UNCDF-specific response rates, overall scores and itemised perceptions of strengths and areas for improvement.

Across the three surveys, results show a mix of positive perceptions—such as respectful team interactions and clarity of purpose—and recurring concerns related to connection, empowerment, and confidence that issues raised will lead to meaningful action.

UNCDF in the March 2025 conducted Inclusion Survey administered through the Viva Glint platform. The survey achieved a 59% response rate (221 respondents). The overall inclusion score for UNCDF was 69, with a favorability rate of 62%, representing a 5 percentage point decline from March 2024 .

Survey results show variation across dimensions of workplace climate. The highest scoring areas included Camaraderie (77), Respectful Team (73), and Comfort Speaking Up regarding prohibited conduct (70). Mid-range scores were recorded for Inclusion (69), Valued Teammate (68), Connection (65), Trust (65), Constructive Conversations (63), and Psychological Safety (62). Lower scoring dimensions included Opinions Heard (60), Action Taking (59), and Challenge Status Quo (53).

With respect to prohibited conduct, 170 respondents indicated “None of the above” when asked whether they had personally experienced harassment, discrimination, sexual harassment, or abuse of authority. However, among those who experienced misconduct, 58% reported not reporting the incident, 36% reported to a manager, and 7% used a formal channel. Among those who witnessed misconduct, 71% did not report the incident. When asked about barriers to reporting, 68% cited fear of negative consequences as the primary reason for discomfort in reporting.

These quantified results demonstrate that UNCDF has an established mechanism for assessing staff engagement and workplace climate through structured surveys. UNCDF management reviews survey findings and takes them into account to improve workplace practices and processes.

KPI 4: Organisational systems are cost- and value-conscious and enable financial transparency and accountability.
Ratings

KPI / MI	Rating	Score
KPI 4	S	2.83
MI 4.1	U	2.25
MI 4.2	U	2.5
MI 4.3	U	1.75
MI 4.4	HS	4
MI 4.5	S	3.2
MI 4.6	S	3.5
MI 4.7	S	2.57
MI 4.8	S	2.86

MI 4.1: The MO demonstrates transparent decision making for approving investments and other operations, consistent with priorities over time.

- Element 4.1.1: An explicit organisational statement or policy is available which clearly defines criteria for allocating resources to partners. This includes clearly defined criteria for identifying and approving non-sovereign operations based on additionality, financial sustainability and development impact as appropriate.
- Element 4.1.2: The criteria reflect targeting to the highest priority themes/countries/areas of intervention as set out in the current Strategic Plan.
- Element 4.1.3: Resource allocation mechanisms allow for adaptation in different contexts.
- Element 4.1.4: The organisational policy or statement is regularly reviewed and updated.

Ratings

MI / Element	Rating	Confidence Level / Score
MI 4.1	2.25	
Element 4.1.1	2	High
Element 4.1.2	2	High
Element 4.1.3	2	High
Element 4.1.4	3	High

MI 4.1 Evidence documents

- United Nations Capital Development Fund (2021) “Strategic Framework 2022–2025”
- United Nations Capital Development Fund (2025) “Investment Strategy”
- United Nations Capital Development Fund (2025) “Standard Operating Procedures for the Investment Process”
- United Nations Capital Development Fund (2025) “Pre-Assessment Memo Template”
- United Nations Capital Development Fund (2025) “Transaction Assessment Memo Template – Enhanced Version”
- United Nations Capital Development Fund (2025) “Supplementary Guidelines to the United Nations Development Programme Programme and Operations Policies and Procedures”
- United Nations Development Programme Office of Audit and Investigations (2023) “Audit of the United Nations Capital Development Fund”
- United Nations Development Programme Office of Audit and Investigations (2026) “Follow-up Audit of the United Nations Capital Development Fund”
- United Nations Capital Development Fund (2025) “Action Memorandum to the Managing

MI 4.1 Analysis

Element 4.1.1

An explicit organisational statement or policy is available which clearly defines criteria for allocating resources to partners. This includes clearly defined criteria for identifying and approving non-sovereign operations based on additionality, financial sustainability and development impact as appropriate.

UNCDF's Strategic Framework 2022–2025 articulates the contexts in which the organisation operates—primarily high-risk, low-capacity market. While the Framework does not establish a single formula or threshold system to allocate resources across all countries, sectors or partner types, UNCDF has established formal criteria and approval procedures for non-sovereign operations through its Investment Strategy, Investment SOP, PAM and TAM templates.

At corporate level, these principles are set out primarily through the Strategic Framework 2022–2025, which defines UNCDF's overall mandate and operating space, and—more recently for non-sovereign operations—through the Investment Strategy (2024–2025) and the associated Standard Operating Procedures (SOP) for Investments. Together, these documents establish the rationale for UNCDF's engagement in particular contexts and the processes through which financing decisions are appraised and approved.

However, while the Strategic Framework clearly articulates why UNCDF operates in these high-risk, low-capacity contexts, it does not define how resources should be prioritised within or across them. The framework does not establish thresholds, rankings, or comparative criteria to guide the allocation of resources between countries, sectors, or partner types, nor does it distinguish allocation approaches for sovereign and non-sovereign operations beyond broad mandate alignment. This reflects, in part, UNCDF's project- and programme-based financing model, under which financial instruments are funded through specific programme resources and donor agreements rather than through centrally managed portfolio allocation envelopes. As a result, allocation decisions are often shaped by donor earmarking, programme design and available funding arrangements, limiting the role of organisation-wide prioritisation thresholds or portfolio allocation frameworks.

For investments, UNCDF has more explicit organisational guidance. The Investment Strategy (2024–2025) outlines principles governing the use of catalytic capital and frames UNCDF's financing role around addressing market failures rather than maximising financial returns. It states that investments must adhere to principles of additionality and that concessional resources are intended to be deployed where they can “mobilize and catalyze additional funding from both private and public sources.” The strategy also sets expectations related to financial sustainability and financial viability, noting that recipients should be able to generate revenue or cash flows sufficient to ensure viability over time, or present a “clear and convincing business plan” where revenues are not yet present. Supplementary operational guidance further establishes instrument-specific risk assessment approaches for loans and guarantees, including credit-risk methodologies, country-risk considerations, collateral analysis, and probability-of-default assessments.

At the same time, UNCDF operates with limited core resources, and the majority of funding is earmarked to specific themes, countries or instruments through donor agreements. As a result, corporate discretion in reallocating resources across partners is inherently constrained, and allocation decisions are often shaped by funding source conditions and programme arrangements rather than by an internally defined portfolio prioritisation framework.

Overall, UNCDF applies structured appraisal, financial viability and risk assessment criteria for

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individual transactions—particularly non-sovereign operations—supported by instrument-specific methodologies for loans and guarantees. However, the documentation reviewed does not demonstrate the existence of an organisation-wide allocation framework establishing portfolio-level thresholds, comparative scoring systems, or prioritisation criteria across countries, sectors or partner types.

Element 4.1.2

The criteria reflect targeting to the highest priority themes/countries/areas of intervention as set out in the current Strategic Plan.

UNCDF has clear high-level geographic, thematic and investment priorities that guide resource allocation and investment decisions. These priorities are not translated into specific portfolio targets, allocation thresholds or comparative criteria across countries, themes or partner types. While financing decisions are required to align with the Strategic Framework, the framework functions as a broad mandate reference rather than as an ex ante prioritisation tool.

UNCDF's resource allocation criteria are formally framed to align with the priorities set out in the Strategic Framework 2022–2025, including a geographic focus on least developed countries, high-risk and underserved markets, and interventions where catalytic capital can address market failures and mobilise additional finance, alongside thematic priorities, including inclusive digital economies, local finance, climate and resilience, and women's economic empowerment.

The Investment Strategy (2024-2025) reinforces the expectation that financing decisions should be aligned with the Strategic Framework and operationalises this alignment through criteria linked to market failure, additionality, development impact, mobilisation of public and private finance, financial sustainability and risk. These criteria are directly connected to the Strategic Framework's priorities. While the criteria are not expressed as quantified targets or ranked country allocations, they do provide a strategic basis for targeting interventions consistent with UNCDF's mandate. Under the evolving 2026–2029 capability model, UNCDF indicated that pipeline management is increasingly being used to support portfolio balance across core capabilities, including a reported target for 15 per cent of new projects in 2026 to fall under the Subnational Finance capability.

This absence of allocation mechanisms is further shaped by UNCDF's funding structure. Over the review period, UNCDF has experienced a decline in core resources, resulting in a growing reliance on earmarked donor funding. As a consequence, the organisation has increasingly limited discretion to allocate resources across contexts based on internal prioritisation, and allocation decisions are more strongly influenced by donor interests, funding availability, and pre-defined programme scopes. While these choices are generally aligned ex post with the broad priorities of the Strategic Framework, they do not reflect deliberate adaptation of resource allocation.

Country-level interviews with decentralised UNCDF staff corroborate that the Strategic Framework is generally viewed as sufficiently broad to accommodate most existing and proposed activities, and interviewees did not report experiencing the framework as a constraint on project origination or design. In the absence of systematically applied UNCDF country strategies, staff indicated that project identification is typically driven by a combination of national development priorities, donor interests, existing programme pipelines, and operational presence. Strategic alignment is therefore assessed at a general level, rather than used as a decisive screening mechanism to prioritise certain themes, countries, or interventions over others.

Overall, UNCDF ensures formal alignment of activities with its Strategic Framework and applies investment approval criteria that reflect its priority mandate, geography and financing niche. The available documentation demonstrates clear high-level targeting through its focus on LDCs, high-risk and underserved markets, additionality, mobilisation potential, development impact and financial sustainability. However, these priorities are not translated into systematic portfolio targets, allocation thresholds or comparative prioritisation criteria across countries, themes or partner types.

Element 4.1.3

Resource allocation mechanisms allow for adaptation in different contexts.

UNCDF's ability to adapt resource allocation across contexts is constrained by limited core resources and high earmarking. However, the organisation's investment decision-making framework allows contextual adaptation through instrument selection, concessionality, risk calibration, financial structuring, due diligence and approval conditions. As set out under Elements 4.1.1 and 4.1.2, UNCDF does not operate with a formal resource allocation mechanism that prioritises or adjusts funding across countries, themes, or partner types on an ex ante basis.

This absence of allocation mechanisms is further shaped by UNCDF's funding structure. Over the review period, UNCDF has experienced a decline in core resources, resulting in a growing reliance on earmarked donor funding. As a consequence, the organisation has increasingly limited discretion to allocate resources across contexts based on internal prioritisation, and allocation decisions are more strongly influenced by donor interests, funding availability, and pre-defined programme scopes.

For UNCDF, contextual adaptation is therefore not limited to shifting resources between countries or themes. It is also reflected in how the organization structures support in different market conditions. The Investment Strategy, SOP, PAM and TAM templates require transaction teams to assess partner capacity, country risk, credit risk, financial viability, collateral, safeguards, probability of default and expected mobilization effects. These criteria allow UNCDF to adapt the type, size, structure and risk profile of support to different partners and operating contexts.

The differentiated instrument approach is designed to ensure that each financing instrument is calibrated to the specific market failure being addressed, thereby minimizing the use of concessional resources while maximizing development impact. Rather than defaulting to grants, the approach identifies whether the missing market condition is credit risk appetite, liquidity, or both, and deploys the least concessional instrument capable of addressing that constraint. For example, in Afghanistan, UNCDF partnered with the Afghanistan Credit Guarantee Foundation (ACGF) and UNDP to establish a re-guarantee structure to share risk with local financial institutions, demonstrating how guarantees can efficiently unlock private lending where risk appetite is the primary constraint. Similarly, UNCDF provided a senior loan to Ariel Foods FZE in Nigeria under the Nutrition Supplier Finance Facility to finance specialized processing equipment, strengthening local humanitarian supply chains and enabling increased local sourcing, illustrating

the use of concessional debt where long-term liquidity is the principal financing gap.

UNCDF indicated that future allocation of flexible resources through the new UNCDF Trust Fund will be guided by its governance arrangements, theory of change and KPIs, and that allocation decisions are generally informed by country and programme demand. This is in line with findings of the formative evaluation of the LMF-TF (2026), which recommended that the successor trust fund introduce explicit targeting criteria and methodologies to direct financial instruments toward underserved populations, high-risk market segments and LNOB objectives, including gender equality, disabilities, human rights and at-risk populations. UNCDF management fully accepted this recommendation, indicating institutional recognition that more formalised targeting and allocation mechanisms were needed under the evolving trust fund architecture. The documentation reviewed does not yet demonstrate a fully consolidated organisation-wide mechanism to adapt portfolio allocations across all countries, themes and partner types. However, it demonstrates that UNCDF's investment approval framework allows contextual adaptation through instrument choice, risk calibration, financial viability assessment and transaction structuring. The principal constraint on contextual adaptation therefore relates to the availability of flexible resources rather than the design of transaction-level investment decisions.

Element 4.1.4

The organisational policy or statement is regularly reviewed and updated.

UNCDF does not have a formal organisational policy establishing portfolio-level allocation or prioritisation criteria. However, the organisation has established periodic review and update processes for its investment governance and operational policy framework, particularly in relation to grants, loans, guarantees and other financial instruments.

UNCDF's current framework governing resource allocation to partners reflects a recent cycle of policy development and updating, particularly in relation to its expanding use of loans, guarantees, and other non-grant instruments. The OAI Audit of UNCDF (2023) identified significant weaknesses in governance, risk management, and internal control systems related to capital deployment, noting deficiencies across grant making, loan and guarantee management, and associated oversight arrangements. The audit concluded that existing systems required major improvement to adequately support UNCDF's evolving operational model.

In response to these findings, UNCDF committed to strengthening its policy and procedural framework. The audit's management action plans include commitments to develop a comprehensive investment strategy, refine transaction appraisal and approval processes, and update governance arrangements for investment decision-making. These commitments are reflected in the subsequent issuance of revised and new guidance documents.

The UNCDF Supplementary Guidelines to the UNDP POPP, effective January 2025, explicitly state that they document UNCDF-specific operational policies and procedures that diverge from standard UNDP arrangements, particularly in relation to grants, loans, and guarantees. The Guidelines specify that they are subject to mandatory annual updates, with defined next review and update dates, indicating an institutionalised approach to periodic review. An Action Memorandum issued in November 2025 confirmed implementation of the first annual update cycle for 2026 following operational experience gained during the initial rollout period.

The 2026 update to the Supplementary Guidelines introduced several substantive revisions, including new investment service arrangements, a Loans Guarantees Grants (LGG) facility for managing longer-term financial instruments and reflows, refinements to grant and guarantee modalities, and integration of Enterprise Risk Management frameworks and risk appetite guidance into investment operations. The update also confirmed continuation of an annual review process, with the next revision cycle scheduled for January 2027.

Similarly, the Investment Strategy and accompanying Investment SOP represent a formalisation of procedures governing non-sovereign operations, including approval tracks, documentation requirements, and decision-making processes. These instruments reflect UNCDF's effort to address previously identified procedural gaps as it scales up its investment activities.

While the Investment Strategy and Supplementary Guidelines strengthen governance, procedural clarity and periodic review arrangements for individual transactions and financial instruments, they do not establish a comprehensive organisational framework governing portfolio-level allocation or prioritisation across sectors, geographies or thematic priorities. Nevertheless, the documentation demonstrates that UNCDF has institutionalised regular review and updating processes for its investment governance framework as part of its broader reform agenda.

Crucially, a follow-up audit conducted by the Office of Audit and Investigations in late 2025 confirmed that all ten recommendations from the 2023 audit had been fully implemented, resulting in a 100 per cent implementation rate. The follow-up audit verified that UNCDF had completed the required policy updates, clarified its administrative and governance arrangements, and embedded the revised procedures into operational practice. This provides strong evidence that UNCDF not only reviewed and updated its organisational policies in response to identified weaknesses, but also completed the agreed reform actions within the audit cycle.

MI 4.2: Allocated resources disbursed as planned.

- Element 4.2.1: The MO has set clear timelines, conditions, and clearance processes for disbursement of planned investments and other operations.
- Element 4.2.2: Financial information indicates that planned disbursements were met within institutionally agreed margins as appropriate for different financial instruments.
- Element 4.2.3: Clear explanations, including changes in context, are available in relation to any variances against timelines or conditions set out in legal agreements.
- Element 4.2.4: Variances relate to external factors rather than internal procedural delays, lack of project readiness or inappropriate conditions precedent, with a system in place to identify and apply lessons as appropriate.

Ratings

MI / Element	Rating	Confidence Level / Score
MI 4.2	2.5	
Element 4.2.1	3	Medium
Element 4.2.2	3	Medium
Element 4.2.3	2	Low
Element 4.2.4	2	Medium

MI 4.2 Evidence documents

- United Nations Capital Development Fund (2025) "Supplementary Guidelines to the United Nations Development Programme Programme and Operations Policies and Procedures"
- United Nations Capital Development Fund (2025) "Standard Operating Procedures for the Investment Process"
- United Nations Capital Development Fund (2024) "Integrated Results and Resources Matrix, Annex 1"
- United Nations Capital Development Fund (2024) "Annual Report 2024"
- United Nations Capital Development Fund (2024–2025) "Delivery Overview and Financial Delivery Presentations"
- United Nations Capital Development Fund (2024) "Project Document: FinWise Ethiopia"
- United Nations Capital Development Fund (2024) "Project Document: Salone Access to Finance"
- United Nations Capital Development Fund (2025) "Project Document: LoGIC II"

- United Nations Capital Development Fund (2024) “Joint Programme Document: Fiji Blue Economy / Global Fund for Coral Reefs”
- United Nations Development Programme Office of Audit and Investigations (2023) “Audit of the United Nations Capital Development Fund”
- United Nations Development Programme Office of Audit and Investigations (2026) “Follow-up Audit of the United Nations Capital Development Fund”

MI 4.2 Analysis

Element 4.2.1

The MO has set clear timelines, conditions, and clearance processes for disbursement of planned investments and other operations.

With the introduction of the Supplementary Guidelines, UNCDF has established more explicit conditions, clearance processes and indicative operational timelines for disbursement of investments and other operations.

UNCDF has established organisational procedures governing the conditions and clearance processes for disbursement of planned investments and other operations. Over the review period, these procedures evolved from reliance on UNDP corporate policies and programme-level controls to the introduction of UNCDF-specific supplementary guidance and investment procedures.

Prior to the introduction of UNCDF-specific supplementary guidelines, disbursement conditions and clearance processes were governed by the UNDP Programme and Operations Policies and Procedures and applied to UNCDF through standard UNDP systems. At programme and project level, approved Programme Documents (ProDocs) framed disbursement in relation to overall programme duration, annual planning and budgeting cycles, and the fulfilment of agreed milestones, work plans, and budgets. ProDocs consistently anchored disbursement to compliance with UNDP and UNCDF financial rules and procedures, but did not generally specify transaction- or tranche-level disbursement timelines once conditions precedent were met, nor did they detail internal clearance workflows.

In 2025, UNCDF introduced more explicit and tailored procedural guidance. The UNCDF Supplementary Guidelines to the UNDP POPP specify that disbursements are subject to the fulfilment of conditions precedent defined in legal agreements and require documented verification prior to the release of funds. The Guidelines clarify roles and responsibilities for review and clearance across relevant functions and require the use of formal clearance tools, including disbursement and deployment checklists, prior to payment execution.

These requirements are further operationalised for non-sovereign operations through the SOP for Investments, which sets out a sequential disbursement and deployment process. The SOP specifies requests for supporting documentation, verification of conditions precedent, clearance by technical and finance functions, segregation of duties across Front Office, risk, and finance roles, and final approval prior to payment. Indicative internal processing timelines are defined for key steps, but are presented as operational benchmarks rather than binding commitments linked to individual legal agreements. UNCDF also tracks transaction processing timelines at operational level through internal stocktaking exercises. Data for 2025 investment transactions show monitoring of target versus actual processing times across key stages of the investment cycle, including PIC review, risk assessment, IDIC approval, agreement signature and disbursement. The stocktake indicates that average disbursement timelines were broadly aligned with internal benchmarks in 2025, with average disbursement completed in approximately 10 business days compared to a target of 11 business days, while agreement negotiation and signature averaged 29 business days against a target of 22 business days.

Overall, UNCDF has conditions and clearance processes for disbursement. Evidence reviewed demonstrates increasing procedural standardisation and institutional monitoring of transaction

timelines. The 2025 stocktake provides evidence that these procedures were operationally applied, including monitoring of target and actual processing times across PIC review, risk assessment, IDIC approval, agreement signature and disbursement. However, these arrangements were introduced primarily in the latter part of the review period.

Element 4.2.2

Financial information indicates that planned disbursements were met within institutionally agreed margins as appropriate for different financial instruments.

UNCDF has established operational systems to track planned and actual disbursement performance across projects and investment transactions. However, the documentation reviewed does not demonstrate the existence of formally defined institution-wide variance margins differentiated by financial instrument or risk profile.

Audited financial statements report UNCDF's annual expenditure on an aggregate basis and do not assess performance against planned disbursement schedules, conditions, or institutionally agreed margins. They do not distinguish between planned and actual timing of disbursements, nor do they assess whether disbursements were made in accordance with tranche schedules or milestones set out in legal agreements.

UNCDF tracks delivery and disbursement performance through several operational monitoring mechanisms. Annual work plans establish delivery objectives for grants, loans, guarantees and investment operations, with delivery performance reviewed monthly at consolidated portfolio level through senior management meetings. At project level, delivery is monitored weekly through meetings chaired by the Chief Operating Officer and/or Chief Financial Officer, during which planned timelines are compared against actual or anticipated timelines and follow-up actions are agreed. Transaction-level progress is captured through the Quantum+ workflow system, while portfolio disbursement summaries track committed amounts against actual disbursements on a monthly basis. Ongoing payments against planned schedules are monitored through reconciliation reporting, with repayments consolidated through semi-annual Investment Portfolio Reviews.

UNCDF also indicated that PowerBI dashboards are used to monitor delivery and disbursement performance across the portfolio. In parallel, Quantum+ (Salesforce), which is currently under development, is intended to further strengthen institutional tracking of disbursements, project delivery and key management indicators through integrated workflow, financial tracking and reporting functionalities.

At the same time, corporate results data indicate a decline in overall delivery during the period under review. According to the IRRM, delivery against approved budget fell from 85 percent in 2022 to 68 percent in 2023 and 64 percent in 2024. Country-level interviews indicate that this decline coincided with a period in which disbursements to non-sovereign partners were paused following the 2023 audit, while additional controls and revised procedures were developed and implemented. Interviewees consistently described this period as having disrupted planned disbursement flows, contributing to lower execution during the period.

As noted in the previous element, 4.2.1, 2025 stock take exercise showed that average disbursement timelines were broadly aligned with operational benchmarks in 2025, including average disbursement processing times of approximately 10 business days against a target of 11 business days.

Taken together, the evidence demonstrates that UNCDF has established increasingly structured operational systems to monitor planned versus actual disbursement performance across its investment and programme portfolio. Monitoring occurs through recurring management reviews, transaction-level workflow systems, portfolio disbursement tracking and processing-time

benchmarks.

Element 4.2.3

Clear explanations, including changes in context, are available in relation to any variances against timelines or conditions set out in legal agreements.

Overall, while credible contextual explanations for recent delivery variances exist, the evidence shows that UNCDF identifies and reviews delivery and disbursement variances through internal management processes. However these explanations are not systematically documented or consolidated in formal corporate reporting against planned timelines or conditions set out in legal agreements.

As discussed under Element 4.2.2, UNCDF's corporate monitoring focuses on aggregate delivery against approved budgets rather than on performance against planned disbursement timelines or conditions set out in legal agreements. As a result, the documentation used for corporate performance monitoring does not provide explicit explanations for variances in terms of delays, changes to conditions precedent, or amendments to disbursement schedules. Delivery reporting identifies shortfalls against annual milestones, including the 2024 delivery gap, but does not analyse the underlying causes of these deviations.

Internal Delivery Overview and Financial Delivery presentations similarly flag under-delivery and identify projects requiring management attention. While these materials support operational oversight, they do not systematically document the reasons for variances, nor do they link observed gaps to contextual changes, procedural constraints, or specific disbursement conditions at project or portfolio level. However, they provide an internal mechanism for identifying projects requiring follow-up, reviewing delivery bottlenecks and assigning management attention to under-performing or delayed activities.

At the same time, broader evidence indicates a clear contextual factor affecting delivery performance during the period under review. Following the 2023 audit, UNCDF paused or significantly slowed disbursements to non-sovereign partners while addressing identified governance and control weaknesses and developing revised procedures. Country-level interviews consistently indicate that this pause had a direct and material effect on disbursement volumes, which aligns with the delivery shortfalls observed in corporate data. However, this explanation is derived from interviews and audit context rather than from UNCDF's formal performance reporting, which does not explicitly document or analyse this linkage.

Overall, while credible contextual explanations for recent delivery variances exist and UNCDF identifies and reviews delivery variances through internal management and transaction-monitoring processes. The post-audit control-strengthening process was a significant driver of delivery variances during the review period. However, the evidence does not demonstrate that explanations for variances against planned timelines or legal agreement conditions are systematically documented and consolidated in formal corporate reporting.

Element 4.2.4

Variances relate to external factors rather than internal procedural delays, lack of project readiness or inappropriate conditions precedent, with a system in place to identify and apply lessons as appropriate.

Building on the findings under Elements 4.2.2 and 4.2.3, the available evidence indicates that recent variances in disbursement performance are driven, to a significant extent, by internal institutional factors, rather than external shocks alone. These factors were primarily linked to the implementation of audit-related governance, control and risk-management improvements.

In particular, following the 2023 audit, UNCDF paused or significantly slowed disbursements to non-sovereign partners while addressing identified governance and control weaknesses and rolling out revised procedures. Interviews consistently identify this as a major driver of disrupted disbursement volumes, and the timing of this disruption aligns with the delivery shortfalls reflected in corporate delivery data. This points to a variance driver that is primarily internal (controls, governance, and procedural constraints) rather than contextual. The subsequent completion of the Supplementary Guidelines, Investment SOP, disbursement and deployment checklists, workflow tracking and audit follow-up indicates that the variance was identified and addressed through revised procedures and monitoring arrangements.

Operational stocktaking evidence from 2025 also indicates that the revised arrangements were beginning to stabilise disbursement execution. Average disbursement processing was completed in approximately 10 business days against an 11-business-day target. Agreement negotiation and signature remained slower than target, suggesting that the main remaining bottlenecks relate more to upstream transaction preparation and legal finalisation than to payment execution once conditions are cleared.

At the same time, evaluation evidence suggests that disbursement delays and delivery variances arise from a broader set of contributing factors, and do not appear to be attributable solely to internal controls. Across multiple programme and mechanism evaluations, delays are linked to issues such as coordination and sequencing challenges, evolving programme design, and implementation constraints, and in some cases to contextual factors affecting partners and operating environments. In practice, these contributing factors often appear mixed—for example, a delay may reflect both partner readiness constraints and internal approval or process sequencing. However, evaluations do not consistently classify the causes of variances as “internal” versus “external,” nor do they provide a standardised attribution approach that would allow UNCDF to draw portfolio-level conclusions about the dominant drivers of delay. This points to a need for more consistent classification of variance drivers across the portfolio, rather than to an absence of internal monitoring or follow-up.

Finally, while UNCDF has undertaken substantive procedural reforms—through supplementary guidance, investment SOPs, and updated approval and risk processes—the evidence does not demonstrate that observed disbursement variances to structured root-cause analysis and the routine application of lessons. Evaluation extracts specifically note that lessons are often discussed informally but are not systematically documented, consolidated, or disseminated, which limits the organisation’s ability to translate delivery disruptions into consistent improvements in planning, conditions precedent, and disbursement execution. This remains an area for further strengthening, particularly with respect to consolidated root-cause analysis and portfolio-wide lesson documentation.

MI 4.3: Principles of results-based budgeting applied.

- Element 4.3.1: The most recent organisational budget clearly aligns financial resources with strategic objectives/intended results of the current strategic plan.
- Element 4.3.2: A budget document is available that provides clear costs for the achievement of each management result.
- Element 4.3.3: Systems are available and used to track costs from activity to result (outcome).
- Element 4.3.4: There is evidence of improved costing of management and development results in budget documents reviewed over time (evidence of building a better system).

Ratings

MI / Element	Rating	Confidence Level / Score
MI 4.3	1.75	
Element 4.3.1	2	Medium

Element 4.3.2	2	Medium
Element 4.3.3	2	Medium
Element 4.3.4	1	Medium

MI 4.3 Evidence Documents

- United Nations Capital Development Fund (2021) “Strategic Framework 2022–2025”
- United Nations Capital Development Fund (2024) “Integrated Results and Resources Matrix”
- United Nations Capital Development Fund (2020) “Financial Report and Audited Financial Statements”
- United Nations Capital Development Fund (2021) “Financial Report and Audited Financial Statements”
- United Nations Capital Development Fund (2022) “Financial Report and Audited Financial Statements”
- United Nations Capital Development Fund (2023) “Financial Report and Audited Financial Statements”
- United Nations Capital Development Fund (2024) “Financial Report and Audited Financial Statements”
- United Nations Capital Development Fund (2021) “Financial Situation of the United Nations Capital Development Fund”
- United Nations Capital Development Fund (2022) “Financial Situation of the United Nations Capital Development Fund”
- United Nations Capital Development Fund (2023) “Financial Situation of the United Nations Capital Development Fund”
- United Nations Capital Development Fund (2024) “Financial Situation of the United Nations Capital Development Fund”
- United Nations Development Programme Office of Audit and Investigations (2023) “Audit of the United Nations Capital Development Fund”
- United Nations Capital Development Fund (2026) “Integrated Resource Plan and Integrated Budget Estimates 2026–2029”

MI 4.3 Analysis

Element 4.3.1

The most recent organisational budget clearly aligns financial resources with strategic objectives/intended results of the current strategic plan.

During the review period, there was no integrated budget for the last cycle (2022-2025). However efforts to develop an integrated budget (for the next cycle) was undertaken during the review period.

As discussed under MI 1.4 (Elements 1.4.1 and 1.4.2), financial planning and reporting were conducted through annual financial situation reports and separate funding streams (core, earmarked, capital accounts, trust funds), without consolidation into a unified organisational budget mapped to strategic results.

UNCDF's subsequent Integrated Resources Plan and Integrated Budget for 2026–2029, which describes itself as the organisation's "first quadrennial integrated budget" and notes that, historically, resources were planned and reported through "separate instruments... without a single integrated view of total resources and results." This represents a significant shift toward integrating organisational resources and strategic planning. However, while the framework links broad resource envelopes to institutional capabilities and organisational categories, it does not fully cost individual strategic objectives or specify the level of resources required to deliver particular intended results under the Strategic Framework.

As a result, while UNCDF maintained financial controls and accountability through audited reporting, the evidence does not show that budget execution was used as a comprehensive management tool to assess performance or guide resource reallocation at institutional level during the period under review. Although the Integrated Resources Plan and Integrated Budget for 2026–2029 represents progress toward a more consolidated budgeting framework, it similarly does not fully articulate resource requirements at the level of specific strategic objectives or intended results.

Element 4.3.2

A budget document is available that provides clear costs for the achievement of each management result.

During the review period, UNCDF did not produce a budget document that clearly costed individual management results. While reforms are proposed under the 2026–2029 Integrated Budget, these were not operational during 2020–2025 review period

As noted earlier under Element 4.3.1, UNCDF's financial information during the review period is presented primarily through audited financial statements and annual reviews of the financial situation, rather than through a consolidated organisational budget aligned to management results. These documents provide aggregate information on revenues, expenditures, and budget–actual comparisons, including the distribution of spending across development activities and management activities.

The annual reviews of the financial situation (2021–2024) consistently report expenditures by broad functional categories. For example, they indicate the proportion of total expenses allocated to development and management activities, and track year-on-year changes in these aggregates. However, these reviews do not disaggregate management expenditures by specific management results, outputs, or indicators, nor do they present costed targets linked to the achievement of individual management results within the organisational results framework.

Similarly, the audited financial statements report on approved budgets and actual expenditures at an overall level, but do not include budget lines or cost breakdowns mapped to distinct management results. As such, while UNCDF is able to demonstrate how much it spends on management activities in aggregate, the evidence does not show the existence of a budget document that specifies the cost of achieving each management result or allows for assessment of cost-efficiency at the level of individual management outcomes.

This pattern is consistent across the financial documents reviewed over time, suggesting that during the 2020–2025 period, management-result-level costing was not a feature of UNCDF's budgeting and financial reporting framework.

Element 4.3.3

Systems are available and used to track costs from activity to result (outcome).

During the review period, UNCDF did not operate integrated systems that systematically tracked costs from activity to outcome. While reforms under the 2026–2029 Integrated Budget aim to strengthen results–resource linkages, these were not operational during 2020–2025.

UNCDF operates financial management systems that record expenditures by project, funding source, and cost category, and maintains a corporate results framework that tracks outputs and outcomes at programme and organisational level. These systems enable UNCDF to monitor financial execution and results progress in parallel, and to report on expenditures and results through separate corporate instruments, including audited financial statements, annual reviews of the financial situation, and the IRRM.

However, the evidence does not demonstrate that these systems are integrated or used to systematically trace costs from individual activities through to outputs and outcomes. Financial reporting focuses on aggregate expenditure control and classification (e.g. programme, development effectiveness, management), while results reporting focuses on progress against indicators, without a documented mechanism linking the two analytically. Neither the audited financial statements nor the annual financial reviews present information showing how activity-level expenditures are associated with specific outputs or outcomes, or how such cost-to-result relationships are used to inform management decisions.

Independent audit findings reinforce this separation, noting that budgeting and financial management during the review period were not structured to support results-based analysis. As a result, while UNCDF has systems in place to track costs and systems to track results, the evidence does not show that these systems were used together to support systematic cost-to-outcome tracking during the 2020–2025 period.

Element 4.3.4

There is evidence of improved costing of management and development results in budget documents reviewed over time (evidence of building a better system).

There is no evidence during 2020–2025 of progressive improvement in results-linked costing within UNCDF's budget documents.

A review of UNCDF's audited financial statements and annual reviews of the financial situation covering the 2020–2025 period shows continuity in budget structure and cost classification over time. Across successive years, expenditures are consistently reported at an aggregated level, primarily distinguishing between management activities and development activities, with no progressive increase in disaggregation or explicit linkage to management or development results.

Independent audit reports over the same period repeatedly highlight limitations in budget

planning and the absence of a formal framework linking budgets to results. These findings recur across audit cycles, indicating that weaknesses in results-based budgeting were persistent rather than transitional. The financial documents reviewed do not demonstrate an evolution toward clearer costing of management results or development outcomes during the review period.

UNCDF's subsequent Integrated Resources Plan and Integrated Budget 2026–2029 explicitly describes itself as introducing UNCDF's "first quadrennial integrated budget" and acknowledges that, historically, resources were planned and reported through "separate instruments... without a single integrated view of total resources and results." While this reform falls outside the scope of the review period, it underscores that systematic, results-linked costing was not in place during 2020–2025.

Taken together, the evidence does not demonstrate improvement over time in the costing of management or development results within UNCDF's budget documents during the review period.

MI 4.4: The MO's external audits or other external reviews certify that internationally accepted standards are met at all levels, including with respect to internal audit.

- Element 4.4.1: External audits are conducted that comply with internationally accepted standards.
- Element 4.4.2: The most recent external audit confirms compliance with internationally accepted standards across functions.
- Element 4.4.3: Management response is available to external audit.
- Element 4.4.4: Internal audit functions meet international standards, including for independence and transparency.

Ratings

MI / Element	Rating	Confidence Level / Score
MI 4.4	4	
Element 4.4.1	4	High
Element 4.4.2	4	Medium
Element 4.4.3	4	Medium
Element 4.4.4	4	High

MI 4.4 Evidence Documents

- United Nations Capital Development Fund (2020) "Financial Report and Audited Financial Statements"
- United Nations Capital Development Fund (2021) "Financial Report and Audited Financial Statements"
- United Nations Capital Development Fund (2022) "Financial Report and Audited Financial Statements"
- United Nations Capital Development Fund (2023) "Financial Report and Audited Financial Statements"
- United Nations Capital Development Fund (2024) "Financial Report and Audited Financial Statements"
- United Nations Capital Development Fund (2021) "Financial Situation of the United Nations Capital Development Fund"
- United Nations Capital Development Fund (2022) "Financial Situation of the United Nations Capital Development Fund"
- United Nations Capital Development Fund (2023) "Financial Situation of the United Nations Capital Development Fund"
- United Nations Capital Development Fund (2024) "Financial Situation of the United Nations Capital Development Fund"

MI 4.4 Analysis

Element 4.4.1

External audits are conducted that comply with internationally accepted standards.

UNCDF is subject to annual external audits conducted by the United Nations Board of Auditors in accordance with ISSAI standards, with independent audit opinions issued each year.

UNCDF's financial statements are audited by the United Nations Board of Auditors, with audit opinions issued annually and submitted to the General Assembly. The audit reports state that the audits are conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs), which are internationally accepted public-sector auditing standards.

The audited financial statements reviewed for the 2020–2024 period consistently include an independent auditor's opinion covering the fairness of financial statements, compliance with applicable regulations and rules, and the effectiveness of internal controls relevant to financial reporting. This demonstrates that external audits are conducted regularly and in line with recognised international standards.

Element 4.4.2

The most recent external audit confirms compliance with internationally accepted standards across functions.

The most recent external audit confirms compliance with internationally accepted auditing standards.

The most recent external audit reports reviewed provide an unqualified audit opinion on UNCDF's financial statements and confirm that audits were conducted in accordance with ISSAI standards. Audit reports cover core functions relevant to financial management, including accounting, financial reporting, internal controls, and compliance with financial regulations and rules.

However, while the audit confirms compliance with auditing standards and assesses financial and control environments, it does not certify compliance with internationally accepted standards across all organisational functions. A recent follow-up audit by OAI certified UNCDF had implemented the agreed corrective actions and strengthened its governance and procedural framework.

Element 4.4.3

Management response is available to external audit.

Management responses to audit recommendations are formally recorded and implementation status is tracked across audit cycles, supported through structured implementation planning processes, and tracked across audit cycles through regular monitoring and reporting arrangements.

For recommendations issued in the current audit year, management responses recorded in the audited financial statements primarily confirm acceptance of the recommendations and broad implementation intent. More detailed implementation planning is subsequently operationalised through structured internal follow-up processes, including assignment of responsible units and focal points, target completion dates, defined implementation actions, and recurring monitoring of progress against agreed milestones.

Follow-up on recommendations is reflected through periodic reporting on implementation status, including whether recommendations have been implemented, are under implementation, not implemented, or overtaken by events. UNCDF indicated that implementation progress is monitored through monthly follow-ups with responsible units and that updates are regularly provided to the Executive Board, including expected closure timelines, responsible entities and actions underway to address recommendations..

Taken together, the evidence demonstrates that UNCDF maintains formal processes for recording, monitoring and reporting management responses to audit recommendations across audit cycles. While published audit responses may initially provide only high-level implementation commitments, supporting internal processes exist to develop, monitor and report more detailed action plans and implementation progress over time.

Element 4.4.4

Internal audit functions meet international standards, including for independence and transparency.

Internal audit coverage for UNCDF is provided by OAI, which operates under an Executive Board–approved charter, maintains organisational independence from management, and has been externally assessed as conforming to international internal auditing standards.

UNCDF does not maintain a standalone internal audit function. Internal audit coverage is provided through OAI, which serves as the independent internal audit function for UNDP and associated entities, including UNCDF, consistent with UNCDF’s institutional positioning within the UNDP accountability and oversight framework.

OAI operates under a charter approved by the UNDP Executive Board and is organisationally independent from programme management, reporting functionally to the Executive Board. In 2022, OAI’s internal audit activity was subject to an external quality assessment, which concluded that it generally conforms with the International Standards for the Professional Practice of Internal Auditing and the Code of Ethics of the Institute of Internal Auditors—the highest possible rating under the assessment framework. This provides external assurance that OAI’s structures, policies, procedures, and audit practices meet international professional standards.

MI 4.5: An internal ethics function exists to promote integrity and ethical behaviour and address misconduct among staff at all levels of the organisation.

- Element 4.5.1: A clear policy or organisational statement exists addressing ethical behaviour and misconduct among staff, contractors and business partners.
- Element 4.5.2: The MO has management guidelines or rules in place that provide clear guidance on the procedures for reporting and addressing any issues of staff misconduct with associated timelines.
- Element 4.5.3: Staff training/awareness-raising is conducted in relation to the policy/guidelines and reporting systems.
- Element 4.5.4: A tracking system is available which records responses and actions taken to address any identified issues.
- Element 4.5.5: The MO’s governing body or management documents indicate that relevant procedures have been followed and/or actions have been taken in response to identified issues, including recommendations from audits (internal and external) with clear timelines for action.

Ratings

MI / Element	Rating	Confidence Level / Score
MI 4.5	3.2	

Element 4.5.1	3	Medium
Element 4.5.2	3	Medium
Element 4.5.3	4	Medium
Element 4.5.4	3	Medium
Element 4.5.5	3	Medium

MI 4.5 Evidence Documents

- United Nations Capital Development Fund (n.d.) “Report Fraud, Abuse and Misconduct” <https://www.uncdf.org/report-fraud-abuse-misconduct>
- United Nations Development Programme Office of Audit and Investigations (2022) “Investigation Guidelines”
- United Nations Capital Development Fund (2020) “Financial Report and Audited Financial Statements”
- United Nations Capital Development Fund (2021) “Financial Report and Audited Financial Statements”
- United Nations Capital Development Fund (2022) “Financial Report and Audited Financial Statements”
- United Nations Capital Development Fund (2023) “Financial Report and Audited Financial Statements”
- United Nations Capital Development Fund (2024) “Financial Report and Audited Financial Statements”
- United Nations Development Programme (2024) “Annual Report on Disciplinary Measures”
- United Nations Capital Development Fund (n.d.) “Office of Audit and Investigations Data on Sexual Harassment and Other Cases for the United Nations Capital Development Fund and the United Nations Development Programme”
- United Nations Development Programme (2022) “Programme and Operations Policies and Procedures: Policy for Protection against Retaliation”

MI 4.5 Analysis

Element 4.5.1

A clear policy or organisational statement exists on how issues identified through internal control mechanisms/reporting channels (including misconduct such as fraud, sexual misconduct) should be addressed.

UNCDF has a publicly available organisational statement that sets out how misconduct—including fraud and sexual misconduct—is to be reported and addressed through established UNDP ethics and oversight mechanisms applicable to staff, contractors, and partners.

UNCDF addresses ethical behaviour and misconduct through its integration within the UNDP’s ethics, accountability, and oversight framework, rather than through a standalone, institution-specific ethics policy. This approach is articulated through a public organisational statement on the UNCDF website, which sets out how allegations of misconduct related to UNCDF are handled and which institutional mechanisms apply.

The website states that “reports of fraud, abuse or misconduct involving UNCDF staff, contractors or partners should be submitted to the UNDP Office of Audit and Investigations,” thereby clarifying UNCDF’s reliance on UNDP’s established oversight mechanisms as the primary channel for addressing misconduct. The organisational statement further specifies that reporting mechanisms are open to a broad range of actors, noting that “any person, including staff members, non-staff personnel, contractors, implementing partners or external stakeholders, may report suspected wrongdoing.”

The scope of ethical behaviour and misconduct covered is also clearly defined. The website

identifies reportable misconduct as including “fraud, corruption, abuse of authority, workplace harassment, sexual harassment, sexual exploitation and abuse, and retaliation,” demonstrating that the framework applies to both internal conduct and interactions with partners and third parties.

Taken together, this public statement establishes a clear organisational position on ethical behaviour and misconduct, confirms the applicability of the framework to staff, contractors, and business partners, and explains the institutional arrangements through which UNCDF addresses such issues, grounded in UNDP’s ethics and oversight systems.

Element 4.5.2

The MO has management guidelines or rules in place that provide clear guidance on the procedures for reporting and addressing any issues of staff misconduct with associated timelines.

UNCDF relies on UNDP’s established misconduct investigation and accountability framework, which provides structured procedures and reporting channels for handling allegations of misconduct.

UNCDF does not maintain a standalone set of procedures for reporting and addressing misconduct. Instead, it relies on the United Nations Development Programme’s OAI as the competent authority for receiving, assessing, and investigating allegations of misconduct related to UNCDF staff, contractors, and partners. This institutional arrangement is set out on the UNCDF website and situates misconduct handling within UNDP’s established legal and accountability framework. Detailed assessment of the applicable procedures are therefore reflected in UNDP MOPAN Assessment.

Within this framework, the OAI Investigation Guidelines provide explicit guidance on how allegations are handled once reported. The Guidelines describe a structured investigative process comprising four stages—screening, assessment, investigation, and reporting—and clarify OAI’s mandate to determine whether allegations fall within its jurisdiction, to conduct investigations independently, and to issue investigation or closure reports in accordance with United Nations standards. The Guidelines also confirm the availability of multiple reporting channels, including online reporting, email, telephone hotline, and postal submissions, consistent with the reporting guidance published by UNCDF.

While the procedures for reporting and addressing misconduct are clearly articulated through the OAI framework, the Investigation Guidelines themselves do not specify fixed timelines for the completion of all stages of the investigative process. However, related UNDP policies provide indicative procedural timeframes for specific aspects of misconduct handling. For example, under the UNDP Policy for Protection against Retaliation, the Ethics Office seeks to complete its preliminary assessment within 30 days, OAI seeks to complete investigations within 120 days of referral, and the Ethics Office seeks to complete its determination within 45 days after receiving the investigation report. These timelines provide procedural benchmarks within the broader misconduct accountability framework, although they do not constitute universal time-bound standards applicable to all investigation stages.

Element 4.5.3

Staff training/awareness-raising is conducted in relation to the policy/guidelines and reporting systems.

UNCDF benefits from UNDP’s established ethics and investigation framework, under which mandatory misconduct- and ethics-related training requirements, awareness-raising activities and completion tracking mechanisms are applied to UNCDF personnel.

UNCDF relies on training and awareness-raising activities delivered through the UNDP's Office of Audit and Investigations to promote awareness of ethical standards, reporting mechanisms, and protections related to misconduct. Evidence provided for the assessment confirms that OAI has conducted multiple targeted engagement and training sessions with UNCDF staff during the review period, including sessions focused on prevention of sexual exploitation and abuse and sexual harassment.

Between 2020 and mid-2025, OAI delivered several outreach and training activities specifically for UNCDF personnel. These included a session for UNCDF senior managers at headquarters in October 2024, a regional session for UNCDF staff in Europe and Africa in December 2024 with approximately 140 participants, and an outreach session for UNCDF Uganda in June 2025 attended by both in-person and online participants. These activities demonstrate that ethics- and misconduct-related awareness-raising has taken place and that UNCDF staff have been engaged through structured sessions led by the investigative authority responsible for handling misconduct cases.

UNCDF personnel are required to complete mandatory ethics- and misconduct-related training within one month of entry on duty. Mandatory courses include Ethics and Integrity at UNDP; Fraud and Corruption Awareness and Prevention; Prevention of Sexual Exploitation and Abuse; Preventing Sexual Harassment and other prohibited conduct; and BSAFE Security Awareness. UNCDF indicated that these requirements are communicated during onboarding, while the Human Resources Unit tracks completion and monitors progress through dashboards, with follow-up reminders issued by senior management for overdue training.

In addition to OAI-led sessions, UNCDF personnel fall within UNDP's broader ethics and accountability architecture. The Ethics Office conducts outreach and awareness-raising activities on standards of conduct, whistleblower protection, and reporting mechanisms, and maintains confidential advisory services available to staff and non-staff personnel. These institutional mechanisms apply equally to UNCDF personnel operating under the UNDP framework.

OAI also maintains trained investigators and delivers specialised training related to investigations and misconduct handling at system level. Data provided to the assessment also show that allegations involving UNCDF are tracked and investigated within OAI's broader caseload, indicating that staff awareness-raising is complemented by an active investigative and oversight function.

Taken together, the evidence demonstrates that UNCDF personnel are subject to mandatory ethics- and misconduct-related training requirements supported through onboarding processes, recurring awareness-raising activities, and institutional tracking mechanisms. Training completion is monitored centrally through dashboards and management follow-up processes, while additional outreach and engagement activities are delivered through the broader UNDP ethics and investigations framework.

Element 4.5.4

A tracking system is available which records responses and actions taken to address any identified issues.

UNCDF relies on UNDP's OAI case management system and PSEA tracking systems to register, track, and follow up on misconduct allegations involving UNCDF personnel, although UNCDF-specific aggregate data and trends are not publicly disaggregated.

UNCDF relies on the United Nations Development Programme's Office of Audit and Investigations case management system to record, track, and follow up on allegations of misconduct involving UNCDF personnel and associated parties. Within this system, allegations are registered, assessed, investigated where warranted, and tracked through to conclusion in accordance with applicable procedures. Evidence reviewed for the assessment confirms that cases involving UNCDF are included within OAI's investigative and disciplinary tracking processes.

The existence and operation of this tracking system are demonstrated through UNDP's consolidated reporting on investigations, disciplinary measures, and case outcomes, which documents the recording of allegations, investigation status, and actions taken across the organisation. UNCDF also indicated that it has access to UNCDF-specific case tracking through the OAI-maintained PSEA i-tracker, which contains a dedicated category for cases involving UNCDF personnel and operations. However, public reporting remains consolidated at UNDP level and does not separately disclose aggregate UNCDF-specific case statistics or trends.

As a result, the evidence demonstrates that formal tracking systems exist to record, monitor and follow up on misconduct-related allegations and actions involving UNCDF personnel, including through UNCDF-specific case categorisation within the OAI-managed PSEA i-tracker. However, public-facing reporting does not provide disaggregated UNCDF-specific aggregate data or trend analysis, limiting external visibility into organisational patterns and outcomes related to misconduct cases.

Element 4.5.5

The MO's governing body or management documents indicate that relevant procedures have been followed and/or actions have been taken in response to identified issues, including recommendations from audits (internal and external) with clear timelines for action.

Governing-body documentation confirms that fraud cases involving UNCDF are formally reported and investigated in accordance with established procedures; however, publicly available documents do not provide detailed management action plans or clear timelines for corrective measures beyond disclosure of investigation status.

Governing-body-facing documentation confirms that cases of fraud and presumptive fraud involving UNCDF are formally reported and disclosed through established institutional channels. In the most recent audited financial statements, the Board of Auditors reports that, in accordance with the Financial Regulations and Rules of the United Nations, fraud cases are included among matters reported to the General Assembly. The statements clarify that while the External Auditor does not investigate fraud, UNCDF management bears primary responsibility for prevention and detection, with cases reported through the Office of Audit and Investigations.

For the financial year 2024, the audited financial statements note that UNCDF reported two cases of substantiated or presumptive fraud (one originating in 2023 and one reported in 2024), with a potential financial impact of USD 18,000. These disclosures confirm that allegations are identified, formally reported through OAI, and brought to the attention of the governing body through external audit reporting. The documentation further notes that neither case had been resolved during the reporting year and that both remained under investigation by the Office of the Inspector General of UNDP at year-end.

UNCDF has also taken corrective action in response to internal audit findings. Following the 2023 OAI audit, the 2026 follow-up audit confirmed that all 10 recommendations had been fully implemented, representing a 100 per cent implementation rate and covering areas including UNDP–UNCDF administrative arrangements, organizational structure, grant management, loans and guarantees, safeguards, and monitoring and reporting.

MI 4.6: The MO's policies and procedures effectively prevent, detect, investigate and sanction cases of fraud, corruption, conflict of interest and other financial irregularities

- Element 4.6.1: A clear policy/guidelines on fraud, corruption and any other financial irregularities or internal control issues is available and made public.

- Element 4.6.2: The policy/guidelines clearly define the roles of management and staff in implementing/complying with them.
- Element 4.6.3: Staff training/awareness-raising has been conducted on policy/guidelines.
- Element 4.6.4: There is evidence that these policy/guidelines have been implemented, e.g. through regular monitoring and reporting to the governing body.
- Element 4.6.5: The MO has channels/mechanisms in place for reporting any suspicion of misuse of funds (e.g., anonymous reporting channels and “whistle-blower” protection policy).
- Element 4.6.6: The MO produces annual reporting on cases of fraud, corruption and other irregularities, including actions taken, and ensures that these reports are made public.

Ratings

MI / Element	Rating	Confidence Level / Score
MI 4.6	3.5	
Element 4.6.1	4	Medium
Element 4.6.2	4	Medium
Element 4.6.3	3	Medium
Element 4.6.4	4	Medium
Element 4.6.5	3	Medium
Element 4.6.6	3	Medium

MI 4.6 Evidence documents

- United Nations Capital Development Fund (2020) “Financial Report and Audited Financial Statements”
- United Nations Capital Development Fund (2021) “Financial Report and Audited Financial Statements”
- United Nations Capital Development Fund (2022) “Financial Report and Audited Financial Statements”
- United Nations Capital Development Fund (2023) “Financial Report and Audited Financial Statements”
- United Nations Capital Development Fund (2024) “Financial Report and Audited Financial Statements”
- United Nations Capital Development Fund (n.d.) “Report Fraud, Abuse and Misconduct”

MI 4.6 Analysis

Element 4.6.1

A clear policy/guidelines on fraud, corruption and any other financial irregularities or internal control issues is available and made public.

UNCDF operates under UNDP’s publicly available Anti-Fraud Policy and accountability framework, which establishes clear standards and procedures for preventing, reporting, and addressing fraud, corruption, and other financial irregularities applicable to UNCDF personnel and partners.

UNCDF has a clear and publicly articulated policy framework for addressing fraud, corruption, and other financial irregularities through its formal adherence to UNDP’s accountability and oversight arrangements. UNCDF publicly states that it subscribes to the UNDP Accountability Framework and Oversight Policy and complies with the UNDP Programme and Operations Policies and Procedures, which together establish standards for risk-based performance management, accountability, and transparency.

Within this framework, UNCDF explicitly confirms its adherence to UNDP's Anti-Fraud Policy, including the use of UNDP's Anti-Fraud Hotline as a reporting channel. The Anti-Fraud Policy sets out a zero-tolerance approach to fraud and corruption and defines standards and procedures for prevention, detection, investigation, and sanctioning of fraudulent and corrupt practices. The policy is publicly available and applies to staff, non-staff personnel, vendors, implementing partners, and responsible parties operating under UNDP-administered activities.

UNCDF's audited financial statements further confirm that allegations of fraud and presumptive fraud involving UNCDF are reported through the OAI and disclosed in accordance with the United Nations Financial Regulations and Rules. Together, the UNCDF website disclosures, UNDP policy framework, and external audit reporting demonstrate that clear policies and guidelines on fraud and corruption are available, public, and applicable to UNCDF.

Element 4.6.2

The policy/guidelines clearly define the roles of management and staff in implementing/complying with them.

UNCDF operates under UNDP's Anti-Fraud Policy and investigation framework, which clearly defines the respective responsibilities of management, staff, and investigative authorities for preventing, reporting, and addressing fraud and corruption, reinforced by UNCDF's integration of fraud risk within its Enterprise Risk Management framework.

The roles and responsibilities of management and staff in relation to fraud, corruption, and other financial irregularities affecting UNCDF are clearly defined through the UNDP accountability framework to which UNCDF formally subscribes, complemented by UNCDF's internal risk management arrangements.

Under UNDP's Anti-Fraud Policy and the Investigation Guidelines of the OAI, management is responsible for establishing and maintaining systems to prevent and detect fraud, safeguarding resources, and ensuring that suspected cases are reported through appropriate channels. Staff and non-staff personnel are required to comply with applicable standards of conduct and are expected to report suspected fraud or corruption. Vendors, implementing partners, and responsible parties are similarly expected to adhere to UN standards and report wrongdoing. Investigative authority and case handling are vested in OAI, ensuring independence from management functions.

Within UNCDF, these system-level roles are reinforced through the Enterprise Risk Management (ERM) framework, which explicitly recognises fraud, corruption, and financial misconduct as institutional risks. The ERM framework assigns responsibilities to management for identifying, assessing, monitoring, and escalating fraud-related risks within defined risk appetite thresholds. The integration of fraud risks into UNCDF's ERM framework reflects an institutional response to weaknesses identified in earlier audit findings, situating fraud prevention and oversight more clearly within management accountability structures.

Element 4.6.3

Staff training/awareness-raising is conducted in relation to the policy/guidelines.

Training and awareness-raising on fraud, corruption and other financial irregularities are provided through UNDP's broader accountability and oversight framework and apply to UNCDF personnel through mandatory onboarding and compliance requirements.

These arrangements form part of UNDP's broader accountability and oversight framework and are designed to support the implementation of the Anti-Fraud and Corruption Policy.

All UNCDF personnel are required to complete mandatory ethics- and integrity-related training within one month of entry on duty. Mandatory courses include Ethics and Integrity at UNDP; Fraud and Corruption Awareness and Prevention; Prevention of Sexual Exploitation and Abuse;

Preventing Sexual Harassment and other prohibited conduct; and BSAFE Security Awareness. UNCDF indicated that compliance is monitored through onboarding processes and institutional tracking arrangements. UNCDF monitors completion of mandatory ethics and integrity training, including Fraud and Corruption Awareness and Prevention, through Quantum. Non-completion is followed up through HR follow-up.

Element 4.6.4

There is evidence that these policy/guidelines have been implemented, e.g. through regular monitoring and reporting to the governing body.

Evidence that fraud- and corruption-related policies are implemented in practice is primarily reflected through audit, investigation, and financial reporting processes applicable to UNCDF.

Evidence that fraud- and corruption-related policies affecting UNCDF are implemented in practice is reflected primarily through external audit and investigation reporting, rather than through consolidated UNCDF-specific internal reporting.

OAI Annual Report provides system-level reporting on audit and investigation activity undertaken during the reporting period. The report clarifies that audit opinions issued for UNDP do not incorporate audit results for separately audited entities, including UNCDF. However, OAI 2024 Annual Report, noted in order to capture the totality of audit work undertaken, the 2024 Annual Report includes the results of audits of UNCDF. This establishes that audit and investigation activity relating to UNCDF is formally captured and disclosed through OAI's annual reporting, while remaining institutionally distinct from UNDP's own audit opinion.

In parallel, UNCDF's audited financial statements include disclosures on cases of fraud and presumptive fraud reported during the financial year, in accordance with the United Nations Financial Regulations and Rules. These disclosures confirm that allegations involving UNCDF are reported through OAI, monitored over time, and formally disclosed through the external audit process, including reporting to the General Assembly via the Board of Auditors. Together, the OAI Annual Report and UNCDF's audited financial statements provide evidence that fraud- and corruption-related matters are monitored and reported through established institutional channels.

Element 4.6.5

The MO has channels/mechanisms in place for reporting any suspicion of misuse of funds (e.g., anonymous reporting channels and "whistle-blower" protection policy).

UNCDF provides publicly accessible and confidential reporting mechanisms for suspected misuse of funds, including an independently operated investigations hotline and whistleblower protections under UNDP's Anti-Fraud and accountability framework. These channels are available to personnel, partners, contractors and external stakeholders, and include online, telephone and email reporting options.

UNCDF has clearly established and publicly communicated mechanisms for reporting suspected misuse of funds, fraud, abuse, and misconduct. UNCDF states that strengthening accountability and providing opportunities to bring misconduct or wrongdoing to light is a core organisational objective, and that reporting mechanisms are a central component of this approach.

UNCDF explicitly confirms its adherence to the Anti-Fraud Policy, which establishes a zero-tolerance approach to fraud and other corrupt practices inconsistent with United Nations

standards of conduct or involving a loss to UNCDF funds. The policy is stated to apply to all UNCDF activities and operations, including projects funded or implemented by UNCDF, implementing partners, and all categories of personnel working for or doing business with UNCDF.

In support of this framework, UNCDF provides access to an Investigations Hotline, operated independently on behalf of UNDP to protect confidentiality. Reporting channels are clearly described on the UNCDF website and include an online reporting form, telephone reporting (with worldwide access and interpreter support), and direct email reporting. These mechanisms are available free of charge and are intended to enable staff, partners, contractors, and external stakeholders to report suspected fraud, abuse, or misconduct.

UNCDF also situates these reporting mechanisms within a broader accountability and oversight framework that includes independent internal and external oversight, information disclosure, and financial reporting in accordance with international public sector accounting standards.

Together, these arrangements demonstrate that accessible, confidential, and publicly communicated reporting channels for suspected misuse of funds are in place and operational. They also demonstrate that reporting channels are not limited to internal personnel, but are available to external stakeholders, vendors, implementing partners and others doing business with UNCDF.

Element 4.6.6

The MO produces annual reporting on cases of fraud, corruption and other irregularities, including actions taken, and ensures that these reports are made public.

UNCDF's audited financial statements provide annual public disclosure of financially material fraud cases and their status and are complemented by OAI annual reporting on audit and investigation activity. While UNCDF does not publish a stand-alone fraud report, annual public reporting is provided through established UN external audit and OAI reporting channels.

The audited financial statements include annual disclosures on cases of fraud and presumptive fraud with a financial impact, reported during the financial year in accordance with the United Nations Financial Regulations and Rules. These disclosures provide information on the existence and status of such cases and are made publicly available as part of UNCDF's financial reporting to the General Assembly via the Board of Auditors. This constitutes a recurring and transparent mechanism for public reporting on financially material fraud cases involving UNCDF. Where cases remain under investigation at year-end, the appropriate public disclosure is case status rather than sanctions, recoveries or corrective actions that have not yet been determined.

Beyond these disclosures, broader information on investigations of misconduct and irregularities affecting UNCDF is reflected in system-level reporting on audit and investigation activities. However, UNCDF does not publish a dedicated, UNCDF-specific annual report on fraud, corruption, or other irregularities, and publicly available reporting does not consolidate information across different types of misconduct, actions taken, recoveries, or lessons learned at organisational level. This limits the transparency of UNCDF-specific reporting, but does not negate the existence of consolidated public reporting on fraud and presumptive fraud cases through audited financial statements, nor system-level public reporting through OAI.

MI 4.7: The MO prevents and responds to sexual exploitation and abuse (SEA) in operations.

- Element 4.7.1: Organisation-specific dedicated policy statement(s), action plan and/or code of conduct that address SEA are available, aligned to international standards, and applicable to all categories of personnel.
- Element 4.7.2: The MO has mechanisms in place to regularly track the status of

implementation of the SEA policy at HQ and at field levels.

- Element 4.7.3: Dedicated resources and structures are in place to support implementation of the MO's policy and/or action plan at HQ and in programmes (e.g., covering safe reporting channels, and procedures for access to sexual and gender-based violence services).
- Element 4.7.4: Quality training of personnel / awareness-raising on SEA policies is conducted with adequate frequency.
- Element 4.7.5: The MO has clear standards and due diligence processes in place to ensure that its client investees and other relevant partners prevent and respond to SEA
- Element 4.7.6: The organisation can demonstrate its contribution to interagency efforts to prevent and respond to SEA at field level, and SEA policy/best practice coordination fora at HQ.
- Element 4.7.7: Actions taken by the MO on SEA allegations in operations are timely with their number, related non-identifying information and actions taken reported publicly.

Ratings

MI / Element	Rating	Confidence / Score
MI 4.7	2.5722	
Element 4.7.1	3	High
Element 4.7.2	3	High
Element 4.7.3	2	Medium
Element 4.7.4	3	High
Element 4.7.5	3	High
Element 4.7.6	N/A	Medium
Element 4.7.7	2	High
Element 4.7.8	2	High

MI 4.7 Evidence documents

- United Nations Development Programme (2018) “Code of Ethics”
- United Nations Development Programme (n.d.) “Accountability System Policy”
- United Nations Development Programme and United Nations Capital Development Fund (2024) “Administrative Arrangements Agreement”
- United Nations Capital Development Fund (2026) “Environmental and Social Technical Note: Financial Intermediaries”
- United Nations Capital Development Fund (2025) “Social and Environmental Technical Notes”
- United Nations Capital Development Fund (2023–2024) “Action Plan to Prevent Sexual Harassment in the Workplace and Sexual Exploitation and Abuse”
- United Nations Capital Development Fund (2025–2026) “Action Plan to Prevent Sexual Harassment and Sexual Exploitation and Abuse”
- United Nations Development Programme (n.d.) “Responsible Party Agreement Template”
- United Nations Capital Development Fund (n.d.) “Investment Agreement Template”
- United Nations Capital Development Fund (2024) “Prevention of Sexual Misconduct – Senior Managers Training”
- United Nations Capital Development Fund (2025) “Training on Prevention and Response to Sexual Misconduct”
- United Nations Development Programme (n.d.) “Victim Support Officer Job Description”

MI 4.7 Analysis

Element 4.7.1

Organisation-specific dedicated policy statement(s), action plan and/or code of conduct that address SEA are available, aligned to international standards, and applicable to all categories of personnel.

UNCDF applies UNDP’s zero-tolerance PSEAH framework across all personnel and partners but operationalises independently through mandatory policies, risk assessments, survivor-centred safeguards, monitoring, reporting mechanisms, and project-level GBV prevention and response measures.

UNCDF operates under formal administrative arrangements with UNDP. The Administrative Arrangement Agreement specifies that “all UNCDF staff members hold UNDP letters of appointment” and are required to fully adhere to the UN Staff Regulations and Rules. As a result, the Secretary-General’s Bulletin on Special Measures for Protection from Sexual Exploitation and Sexual Abuse (ST/SGB/2003/13), the UNDP Code of Ethics, and UNDP policies on harassment, sexual harassment, discrimination and abuse of authority are mandatorily applicable to all UNCDF personnel. These standards are embedded in contractual arrangements and apply not only to staff but also to non-staff personnel and implementing partners through UNDP contractual clauses and supplier codes of conduct.

UNCDF subscribes to the UNDP Accountability Framework and Oversight Policy and implements UNDP’s Prevention of Sexual Exploitation, Abuse and Harassment (PSEAH) policies and procedures, which are aligned with international standards, including the Secretary-General’s Bulletin and the IASC Six Core Principles. The UNDP Accountability System Policy reinforces a zero-tolerance approach and establishes safeguards against retaliation for reporting misconduct.

UNCDF maintains its own PSEAH Action Plan that is aligned with, and feed into, UNDP’s corporate reporting structures. UNCDF’s PSEAH Action plan covers prevention, awareness-raising, coordination and reporting measures, and is monitored regularly and periodically

updated.

At project level, UNCDF follows UNDP's Social and Environmental Safeguards (SES) framework; however, given its distinct financing instruments and operational model, it has developed a complementary guidance note to support teams in managing PSEAH risks within its operations. This guidance aligns with UNDP's zero-tolerance approach to SEAH and reinforces compliance with UN protocols, including survivor-centred response principles. It requires that projects systematically identify and assess risks of GBV through social and environmental screening processes, stakeholder engagement, and gender analysis. Where risks are identified, projects must classify and manage them through appropriate measures such as GBV action plans, training, codes of conduct, and inclusion in project risk registers. The framework also emphasizes the need to assess partner capacity, embed GBV provisions in contractual agreements, ensure effective grievance and reporting mechanisms, and allocate adequate resources for prevention and response. It also highlights the need for continuous SEAH risk monitoring, inclusion of GBV indicators in results frameworks, and alignment with the UN Victim Assistance Protocol.

Element 4.7.2

The MO has mechanisms in place to regularly track the status of implementation of the SEA policy at HQ and at field levels.

UNCDF's 2025–2026 PSEAH Action Plan strengthens SEAH prevention. Implementation is supported through reporting against Action Plan commitments and coordination with UNDP.

To prevent and respond effectively to SEA and SH, UNCDF has developed a corporate [SH and SEA Strategy and Action Plan](#), aligned with UNDP's PSEAH Action Plan, aimed at informing individual SH and SEA Action Plans across the organization. Progress against these actions is reviewed quarterly and implementation tracking includes periodic internal follow-up on planned activities (such as awareness-raising, training, focal point engagement, and coordination with UNDP corporate reporting structures).

The UNCDF PSEAH Action Plan 2025–2026 outlines a structured and operational approach to preventing SEAH across the organization, built around five key results areas: awareness, risk mitigation, organizational culture, reporting mechanisms, and accountability. The plan emphasizes ensuring that all personnel, partners, and beneficiaries are informed of policies through training, accessible resources, and updated contractual frameworks, while also embedding risk assessments into project design and maintaining alignment with broader UN practices. It prioritizes fostering a respectful and safe workplace culture through visibility campaigns, codes of conduct, and anti-retaliation measures, alongside strengthening reporting systems by training focal points, ensuring confidentiality, and providing access to victim support services. Regular monitoring mechanisms—such as surveys, coordination meetings, and management reviews—support accountability and continuous improvement. Overall, the plan reflects a comprehensive, system-focused effort where most foundational elements were established in 2025, with ongoing actions in 2026 aimed at reinforcing implementation and institutionalizing prevention practices.

UNCDF participates in quarterly PSEAH task force meetings convened by UNDP, which provide a platform to exchange insights on agency engagement, discuss general caseload trends, and review measures taken to address risks. These meetings also serve as a valuable forum for sharing best practices.

Element 4.7.3

Dedicated resources and structures are in place to support implementation of the MO's policy and/or action plan at HQ and in programmes (e.g., covering safe reporting channels, and procedures for access to sexual and gender-based violence services).

The PSEAH framework is implemented through both UNDP and UNCDF structures and focal points, however there is no dedicated budget line and staff at a corporate level to support PSEAH .

UNDP maintains a dedicated Prevention of Sexual Exploitation, Abuse and Harassment (PSEAH) Task Force, led by a full-time Chair and supported by a Global PSEAH Focal Point (P5), a Victim Support Officer (P4, onboarding November 2025), and two part-time external PSEAH consultants. These resources also provide broader support to UNCDF. UNCDF is closely aligned with UNDP systems and processes, and relies on, and benefits from, UNDP tools and mechanisms related to PSEAH.

Within this framework, UNCDF has established its own PSEAH coordination structure. A Global UNCDF PSEAH Focal Point leads on institutional PSEAH matters. At the regional level, four focal points (based in Ethiopia, Gabon, Uganda, and the Pacific) support implementation in programme contexts. These regional focal points are drawn from existing project staff and are embedded within UNDP country office structures, reporting to the UNDP Resident Representative. Regional PSEAH focal points were identified from among existing Gender Focal Points and undertake PSEAH responsibilities in addition to their primary roles. They receive targeted training and ongoing support to carry out these responsibilities. Meetings between the UNCDF's Global PSEAH Focal Point and focal points take place every quarter.

Formal complaints of sexual misconduct are investigated by UNDP's Office of Audit and Investigations (OAI). The UNDP Ethics Office works to ensure that victims and whistleblowers in SEA cases are protected from retaliation. Victim support is provided through UNDP's global victim support system, including support from a dedicated Victim Support Officer. Neither UNCDF global nor regional focal points are equipped to engage directly with victims beyond providing basic guidance. Their role is to listen, offer general advice, and inform individuals of available reporting and support mechanisms. In 2025, UNCDF PSEAH Focal Points were trained on roles and responsibilities when SEA is reported. In this capacity, they act as conduits, connecting individuals to appropriate, including counselling and medical. Resources for survivor assistance are made available as required, without a predefined cap.

The UNDP PSEAH Team Victim Support Officer, which also covers UNCDF, supports all victims involved in reported allegations. The VSO function was established in late 2025; prior to that, victim support for all UNCDF allegations was managed by OAI. It remains unclear to what extent UNCDF, through UNDP, systematically monitors victim assistance efforts, including timeliness, types of services provided, and other support measures.

To facilitate reporting, an Investigations Hotline has been established for staff, partners, and external stakeholders to confidentially report suspected misconduct. Managed by an independent service provider, the hotline is globally accessible, free of charge, via a secure online platform. Sexual misconduct related to UNCDF operations may also be reported directly to UNDP's OAI via email, phone, or regular mail.

In contrast to UNDP's dedicated PSEAH Task Force and specialized staffing, UNCDF's PSEAH human and technical resources perform these functions alongside their substantive roles. Furthermore there is no dedicated budget line to support PSEAH. This reflects an overall less resourced approach to PSEAH implementation.

At the operational level, resources to manage SEA risks are assigned according to the level of

environmental and social risk involved in the transaction. For projects assessed as substantial or high risk, a qualified environmental and social consultant is engaged to ensure compliance, monitor on-site due diligence and address emerging risks. For lower-risk transactions, these tasks are performed by the assigned investment officer.

Element 4.7.4

Quality training of personnel / awareness-raising on SEA policies is conducted with adequate frequency.

UNCDF conducts regular training of personnel under multiple mechanisms with support from UNDP.

UNCDF has developed and requires all personnel to take inter-agency on-line training courses on preventing sexual exploitation and abuse, and sexual harassment in the workplace. UNCDF also conducts annual UNCDF-specific PSEAH training for all its personnel, and specific trainings for managers. The most recent training cycle took place in December 2025 and was delivered over multiple sessions in both English and French. Overall compliance rate for this training cycle was 83%.

The training is led by the head of UNDP PSEAH Task Force and all sessions have senior management representation. Content covers standards of conduct, reporting pathways, prevention responsibilities, case studies and consequences of misconduct. In addition, UNCDF also delivered a PSEAH training session specifically to senior managers in 2025.

Training has also been provided to designated regional PSEAH focal points and quarterly meetings are organized with the Global PSEAH Focal Point to discuss issues and coordinate efforts.

All UNCDF managers are required to attend all manager specific or all personnel trainings. A dedicated senior managers training was held in October of 2024. Managers were also required to attend an all personnel PSEAH training held in December 2025 and their attendance was monitored and recorded.

Element 4.7.5

The MO has clear standards and due diligence processes in place to ensure that its client investees and other relevant partners prevent and respond to SEA.

UNCDF has clear standards and risk-based due diligence processes for PSEAH in place, supported by UNDP systems, supplementary guidance, and transaction-level screening.

UNCDF conducts pre-employment checks of personnel to prevent the rehiring of known offenders. As such, UNCDF participates in a joint project with other UN agencies to maintain a system-wide database called "Clear Check" to ensure that former personnel involved in substantiated cases of sexual harassment, exploitation and abuse with one entity in the UN system cannot be employed by another entity. Additionally, UNCDF is committed not to partner with entities that fail to appropriately address sexual exploitation and abuse and sexual harassment.

UNCDF integrates PSEAH considerations into its investment due diligence processes through UNDP SES framework and supplementary technical guidance. UNCDF has a guidance note sets out specific steps for identifying, assessing and managing SEA risks in transactions, including

screening, partner-capacity assessment, contractual provisions, grievance and reporting mechanisms, mitigation measures and ongoing monitoring. At concept note stage, transactions undergo preliminary SES screening, which includes PSEAH risk considerations. As noted earlier, UNCDF requires that projects systematically identify and assess risks of GBV through social and environmental screening processes, stakeholder engagement, and gender analysis. Where risks are identified, projects must classify and manage them through appropriate measures such as GBV action plans, training, codes of conduct, and inclusion in project risk registers. The framework also emphasizes the need to assess partner capacity, embed GBV provisions in contractual agreements, ensure effective grievance and reporting mechanisms, and allocate adequate resources for prevention and response, including training for project personnel on PSEAH. It also recommends continuous SEAH risk monitoring, inclusion of GBV indicators in results frameworks, and alignment with the UN Victim Assistance Protocol.

UNCDF applies a risk-based categorization approach to transactions. For higher-risk transactions (substantial or high SES risk), UNCDF assigns a social and environmental specialist or external consultant to conduct enhanced due diligence, including on-site review where required. Where deficiencies are identified, an action plan must be developed prior to project approval. This action plan may include measures to strengthen partner systems for preventing and responding to SEA. Interviewees indicated that where capacity gaps are identified, UNCDF may allocate project budget resources to support capacity-building measures.

For lower-risk transactions, due diligence is conducted by the investment officer using established tools and guidance, with review by relevant internal functions. In cases involving Financial Intermediary (FIs), UNCDF assesses how the intermediary's own approval processes to address SES, human rights, and PSEAH risks align with UNCDF standards by reviewing the intermediary's internal procedures and its appraisal processes.

PSEAH is fully integrated into contracts signed with partners, subcontractors, and sub-recipients under the Project Document, making compliance legally binding. As Implementing Partner, UNCDF applies a zero-tolerance approach and manages all SEA/SH allegations in line with its rules and UN standards, while requiring partners to cooperate with compliance reviews and evaluations. Contractual obligations broadly cover responsibility for staff safety and security, the establishment and maintenance of security plans, adherence to UN standards of conduct on SEA and prohibitions on SH, and the implementation of minimum internal policies and procedures for prevention, reporting, investigation, whistleblower protection, training, survivor support, and corrective action. Partners must promptly report credible allegations to UNCDF, support confidential investigations, and demonstrate compliance upon request, with failure to do so constituting grounds for suspension or termination of project activities, and all actions must align with UNCDF Social and Environmental Standards.

Element 4.7.6

The organisation can demonstrate its contribution to interagency efforts to prevent and respond to SEA at field level, and SEA policy/best practice coordination fora at HQ.

UNCDF participates in interagency efforts indirectly through its relationship with UNDP. However, this element is not assessed as applicable to UNCDF as a standalone organisation.

Interview evidence indicates that UNCDF participates in interagency PSEAH coordination primarily through its integration within UNDP structures. At headquarters level, UNCDF is part of UNDP's corporate PSEAH task force and contributes to implementation of the UNDP PSEAH Action Plan, alongside other UN entities who are also part of the UNDP administrative agreement. The Global UNCDF PSEAH Focal Point engages with UNDP's coordination mechanisms, including those led by the UNDP PSEAH Task Force.

At country-level, UNCDF does not appear to maintain standalone interagency coordination mechanisms specific to its organisation; rather, its contribution is channeled through UNDP-led platforms at both HQ and field levels. Documentary confirmation of formal terms of reference outlining focal point participation in interagency coordination was not available.

Element 4.7.7

Actions taken by the MO on SEA allegations in operations are timely with their number, related non-identifying information and actions taken reported publicly.

UNCDF manages SEA allegations through UNDP accountability mechanisms and UN reporting systems, though internal analysis of response quality, timeliness, investigative effectiveness, and proportionality remains insufficiently transparent.

UNCDF addresses SEA allegations within the UNDP accountability framework. Investigations of allegations are conducted by OAI, and disciplinary measures are reported through UNDP corporate reporting mechanisms. Information on disciplinary actions taken against its personnel, including in cases of sexual harassment, exploitation, and abuse is published annually. UNCDF also provides real-time reporting of SEA allegations to the Office of the Special Coordinator.

UNCDF reports SEA allegations through iReport, the UN system-wide reporting tool for tracking and managing SEA allegations. This provides a formal mechanism for documenting the number, status, and outcomes of reported cases within the broader UN framework. However, it remains unclear how UNCDF internally uses these data to assess the quality, timeliness, and proportionality of its response. Specifically, there is limited visibility into the systems or processes UNCDF has in place for internal trend analysis, monitoring response times, evaluating investigative timeliness, or systematically assessing whether actions taken are appropriate and effective.

Element 4.7.8:

The MO adopts a victim-centred approach to SEA and has a victim support function in place (stand-alone or part of existing structures) in line with its exposure/risk of SEA

UNCDF applies a victim-centred SEA response through UNDP's support systems, ensuring survivors receive counselling, medical assistance, referrals, and uncapped support coordinated by focal points and UNDP structures. However, information on timeliness and effectiveness at field level through UNDP is uneven.

UNCDF adopts a victim-centred approach to SEA through its integration within the UNDP accountability framework. As a non-resident agency operating under UNDP administrative arrangements, UNCDF relies on UNDP's established victim support architecture, which provides institutional capacity, global reach, and specialised expertise. This includes access to designated victim support officers and established referral pathways for counselling and medical assistance.

UNCDF does not maintain a standalone victim support unit. Neither UNCDF global nor regional focal points are equipped to engage directly with victims beyond providing basic guidance. Instead, it operates through UNDP's institutional structures while retaining responsibility for ensuring that cases arising in its operations are referred appropriately and supported.

Interview evidence indicates that when SEA allegations arise within UNCDF operations, victims

are connected to the UNDP global victim support system by UNCDF focal points. Resources for survivor assistance are made available as required and are not subject to a predefined financial cap. UNCDF leadership is reportedly engaged in ensuring that appropriate support is provided, and coordination with UNDP structures facilitates delivery of assistance in country contexts.

However, the MOPAN assessment of UNDP finds that whilst UNDP maintains a victim-centred approach with a support function at HQ, field level implementation is uneven. Access to survivor services varies across COs and partners, and information on timeliness and effectiveness is limited and there are currently no plans to introduce monitoring or testing of this service in terms of meeting the needs of those it is designed to serve. Operational and resource constraints can hinder reporting and service delivery, indicating gaps in translating policy into consistent, context-sensitive support on the ground. Although COs are encouraged to collaborate proactively with national counterparts to develop and implement capacity-building initiatives aimed at establishing or strengthening victim assistance services locally or nationally, the extent of such engagement varies from one CO to another and is difficult to measure.

MI 4.8: The MO prevents and responds to sexual harassment (SH)

- Element 4.8.1: Organisation-specific dedicated policy statements and/or codes of conduct that address SH available, aligned to international standards and applicable to all categories of personnel.
- Element 4.8.2: The MO has mechanisms in place to regularly track the status of implementation of the policy on SH at HQ and at field levels.
- Element 4.8.3: The MO has clearly identifiable roles, structures and resources in place for implementing its policy/guidelines on SH at HQ and in the field, including support channel for survivors, a body coordinating the response, and clear responsibilities for following up with victims.
- Element 4.8.4: All managers have undergone training on preventing and responding to SH, and all staff have been trained to set behavioural expectations across the organisation (including with respect to SH).
- Element 4.8.5: The MO makes multiple mechanisms available to seek advice, pursue informal resolution or formally report SH allegations.
- Element 4.8.6: The MO ensures that it acts in a timely manner on formal complaints of SH allegations.
- Element 4.8.7: The organisation transparently reports the number and nature of actions taken in response to SH in annual reporting and feeds into inter-agency HR mechanisms.

Ratings

MI / Element	Rating	Confidence
MI 4.8	2.86	
4.8.1	3	Medium
4.8.2	3	Medium
4.8.3	3	Medium
4.8.4	3	High
4.8.5	3	Medium
4.8.6	3	Medium
4.8.7	2	Medium

MI 4.8 Evidence documents

- United Nations Development Programme (2008) "Policy on Harassment, Sexual Harassment, Discrimination, and Abuse of Authority"

- United Nations Development Programme (n.d.) “Accountability System Policy”
- United Nations Capital Development Fund (2025) “Social and Environmental Technical Notes”
- United Nations Capital Development Fund (2023–2024) “Action Plan to Prevent Sexual Harassment in the Workplace and Sexual Exploitation and Abuse”
- United Nations Capital Development Fund (2025–2026) “Action Plan to Prevent Sexual Harassment and Sexual Exploitation and Abuse”
- United Nations Development Programme (n.d.) “Responsible Party Agreement Template”
- United Nations Capital Development Fund (n.d.) “Investment Agreement Template”
- United Nations Capital Development Fund (2024) “Prevention of Sexual Misconduct – Senior Managers Training”
- United Nations Capital Development Fund (2025) “Training on Prevention and Response to Sexual Misconduct”
- United Nations Development Programme (n.d.) “Victim Support Officer Job Description”

MI 4.8 Analysis

Element 4.8.1

Organisation-specific dedicated policy statements and/or codes of conduct that address SH available, aligned to international standards and applicable to all categories of personnel.

UNCDF applies UNDP’s framework across all personnel and partners which has been separately assessed by MOPAN, and found to be clear and aligned with international standards.

UNCDF subscribes to the UNDP Accountability Framework and Oversight Policy and adheres to the UNDP Programme and Operations Policies and Procedures. These frameworks support a results- and risk-based approach to performance management, emphasizing accountability, transparency, and organizational values. Accordingly, UNCDF aligns with and implements UNDP’s broader policies and procedures on the Prevention of Sexual Exploitation, Abuse, and Harassment (PSEAH) which apply to all categories of UNCDF personnel and implementing parties.

UNDP’s Policy on Harassment, Sexual Harassment, Discrimination, and Abuse of Authority, adopted by UNCDF, clearly outlines prohibitions related to sexual harassment. The policy establishes zero tolerance for sexual harassment in any form. Sexual harassment is defined as any unwelcome sexual advance, request for sexual favour, or verbal, non-verbal, or physical conduct of a sexual nature that causes or could reasonably be perceived to cause offense or humiliation, creates an intimidating, hostile or offensive work environment, or is made a condition of employment. Such conduct constitutes misconduct and may result in administrative, disciplinary, or contractual sanctions, up to and including dismissal

Furthermore, UNDP Accountability System Policy affirms a strong institutional commitment to PSEAH, enforcing zero tolerance for discrimination, harassment, abuse of authority, and misconduct, while ensuring safeguards for people, the environment, and personnel. The framework emphasizes protection against retaliation for reporting wrongdoing or cooperating with audits or investigations and prioritizes staff wellbeing. Guided by nine core principles of accountability, the policy places safeguarding at its core, ensuring that UNDP programming minimizes harm to people and the environment in line with social and environmental standards, and provides protection from all forms of discrimination, abuse, and harassment, including sexual exploitation and abuse and sexual harassment.

Element 4.8.2

The MO has mechanisms in place to regularly track the status of implementation of the policy on SH at HQ and at field levels.

UNCDF coordinates PSEAH oversight through an internal action plan, global and regional focal points, and UNDP reporting systems to monitor cases, align standards, and support field-level implementation and escalation.

As noted under Element 4.7, to prevent and respond effectively to SEA and SH, UNCDF has developed a more granular internal Action Plan while aligned with UNDP's institutional PSEAH planning and reporting mechanisms, such as the UNDP PSEAH Task Force.

Oversight at HQ level is coordinated through the UNCDF Global PSEAH Focal Point, with reporting and case tracking managed under UNDP systems. UNCDF reports and coordinates with the UNDP PSEAH Task Force on issues related to sexual harassment. The head PSEAH Focal Point at UNCDF meets with the UNDP Task Force to ensure alignment with PSEAH standards and track progress on established action plans. Formal tracking of SH allegations, investigations, and disciplinary outcomes is conducted through UNDP mechanisms.

At field level, regional focal points embedded within UNDP country structures support implementation and escalation as needed.

Element 4.8.3

The MO has clearly identifiable roles, structures and resources in place for implementing its policy/guidelines on SH at HQ and in the field, including support channel for survivors, a body coordinating the response, and clear responsibilities for following up with survivors.

The SH framework is implemented through both UNDP and UNCDF structures and focal points with evidence of collaboration and coordination between the two organisations.

The Office of the Ombudsperson provides confidential guidance on available options and supports informal resolution mechanisms such as mediation, without triggering a formal process; the OAI is responsible for receiving and investigating formal sexual misconduct complaints, and the Ethics Office ensures protection against retaliation for individuals who report sexual harassment or cooperate with audits or investigations.

Victim support is provided through UNDP's global victim support system, including support from a newly recruited dedicated Victim Support Officer that supports inter alia UNCDF. Neither UNCDF global nor regional focal points are equipped to engage directly with victims beyond providing basic guidance. Their role is to listen, offer general advice, and inform individuals of available reporting and support mechanisms. In 2025, UNCDF PSEAH Focal Points were trained on roles and responsibilities when SEA is reported. In this capacity, they act as conduits, connecting individuals to appropriate support, including counselling and medical. Resources for survivor assistance are made available as required, without a predefined cap. UNCDF-related SEA cases are referred to UNDP for response and are subsequently followed up on and monitored through UNDP's mechanisms. It remains unclear to what extent UNCDF, through UNDP, systematically monitors victim assistance efforts, including timeliness, types of services provided, and other support measures.

UNCDF reports and coordinates with the UNDP PSEAH Task Force on issues related to sexual harassment. The head PSEAH Focal Point at UNCDF meets with the UNDP Task Force to ensure alignment with PSEAH standards and track progress on established action plans. UNCDF is also included under UNDP's OSCSEA PSEAH Action Plan and has further developed its own Action Plan to direct and monitor its own PSEAH efforts.

Element 4.8.4

All managers have undergone training on preventing and responding to SH, and all staff have been trained to set behavioural expectations across the organisation (including with respect to SH).

UNCDF conducts regular training of personnel under multiple mechanisms with support from UNDP

In line with the Policy on Harassment, Sexual Harassment, Discrimination, and Abuse of Authority, managers and supervisors have heightened responsibilities to prevent, deter, and respond to sexual harassment. They must create and maintain a safe and respectful work environment, act as role models, communicate the policy to all personnel, ensure completion of mandatory training, and serve as a resource for staff. Managers are required to promptly address, report, and escalate allegations through appropriate channels, while demonstrating impartiality and avoiding any attempt to pre-investigate. They must also ensure confidentiality and take steps to prevent retaliation.

UNCDF personnel complete mandatory UN system training on SH and SEA, including onboarding training applicable across the UN system and annual SH/SEA sessions delivered through UNDP structures. The December 2025 SH/SEA session, delivered in English and French, was mandatory and attended by 83% of UNCDF personnel, including managers. UNCDF leadership frequently attend all trainings and underscore importance of preventing SH as well as zero tolerance for instance of SH. In addition, UNCDF also delivered a PSEAH training session specifically to senior managers in 2025.

All managers are required to attend all manager specific or all personnel trainings. A dedicated senior managers training was held in October of 2024. Managers were also required to attend the all personnel training in December 2025 and attendance was recorded for all managers at the training.

Element 4.8.5

The MO makes multiple mechanisms available to seek advice, pursue informal resolution or formally report SH allegations.

A range of confidential, accessible, and survivor-sensitive UNDP mechanisms are available to UNCDF personnel and external individuals can seek advice, pursue informal resolution, or formally report allegations of SH.

Personnel have multiple safe reporting and support options. Individuals may seek confidential advice from the Office of the Ombudsman, which provides guidance on available options and supports informal resolution such as mediation. An external sexual harassment helpline is also available for counseling and process guidance. Formal complaints of sexual harassment may be submitted at any time to the Office of Audit and Investigations (OAI), with no time limit, by email, phone, or regular mail. Anonymous reporting is permitted, though it may affect the ability to investigate fully. Protection against retaliation is guaranteed through application of UNDP's Policy for Protection Against Retaliation, and individuals fearing retaliation may request protection from the Ethics Office.

An Investigations Hotline has been established to allow staff, partners, and external stakeholders to confidentially report suspected misconduct. Managed by an independent service provider, the hotline is accessible globally, free of charge, via a secure online link.

Furthermore, regional focal points are provided training on how to handle incidents of sexual

harassment, including how to provide advice to victim and bystanders, and refer them to the appropriate support structures.

Although UNCDF offers several avenues to seek advice or report SH, awareness, confidence and actual use of these channels are likely uneven across duty stations, categories of personnel and contract types. Persistent fear of retaliation and stigma, especially where alleged perpetrators are in positions of authority, may act as disincentives to reporting or engaging with investigations. Moreover, verification of the different mechanisms has not been recently tested or monitored.

Element 4.8.6

The MO ensures that it acts in a timely manner on formal complaints of SH allegations.

UNCDF relies on UNDP/OAI procedures that prioritize sexual harassment complaints, but available evidence does not demonstrate that UNCDF systematically monitors the timeliness of investigations or follow-up actions affecting its personnel.

The Policy on Harassment, Sexual Harassment, Discrimination, and Abuse of Authority affirms that reports of sexual harassment are prioritized. OAI is responsible for conducting preliminary assessments and full investigations of formal complaints. Investigations may also be initiated without a formal complaint at the discretion of senior management or the Director of OAI. Investigations are conducted with discretion and confidentiality, and measures may be taken to protect the safety and well-being of complainants during the process. Protection against retaliation is guaranteed, and individuals fearing retaliation may request protection from the Ethics Office.

However, the available evidence does not clarify how UNCDF senior leadership monitors the timeliness of investigations and disciplinary processes affecting its personnel. While investigations are institutionally managed by UNDP, it is not documented whether UNCDF management receives periodic updates on case status, tracks duration against internal benchmarks, or follows up on cases that remain open for extended periods.

Element 4.8.7

The organisation transparently reports the number and nature of actions taken in response to SH in annual reporting and feeds into inter-agency HR mechanisms.

UNCDF contributes to UNDP OAI-led reporting on sexual harassment and related misconduct, but reporting is not sufficiently disaggregated to demonstrate transparently the number and nature of actions taken in relation to UNCDF-specific cases.

Information on disciplinary actions taken against UNDP personnel and other affiliated entities, including UN Volunteers, UNFPA and UNCDF, is published annually, including in cases of sexual harassment, sexual exploitation and sexual abuse. However, OAI reporting does not separate the number of cases, the nature of allegations, or actions taken by entity. As a result, while UNCDF is covered within the broader UNDP reporting framework, the available reporting does not allow stakeholders to identify the extent to which reported cases or disciplinary actions relate specifically to UNCDF.

Interview evidence indicates that the Global PSEAH Focal Point gathers relevant case information from OAI and consolidates this for reporting to the Executive Board in line with UN system requirements. UNCDF also provides real-time reporting of SEA allegations to the Office of the Special Coordinator.

However, the absence of entity-level disaggregation limits transparency for UNCDF as an assessed organisation. The lack of clarity on whether cases and actions relate to UNCDF, UNDP, or other affiliated entities may also reduce confidence in the reporting system and could create disincentives for reporting, particularly where stakeholders are unable to see how allegations linked to a specific entity are addressed.

RELATIONSHIP MANAGEMENT

Engaging in inclusive partnerships to support relevance, leverage effective solutions and maximise results.

KPI 5: Operational planning and intervention design tools support relevance and agility in partnerships

Ratings

KPI / MI	Rating	Score
KPI 5	S	2.6
MI 5.1	U	2
MI 5.2	S	2.67
MI 5.3	S	2.8
MI 5.4	U	3
MI 5.5	U	2.5
MI 5.6	U	2.5
MI 5.7	S	2.75

MI 5.1: Interventions/ strategies aligned with needs of beneficiaries and regional/ country priorities and intended national/ regional results

- Element 5.1-1. Organisation's country or regional strategies refer to national/regional body strategies or objectives
- Element 5.1-2. Reviewed interventions/strategies refer to the needs of beneficiaries, including vulnerable populations and/or opportunities to achieve market impacts and promote an investment enabling environment.
- Element 5.1-3. Organisation's country strategies or regional strategies link the targeted results to national or regional goals
- Element 5.1-4. Structures and incentives in place for technical staff that allow them to invest time and effort in alignment process.

Ratings

MI / Element	Rating	Confidence Level / Score
MI 5.1	2	
Element 5.1.1	NA	
Element 5.1.2	2	High
Element 5.1.3	NA	
Element 5.1.4	2	High

MI 5.1 Evidence Documents

- United Nations Development Programme (n.d.) "Programme and Operations Policies and Procedures"
- United Nations Capital Development Fund (2025) "Supplementary Guidelines to the United Nations Development Programme Programme and Operations Policies and Procedures"
- United Nations Capital Development Fund (2025) "Pre-Assessment Memo Template"
- United Nations Capital Development Fund (2025) "Transaction Assessment Memo Template – Light Version"
- United Nations Capital Development Fund (2025) "Transaction Assessment Memo Template – Enhanced Version"
- United Nations Capital Development Fund (2025) "Standard Operating Procedures for the Investment Process"
- United Nations Capital Development Fund (2024) "Project Document: FinWise Ethiopia"
- United Nations Capital Development Fund (2024) "Project Document: Salone Access to Finance"
- United Nations Capital Development Fund (2025) "Project Document: LoGIC II"
- United Nations Capital Development Fund (2026) "Terms of Reference of UNCDF Results Based Management Focal Points Group"
- United Nations Capital Development Fund (2026) "UNCDF Data Verification Protocol"
- United Nations Capital Development Fund (n.d.) "Roles and Responsibilities for Key Business Processes"

MI 5.1 Analysis

Element 5.1-1.

Organisation's country or regional strategies refer to national/regional body strategies or objectives

N/E

UNCDF does not have country or regional strategies.

UNCDF does not operate through standalone country or regional strategy documents in the manner of traditional country programme strategies. This reflects UNCDF's mandate and positioning within the UN Development System, whereby programming is delivered through

project- and theme-based interventions anchored in the UNCDF Strategic Framework and integrated within United Nations country-level processes rather than through independent country strategies.

However, UNCDF programming is designed through a structured results architecture that ensures systematic alignment with national and regional priorities. Corporate guidance and standard operating procedures require that, at project design stage, project objectives and results frameworks are explicitly aligned with the UNCDF Strategic Framework, the Sustainable Development Goals (SDGs), and the United Nations Sustainable Development Cooperation Framework (UNSDCF) for country-based projects.

This alignment is operationalized through formal design and quality assurance processes. Project teams are required to demonstrate alignment with corporate frameworks and country-level priorities, including through the selection of indicators from the Integrated Results and Resources Matrix (IRRM). In addition, formal quality assurance processes are in place to verify coherence and alignment with corporate objectives and UNSDCF outcomes.

Element 5.1-2

Reviewed interventions/strategies refer to the needs of beneficiaries, including vulnerable populations and/or opportunities to achieve market impacts and promote an investment enabling environment.

Interventions reference beneficiary needs and/or intended impacts, although the depth and specificity of analysis varies across projects and intervention types.

Across the project documentation reviewed, interventions are consistently framed around identified beneficiary groups and/or market constraints, with project rationales articulated in terms of addressing access gaps, market failures, or ecosystem bottlenecks relevant to the intended beneficiaries.

UNCDF project design processes are guided through standardized UNDP POPP templates and related results-based management requirements, which require problem analysis, identification of intended beneficiaries, and stakeholder consultations during project formulation. For investment operations, supplementary investment templates introduced under the UNCDF Supplementary Guidelines provide additional structure for documenting market constraints, investment rationale and intended beneficiary outcomes.

The degree of specificity and analytical depth with which beneficiary needs—particularly those of vulnerable populations—are identified and integrated into project design varies across project documents. Some projects define beneficiary groups with a high degree of specificity, including women, youth, informal or underserved MSMEs, climate-vulnerable communities, or geographically marginalised populations, and articulate how identified constraints inform the choice of instruments or support mechanisms. In other cases, beneficiary focus is articulated primarily through market segments or ecosystem actors, with emphasis placed on enabling market outcomes (e.g. strengthening financial intermediaries, improving regulatory conditions, or developing investment pipelines), and with less explicit discussion of end-beneficiary vulnerability. UNCDF's market- and ecosystem-level interventions are generally informed by market diagnostics and stakeholder consultations intended to identify structural barriers affecting vulnerable populations, even where vulnerability analysis is not always extensively documented in project narratives.

More recently, in 2026, UNCDF further strengthened its corporate design guidance through the introduction of the 2026 Theory of Change (ToC) framework. The ToC guidance and related template, requires teams to articulate the development problem based on evidence, identify those most affected, and define the causal pathways through which interventions will lead to change. It explicitly requires differentiation between beneficiary groups and delivery stakeholders, and

promotes participatory stakeholder consultations to ensure that programme design is grounded in context-specific needs and constraints.

The ToC guidance also requires projects to identify and analyse target groups with a high level of specificity, including vulnerable and marginalized populations such as women, youth, and other underserved groups, and to ensure that their needs are reflected in the design of interventions through structured stakeholder analysis and consultation processes.

In addition, UNCDF standard operating procedures for results management require the establishment of structured stakeholder engagement and feedback mechanisms throughout implementation. Projects are expected to conduct regular reviews, including quarterly consultations with partners and beneficiaries, to assess the continued relevance of interventions, gather feedback on results and targets, and inform adaptive management where needed.

The Project Appraisal Committee (PAC) further contributes to strengthening the quality and consistency of design in relation to beneficiary needs, market constraints, and results logic. As a corporate quality assurance and advisory body, the PAC reviews projects prior to approval to assess the soundness of technical design, results logic, and implementation arrangements, ensuring that interventions are supported by appropriate analysis of constraints, stakeholder needs, and expected outcomes.

Overall, the evidence indicates that reviewed interventions reference beneficiary needs and/or intended market impacts. However, the specificity with which beneficiary groups are profiled, and the extent to which vulnerability dimensions are explicitly analysed, varies across project documents. This variation reflects differences in intervention modality, with some projects directly targeting defined beneficiary groups and others operating primarily at intermediary or ecosystem level. It also reflects differences in how structural barriers affecting vulnerable groups are analysed and documented in the design stage. In several cases, vulnerability considerations are implicit within market constraints or ecosystem diagnostics rather than explicitly articulated as beneficiary-focused analysis. Following the review period, UNCDF strengthened its corporate guidance through the 2026 Theory of Change framework, which is expected to promote more systematic and evidence-based analysis of beneficiary needs in future project design.

Element 5.1-3. Organisation's country strategies or regional strategies link the targeted results to national or regional goals

N/A

UNCDF does not have country or regional strategies. However, UNCDF does contribute to the UN development system's collective results under the UNSDCF at country level.

Element 5.1-4. Structures and incentives in place for technical staff that allow them to invest time and effort in alignment process.

Procedural structures for project review and approval are in place, yet there is limited evidence of formal incentive mechanisms to support sustained staff investment in alignment processes, and it is too early to assess whether the recently introduced operating model will systematically strengthen alignment in practice.

Corporate templates and project documentation describe governance and quality-assurance arrangements, including roles for investment officers, quality checks, review bodies, and approval committees. These structures provide procedural oversight and controls but do not explicitly describe incentives or enabling mechanisms (such as time allocation, performance expectations,

or resourcing arrangements) designed to support sustained staff investment in alignment processes.

UNCDF's operating model places regional teams at the centre of project development, with regional staff typically leading or co-leading project identification, design, and engagement with country-level stakeholders. Interview evidence from regional and country project staff indicates regional teams play role in shaping alignment in practice, including through engagement with government counterparts, coordination with UNDP country offices, incorporation of lessons from previous phases, and adaptation of interventions to country contexts. This suggests that alignment is not only procedural but also embedded in operational practice, particularly at the regional level.

Regional investment specialists and officers are intended to be supported by decentralised staff linked to regional hubs. However, documentation and interview evidence indicate that this decentralised model has been in the process of being operationalised during the review period, with several decentralised positions still under recruitment. As a result, the intended support function has not yet been fully staffed across all regions. This transitional context limits the extent to which regional teams can consistently rely on dedicated country-level capacity to support alignment work and helps explain variation in how alignment is undertaken across interventions.

Project documents focus primarily on programme governance and implementation structures rather than on staff incentives related to alignment with beneficiary needs or national priorities. While quality assurance and review processes are documented, there is limited evidence in the documentation reviewed that alignment work is explicitly incentivised or resourced beyond compliance with approval procedures.

Interview evidence indicates that part of alignment and learning processes may, in some cases, be treated as procedural requirements rather than as analytically driven exercises, particularly where templates are perceived as compliance-oriented.

During the end of the review period, UNCDF developed additional mechanisms intended to strengthen results management, quality assurance and alignment processes across project, regional and corporate levels, although these became operational only after the end of the review period. The 2026 UNCDF Data Verification Protocol defines responsibilities for project teams, regional RBM focal points and PMSU in validating results data and ensuring consistency with approved targets and corporate frameworks. The Terms of Reference for the M&E and RBM Focal Points Group similarly establish advisory and quality-assurance functions related to project design, results planning, harmonisation of RBM practices, data quality, learning and corrective action.

UNCDF also initiated revisions to the Terms of Reference of the Project Appraisal Committee to strengthen the rigour and consistency of project appraisal, including the review of design quality, results logic and alignment considerations. Together, these measures represent institutional strengthening initiated during the review period. However, because they became effective only after the period assessed, it is too early to determine whether they will systematically provide staff with the time, capacity and organisational incentives required to sustain alignment processes in practice.

MI 5.2: Contextual/ situational analysis (shared where possible) applied to shape the intervention designs and implementation.

- Element 5.2.1: Intervention designs contain a clear statement that positions the intervention within the operating context.
- Element 5.2.2: Reflection points with partners take note of any significant changes in context.
- Element 5.2.3: The MO has financing mechanisms, including restructurings, and targeted programs available, when appropriate, to mitigate the impact of external

shocks and crises that harm existing investments.

Ratings

MI / Element	Rating	Confidence Level / Score
MI 5.2	2.67	
Element 5.2.1	3	Medium
Element 5.2.2	2	Low
Element 5.2.3	3	Medium

MI 5.2 Evidence Documents

- United Nations Development Programme (n.d.) “Programme and Operations Policies and Procedures”
- United Nations Capital Development Fund (2025) “Supplementary Guidelines to the United Nations Development Programme Programme and Operations Policies and Procedures”
- United Nations Capital Development Fund (2025) “Standard Operating Procedures for the Investment Process”
- United Nations Capital Development Fund (2025) “Investment Strategy”
- United Nations Capital Development Fund (2025) “Enterprise Risk Management Policy”
- United Nations Capital Development Fund (2024) “Risk Appetite Statement”
- United Nations Capital Development Fund (2025) “Pre-Assessment Memo Template”
- United Nations Capital Development Fund (2025) “Transaction Assessment Memo Template – Light Version”
- United Nations Capital Development Fund (2025) “Transaction Assessment Memo Template – Enhanced Version”
- United Nations Capital Development Fund (2024) “Project Document: FinWise Ethiopia”
- United Nations Capital Development Fund (2024) “Project Document: Salone Access to Finance”
- United Nations Capital Development Fund (2025) “Project Document: LoGIC II”
- United Nations Capital Development Fund (2024) “Joint Programme Document: Fiji Blue Economy / Global Fund for Coral Reefs”
- United Nations Capital Development Fund (2024 draft) “Draft Strategic Framework 2026–2029”
- United Nations Capital Development Fund (n.d.) “Roles and Responsibilities for Key Business Processes”

MI 5.2 Analysis

Element 5.2.1: Intervention designs contain a clear statement that positions the intervention within the operating context.

Overall, reviewed intervention designs consistently include a narrative that situates the intervention within its operating context, though the depth, analytical structure, and degree of institutionalised contextual documentation vary, with contextual understanding in some cases relying significantly on accumulated staff knowledge and experience.

Across sample portfolio, intervention designs consistently include a context-setting narrative that positions the intervention within the relevant operating environment. Project and programme documents typically describe the economic, institutional, market, or sectoral context in which the intervention is situated, including constraints affecting access to finance, market development, employment outcomes, climate resilience, or service delivery.

In several cases, contextual analysis is presented through a discussion of market failures, ecosystem bottlenecks, or institutional weaknesses, such as limited availability of appropriate financial products, regulatory gaps, weak investment pipelines, or exposure to climate and macroeconomic risks. These contextual descriptions are used to justify the choice of instruments (e.g. guarantees, technical assistance, blended finance, or capacity-building measures) and to explain the intervention’s intended role within a broader system.

The depth and structure of contextual analysis varies across documents. Some project documents provide relatively detailed contextual framing, drawing on sector diagnostics, market assessments, or prior programme experience. Other documents rely on high-level contextual descriptions, outlining key challenges and constraints without extensive analytical detail or explicit citation of underlying studies. Nonetheless, all reviewed interventions include a statement that situates the intervention within its operating context, even where the analysis remains largely narrative.

Interview evidence from sample countries indicates that contextual understanding often builds on prior UNCDF engagement, regional experience, and ongoing interaction with ecosystem actors, and that formal documentation may reflect a synthesis of accumulated institutional knowledge rather than a standalone diagnostic exercise conducted for each project. However, a lot of this knowledge is not organized institutionally and builds off staff knowledge and network.

Element 5.2.2: Reflection points with partners take note of any significant changes in context.

While governance and coordination mechanisms provide opportunities for partner reflection, there is limited evidence of a formal requirement to systematically monitor, document, and respond to significant contextual changes during implementation, with contextual reflection occurring largely through informal engagement and more substantial adjustments often addressed between project phases.

Project documentation reviewed includes references to governance, coordination, and review arrangements (e.g. steering committees, project boards, partner consultations, or reporting mechanisms) through which implementation progress and external developments can be discussed with partners. In some cases, documents explicitly note that projects will be reviewed or adjusted in response to evolving circumstances, such as policy changes, market developments, or implementation risks.

However, the extent to which reflection points explicitly focused on changes in context are described varies across documents. While many projects refer to regular meetings or oversight structures with partners, fewer documents clearly specify how shifts in the external environment (e.g. macroeconomic changes, policy reforms, shocks) are to be systematically identified, discussed, and documented as part of ongoing partnership dialogue.

Interviews with UNCDF staff suggests that, in practice, teams engage in continuous informal reflection with government counterparts, financial institutions, and donors, particularly in volatile or rapidly evolving contexts. Contextual changes may be identified through quarterly partner reporting, monitoring visits, updates to project risk logs, and steering committee reviews. These mechanisms are used to inform implementation adjustments, including modifications to activities, deadlines, budgets, or temporary suspension of operations in response to contextual developments. UNCDF cited projects in Eastern DRC that were placed on hold due to conflict and allegations of human rights violations as an example of contextual adaptation in practice. However, staff also indicate that such reflection may not always be formally captured in project documentation, contributing to variation in how contextual change is evidenced across the reviewed sample.

Although projects include governance structures and operational processes that enable partner dialogue, documentation and interview evidence suggest that UNCDF is moving toward a more formalised approach to identifying and managing significant contextual changes during implementation, including through quarterly reporting, risk logs and steering committee review processes. These arrangements may support more consistent documentation and adaptive management over time, although it remains too early to assess the extent to which they are being systematically applied across the portfolio.

Element 5.2.3: The MO has financing mechanisms, including restructurings, and targeted programs available, when appropriate, to mitigate the impact of external shocks and crises that harm existing investments.

UNCDF has established mechanisms for adjusting and restructuring interventions in response to changing operating conditions and external shocks, with more explicit procedures defined for investment and loan operations than for grant-based interventions.

At the corporate level, procedures for adjusting or restructuring UNCDF interventions are governed by UNDP's POPP, which apply to UNCDF, and are further clarified through UNCDF's Supplementary Guidelines to the POPP (effective January 2025). The Supplementary Guidelines do not introduce additional UNCDF-specific provisions for restructuring grant-based interventions, which continue to be amended through standard POPP procedures for project revisions. By contrast, the Guidelines provide explicit and detailed provisions for loan instruments, including procedures for rescheduling repayment terms, suspending disbursements, and restructuring loan agreements through formal, signed amendments approved under UNCDF's investment governance framework.

Evidence from project documentation reviewed demonstrates that changes to project scope, financing, and implementation arrangements are possible in practice, including in response to external shocks or evolving operating conditions. Project amendments and revised documents in the sample show that interventions can be adjusted or restructured, for example through modifications to budgets, timelines, results frameworks, or activity scope, indicating that projects are not entirely static once approved. Formal amendment agreements may be used where operational or contextual circumstances require restructuring of signed financing arrangements.

Interviews with UNCDF staff in sample countries note that teams may respond to shocks or emerging risks by adapting existing programmes or instruments, often drawing on established platforms or reallocating resources within approved envelopes. This suggests that, in practice, UNCDF has some capacity to absorb or mitigate shocks within ongoing interventions.

At the same time, interview evidence indicates that formal project modification processes are perceived as complex and administratively demanding, requiring multiple approvals and procedural steps. As a result, teams may seek to design projects with a degree of financial or operational flexibility at the outset, including budgeting at levels that allow for adjustment or absorption of additional resources without triggering formal restructuring procedures. This practice reflects an effort to manage uncertainty within existing procedural constraints rather than an absence of mechanisms for change.

MI 5.3: Capacity analysis informs intervention design and implementation, and strategies to address any weakness found are employed

- Element 5.3-1. Intervention designs contain a clear statement of capacities of key country partners.
- Element 5.3-2. Capacity analysis, from the perspective of using and building country systems, considers resourcing, staffing, monitoring and operating structure.
- Element 5.3-3. Capacity analysis statement has been jointly developed with country partners and shared with development partners
- Element 5.3-4. Capacity analysis statement includes clear strategies for addressing any weaknesses, with a view to sustainability, where applicable developed jointly with development partners

- Element 5.3-5. Designs for the MO's non-sovereign operations include an assessment of the management/implementation capacity of investee clients and identified weaknesses are addressed, where appropriate, through advisory services/technical assistance.

Ratings

MI / Element	Rating	Confidence Level / Score
MI 5.3	2.8	
Element 5.3.1	3	Medium
Element 5.3.2	3	Medium
Element 5.3.3	3	Medium
Element 5.3.4	2	Medium
Element 5.3.5	3	Medium

MI 5.3 Evidence Documents

- United Nations Capital Development Fund (n.d.) "Supplementary Guidelines on Engagement of Implementing Partners and Responsible Parties"
- United Nations Development Programme (n.d.) "Partner Capacity Assessment Tool – Programme and Project Management Assessment Module"
- United Nations Capital Development Fund (2024) "Project Document: FinWise: Last Mile Capital for Inclusive Growth in Uganda"
- United Nations Capital Development Fund (2020) "Project Document: Leaving No One Behind in the Digital Era, Uganda"
- United Nations Capital Development Fund (2023) "Project Document: Salone Access to Finance Programme, Sierra Leone"
- United Nations Capital Development Fund (2023) "Project Document: FromUNI2Work Programme, Ghana"
- United Nations Capital Development Fund (n.d.) "Project Initiation Plan: Small and Medium Enterprise Development / SPBCF"
- United Nations Capital Development Fund (2026) "Environmental and Social Technical Note: Financial Intermediaries"
- United Nations Capital Development Fund (n.d.) "Managing Risks in Partnerships with the Private Sector Guidance Note"
- United Nations Capital Development Fund (2024) "Project Document Amendment: COVID-19 / European Union Programme Amendment"
- United Nations Capital Development Fund (2025) "Transaction Assessment Memo: Fiji Development Bank Blue Economy Credit Guarantee"
- United Nations Capital Development Fund (n.d.) "Concept Note: Pacific Regional Guarantee and Investment Facility"
- United Nations Capital Development Fund (n.d.) "Concept Note: Blended Finance Facility for Nature-Positive Blue and Green Economy Investments, Papua New Guinea"

MI 5.3 Analysis

Element 5.3-1. Intervention designs contain a clear statement of capacities of key country partners.

Intervention designs identify key country partners and their roles in implementation, while partner capacity considerations are expected to be incorporated through UNDP partner assessment processes and related risk-management tools. However, explicit articulation of partner capacity assessments within intervention design documentation remains inconsistent across the reviewed sample.

UNCDF supplementary guidance specifies that, when UNCDF engages implementing partners or responsible parties, the requirements related to the selection of implementing partners and responsible parties applicable to UNDP apply to UNCDF. This establishes that UNCDF partner selection is expected to follow UNDP partner selection requirements, including the application of UNDP partner capacity assessment tools.

Given that UNCDF operates predominantly in least developed countries and fragile contexts, where institutional, market, and delivery capacities are often constrained, the assessment of partner capacity is a critical consideration for intervention design and implementation. In this context, the application of structured partner capacity assessment tools is intended to help ensure that responsibilities are assigned to actors with appropriate capacity, or that capacity risks are identified and managed.

Under UNDP partner selection procedures, the Partner Capacity Assessment Tool (PCAT) is a mandatory instrument applied when engaging implementing partners. PCAT includes a prerequisite checklist and scoped capacity assessments designed to identify governance, financial management, procurement, human resources, and programme and project management capacity gaps. Its findings inform implementation modality decisions (including the use of national implementation or UNDP implementation), the identification of mitigation measures, and the allocation of associated assessment costs within project budgets. PCAT findings are intended to be operationalised through project risk logs, mitigation measures, multi-year work plans, and associated budgets, including through targeted capacity-building activities, enhanced oversight arrangements, or amendments to project documentation where required.

Across the project documentation reviewed from sample countries, intervention designs consistently identify key country partners and describe their roles and responsibilities in programme and project delivery. However, the documentation reviewed does not consistently include a clear statement of partner capacity that can be traced to the application of the PCAT, including its Programme & Project Management Assessment. References to PCAT assessments or their findings are limited, and partner capacity is most often implicit, inferred from institutional mandates, prior engagement, or assigned roles rather than explicitly articulated in intervention design narratives.

Interview evidence indicates that capacity considerations frequently inform partner selection and role allocation in practice. The linkage between the requirement to apply UNDP partner selection requirements, including PCAT, and the way partner capacity is explicitly documented in intervention designs is not consistently visible in the documentation reviewed. As noted earlier, findings from PCAT or related partner capacity assessments may not always be explicitly captured within intervention design documents themselves, but rather reflected through project risk logs, work plans, and associated mitigation measures.

Element 5.3-2. Capacity analysis, from the perspective of using and building country systems, considers resourcing, staffing, monitoring and operating structure.

Intervention designs and institutional processes demonstrate consideration of country-

system capacities, including resourcing, staffing, monitoring arrangements, and operating structures. However, these considerations are not always articulated through a consolidated capacity analysis within intervention design documentation.

Project documentation reviewed across sample countries describes implementation arrangements and operating structures, including governance bodies, delivery modalities, and roles assigned to government entities, financial institutions, UN agencies, and other partners, situating interventions within existing country systems. In several cases, documents reference constraints within these systems, such as limited institutional capacity, weak market infrastructure, or service delivery gaps, and outline monitoring arrangements, reporting lines, and quality assurance mechanisms intended to track implementation progress. These descriptions indicate awareness of system-level constraints and operational considerations relevant to implementation.

UNDP corporate guidance establishes that country-level contextual and systems analysis is undertaken through processes such as the Common Country Analysis (CCA), providing a shared analytical foundation for UN engagement. Project documentation reviewed indicates that UNCDF interventions are generally situated within this broader context. UNCDF contributes mandate-specific analytical inputs to CCAs and Cooperation Framework processes in areas such as blended finance, subnational finance, digital financial inclusion, and private sector development. In Uganda, for example, UNCDF's "Leaving No One Behind in the Digital Era" strategy informed analysis related to digital financial inclusion gaps among underserved populations.

However, the project documentation reviewed does not consistently demonstrate a structured or consolidated capacity analysis that explicitly considers resourcing, staffing, monitoring capacity, and operating structures from a country-systems perspective. Capacity-related considerations are often embedded across different sections of project documents or implied through design choices, rather than articulated as a coherent analysis informing intervention design. Monitoring arrangements, in particular, are typically described procedurally, with limited explicit assessment of the adequacy of monitoring capacity within partner institutions or country systems. These considerations can also be reflected through project appraisal processes, investment due diligence, risk logs, environmental and social screening, multi-year work plans, and monitoring systems, particularly for investment-focused interventions.

Interviews note that teams are generally aware of practical capacity constraints affecting resourcing, staffing availability, and monitoring systems, and that these constraints are often managed pragmatically during implementation. However, this practical understanding is not consistently translated into explicit documentation at the design stage, limiting visibility on how capacity considerations across these dimensions inform design decisions. This appears particularly relevant in interventions focused on market systems and financial intermediaries, where capacity considerations are often embedded within broader investment structuring and systems assessments rather than presented as standalone country-system capacity analysis.

Element 5.3-3. Capacity analysis statement has been jointly developed with country partners and shared with development partners

UNCDF engages country partners, UN entities, and development actors in capacity-related assessments and scoping processes during intervention design. However, project documentation does not consistently demonstrate that capacity analysis statements are formally documented as jointly developed with country partners or systematically shared beyond consultation and validation processes.

UNDP corporate guidance establishes that country-level contextual and systems analysis is

undertaken through processes such as the CCA, providing a shared analytical foundation for UN engagement. Project documentation reviewed indicates that UNCDF interventions are generally situated within this broader context.

When preparing new phases of projects or considering scale-up, interviews with UNCDF staff indicate that scoping missions are undertaken to inform intervention design. These missions involve coordination and consultation with national and subnational government counterparts, private-sector actors, civil society representatives, and donors. Capacity considerations are examined during these consultations to assess which actors are best positioned to support implementation, including decisions regarding local versus international service providers.

While consultation, validation, and joint analytical processes with country partners and development actors appear to occur in practice—including through CCAs, scoping exercises, and engagement with UN Country Teams and Resident Coordinator Offices—the project documentation reviewed does not consistently include a clearly articulated capacity analysis statement formally documented as jointly developed with country partners. Similarly, evidence that such analysis is systematically formalised and shared beyond consultation processes remains uneven across the reviewed sample.

Element 5.3-4. Capacity analysis statement includes clear strategies for addressing any weaknesses, with a view to sustainability, where applicable developed jointly with development partners

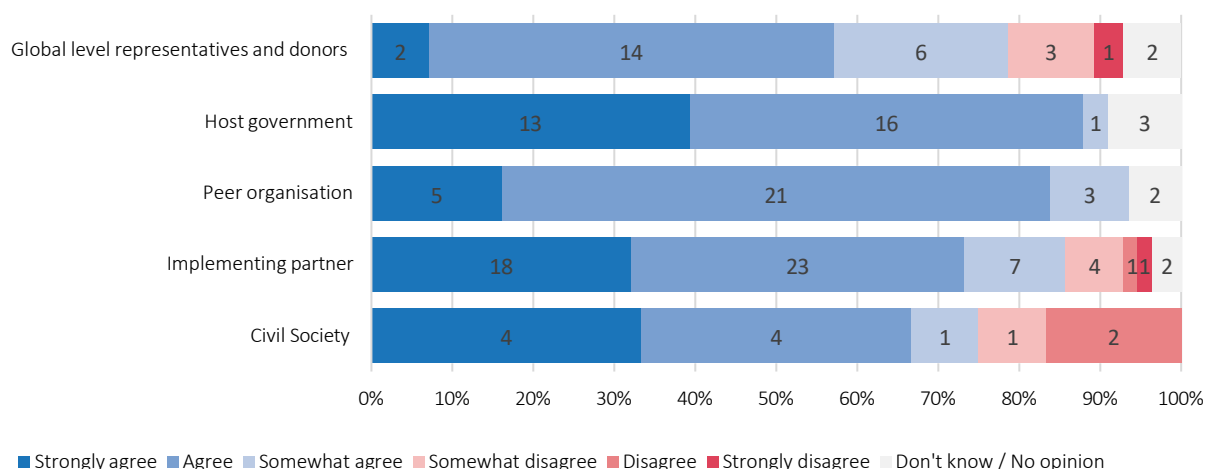
Intervention designs commonly include strategies intended to address capacity weaknesses and support sustainability. However, the linkage between identified capacity gaps and corresponding mitigation measures is not always presented through a consolidated capacity analysis statement within project documentation.

Across the project documentation reviewed from sample countries, intervention designs frequently include capacity-building measures, such as technical assistance, advisory services, training, or institutional strengthening activities. These measures are often framed as supporting longer-term sustainability by strengthening institutions, improving systems, or enabling partners to take on greater implementation responsibilities over time. While capacity-building measures are frequently included, the documentation reviewed does not consistently present these measures as part of a clearly articulated capacity analysis statement that identifies specific weaknesses and sets out corresponding strategies. Capacity weaknesses identified through PCAT and HACT assurance mechanisms—including micro-assessments, spot checks, and audits—may instead be reflected operationally through project risk logs, work plans, budgets, and associated mitigation measures.

In several cases, capacity-building activities are described as integral components of the intervention, particularly in contexts where institutional or market systems are relatively weak. This reflects an acknowledgement that effective implementation and sustainability depend on strengthening partner and system capacity, especially in the least developed and fragile contexts in which UNCDF predominantly operates.

However, while capacity-building measures are commonly included and often linked operationally to findings from partner assessments, risk logs, and assurance mechanisms, the documentation reviewed does not consistently demonstrate these linkages through a clearly articulated and consolidated capacity analysis narrative within intervention design documents. In practice, identified capacity gaps may inform risk treatment and action plans through project risk logs, annual or multi-year work plans, budgets, technical assistance activities, enhanced oversight arrangements, or corrective measures. Where sustainability is referenced, it is not always clear how capacity-building strategies are expected to contribute to sustained outcomes beyond the life of the intervention.

Figure 5.1 : UNCDF works to build the institutional capacity of its partners



Survey evidence provides additional context. As seen in Figure 5.1, response to MOPAN survey question on institutional capacity show that, across stakeholder groups, most respondents selected positive response options when asked about UNCDF's contribution to strengthening partner capacity. Neutral responses were also recorded, while negative responses were comparatively limited. This overall distribution is consistent across host governments, development partners, and implementing partners.

Interview evidence suggests that decisions regarding the scope and nature of capacity-building support are often shaped by donor priorities, available financing instruments, feasibility considerations, and findings emerging from partner assessments and assurance mechanisms, may be refined during implementation. Capacity-strengthening and mitigation measures also appear to be jointly discussed with partners in practice, particularly where institutional strengthening or system improvements are required to support implementation and sustainability.

Element 5.3-5. Designs for the MO's non-sovereign operations include an assessment of the management/implementation capacity of investee clients and identified weaknesses are addressed, where appropriate, through advisory services/technical assistance.

Non-sovereign operations include structured assessments of investee management and implementation capacity, with identified weaknesses commonly addressed through technical assistance, risk mitigation measures, and enhanced oversight arrangements.

For non-sovereign operations reviewed, project and transaction-level documentation demonstrates a more explicit and structured approach to assessing management and implementation capacity of investee clients, particularly financial institutions and private-sector intermediaries. Transaction Assessment Memos and related documentation typically include assessments of governance arrangements, operational systems, financial management, risk controls, and implementation capacity, reflecting due diligence requirements associated with non-sovereign financing. These assessments are further supported through the use of structured risk assessment tools, including the Risk Assessment Tool (RAT), which assess governance, operational, financial, compliance, and implementation risks associated with private-sector counterparts. The RAT process also requires identification of mitigation measures, quality assurance review, monitoring arrangements, and escalation procedures aligned with risk severity.

Where capacity weaknesses are identified, non-sovereign intervention designs frequently include targeted advisory services or technical assistance to address these gaps. Such measures are often integrated into the overall transaction structure, either as stand-alone technical assistance

components or as complementary support linked to the financing instrument. Mitigation measures are expected to be specified within the RAT process and reflected in transaction approval documentation prior to IDIC review. This approach indicates that capacity analysis is actively used to inform both risk mitigation and the design of support measures in non-sovereign operations.

In contrast to sovereign or programme-level interventions, the linkage between identified capacity weaknesses and corresponding mitigation, monitoring, or support measures is generally clearer in non-sovereign operations, and the rationale for capacity support is more explicitly documented. However, while this practice is evident at transaction level, the documentation reviewed does not consistently clarify how lessons from non-sovereign capacity assessments are used to inform broader programme design or capacity-building approaches across the portfolio.

MI 5.4: Detailed risk (strategic, political, reputational, operational) management strategies ensure the identification, mitigation, monitoring, and reporting of risks

- Element 5.4-1. Intervention designs include a detailed analysis of and mitigation strategies for operational risk.
- Element 5.4-2. Intervention designs include a detailed analysis of and mitigation strategies for strategic risk.
- Element 5.4-3. Intervention designs include a detailed analysis of and mitigation strategies for political risk.
- Element 5.4-4. Intervention designs include a detailed analysis of and mitigation strategies for reputational risk.
- Element 5.4-5. Intervention design is based on contextual analysis including of potential risks of sexual abuse and other misconduct with respect to host populations.

Ratings

MI / Element	Rating	Confidence Level / Score
MI 5.4	3	
Element 5.4.1	3	Medium
Element 5.4.2	3	Medium
Element 5.4.3	3	Medium
Element 5.4.4	3	Medium
Element 5.4.5	3	Medium

MI 5.4 Evidence Documents

- United Nations Capital Development Fund (2024) “Enterprise Risk Management Policy”
- United Nations Capital Development Fund (2024) “Risk Appetite Statement”
- United Nations Capital Development Fund (2024) “Risk Appetite Statement Guidance”
- United Nations Capital Development Fund (2025) “Standard Operating Procedures for the Investment Process”
- United Nations Development Programme Office of Audit and Investigations (2023) “Audit of the United Nations Capital Development Fund”
- United Nations Capital Development Fund (2025) “Project Document: FinWise Ethiopia”
- United Nations Capital Development Fund (n.d.) “Project Document: FinWise Uganda”
- United Nations Capital Development Fund (2020) “Project Document: Leaving No One Behind in the Digital Era, Uganda”
- United Nations Capital Development Fund, United Nations Development Programme, and United Nations Environment Programme (2021) “Joint Programme Document: Investing in Coral Reefs and the Blue Economy, Fiji”
- United Nations Capital Development Fund (2023) “Project Document: Salone Access to Finance Programme, Sierra Leone”

- United Nations Capital Development Fund (2025) “Transaction Assessment Memo: Fiji Development Bank Credit Guarantee”

MI 5.4 Analysis

Element 5.4-1. Intervention designs include a detailed analysis of and mitigation strategies for operational risk.

Intervention designs incorporate structured operational risk analysis at the design stage, with strengthened governance and procedural guidance introduced during the review period to address previously identified control weaknesses.

Intervention designs across the reviewed sample consistently include structured risk registers and mitigation measures as part of project approval documentation, including projects approved prior to the 2024–2025 reforms. These risk registers typically cover operational sub-categories such as internal controls, procurement, human resources, fiduciary risk, and contextual risks, and identify mitigation measures and responsible parties. For example, the Ethiopia FSP DFS project uses its risk log to monitor fiduciary exposure associated with financial service providers operating in conflict-affected areas. Project documents also include “Risk Management Standard Clauses” that legally oblige implementing partners and sub-recipients to comply with UNCDF fiduciary standards and cooperate with audits and investigations.

At the same time, the 2023 internal audit identified weaknesses related to capital deployment, grants management, and oversight of loans and guarantees. These findings pointed to gaps in procedural clarity, documentation, and control effectiveness, rather than to the absence of risk identification mechanisms.

In response, UNCDF updated its Enterprise Risk Management framework (November 2024), clarified implementation of the Risk Appetite Statement, and introduced Investment Process Standard Operating Procedures (May 2025) to formalise appraisal, approval, disbursement, and escalation processes. Corporate guidance requires that operational risks be identified, assessed, documented, and monitored through risk registers, with mitigation measures defined where risks approach or exceed risk appetite. A follow-up audit in 2025 confirmed that UNCDF had implemented the agreed corrective actions and strengthened its governance and procedural framework. Given that the reviewed sample includes projects approved both before and after these reforms, it is premature to assess the full effect of these changes on operational risk practice across the portfolio.

Element 5.4-2. Intervention designs include a detailed analysis of and mitigation strategies for strategic risk.

Intervention designs include analysis and mitigation measures related to strategic and innovation risks, although these are generally embedded within theories of change, assumptions, implementation strategies, and project risk logs rather than consistently articulated as a standalone strategic risk category.

UNCDF’s Enterprise Risk Management framework does not consistently define strategic risk as a standalone category within the documentation reviewed. Instead, strategic risk considerations are primarily embedded through related categories—most notably innovation risk—as well as through project theories of change, assumptions, implementation strategies, and project risk logs.

In practice, this emphasis on innovation risk is reflected in intervention designs that prioritise experimentation, market testing, and adaptive implementation approaches, particularly in contexts where financial markets and institutions are underdeveloped. Project documentation reviewed demonstrates that risks associated with innovation—such as uncertain market uptake, crowding-in effects, or the viability of new financial instruments—are often articulated through theories of change, assumptions, and phased implementation strategies. These design features indicate that innovation-related strategic risks are recognised and managed substantively, even

where they are not explicitly framed as “strategic risk” within project-level risk analysis.

Element 5.4-3. Intervention designs include a detailed analysis of and mitigation strategies for political risk.

Intervention designs include identification and analysis of political risks at the design stage, with mitigation measures specified to address risks related to political instability, regulatory change, and changes in government commitment.

Corporate guidance recognises political risk as a distinct category, defined as risks arising from political decisions, instability, or regulatory change that may affect delivery or operating space. The Risk Appetite Statement outlines UNCDF’s tolerance for operating in diverse political contexts, subject to risk-informed decision-making and appropriate mitigation.

At the project level, political risks are identified and analysed through context analysis and project risk logs, particularly in fragile or conflict-affected environments. Project risk logs, for instance, specifically identify and score threats such as government turnover and regional instability. For example, the Ethiopia FSP DFS ProDoc details mitigation strategies for distribution networks operating in conflict-affected northern regions, where political instability directly impacts the physical and financial security of partners. Similarly, the Salone Access to Finance project in Sierra Leone identifies the “political economy” as a critical success factor, noting that the project must navigate governance challenges to effectively improve the business and investment climate and includes mitigation measures to address these risks.

Overall, the reviewed intervention designs demonstrate that political risks are explicitly identified and accompanied by mitigation strategies, although the depth of analysis varies across projects.

Element 5.4-4. Intervention designs include a detailed analysis of and mitigation strategies for reputational risk.

Intervention designs mitigate reputational risk primarily through partner due diligence, ESG screening, and fiduciary safeguards, but do not consistently articulate reputational risk as a distinct category within project-level risk analysis.

UNCDF’s ERM framework defines reputational risk as risks that may affect the organisation’s standing or credibility, including those arising from inappropriate partnerships, failure to meet stakeholder expectations, or negative project outcomes. The RAS establishes a minimal appetite for reputational risk.

At the project level, mitigation measures are embedded through partner due diligence processes, ESG screening, fiduciary safeguards, and grant conditions. However, reputational risk is not consistently articulated as a distinct category within project-level risk logs, suggesting that mitigation occurs indirectly rather than through a clearly delineated reputational risk analysis in design documentation. Reputational risk can be addressed through the use of the PCAT to vet partners before any funds are disbursed. A notable example of proactive reputational risk management occurred in the Fiji Project Revision (2025), where the project document was amended to reduce the scope from 30 sites to 10 following a reduction in donor funding. This adjustment was explicitly documented as a measure to avoid the reputational harm of failing to meet the highly aspirational targets of the original project design.

Element 5.4-5. Intervention design is based on contextual analysis including of potential risks of sexual abuse and other misconduct with respect to host populations

UNCDF applies UNDP’s Social and Environmental Standards to systematically assess and mitigate risks of sexual exploitation, abuse, and gender-based violence throughout the

project cycle, using risk-based screening, partner requirements, and UNDP institutional systems to prevent harm and protect affected populations.

UNCDF adopts and implements UNDP's Social and Environmental Standards (SES) and associated policies to ensure that all supported activities prevent harm and protect the rights, safety, and dignity of project-affected people. Within this framework, sexual exploitation and abuse (SEA) and broader gender-based violence (GBV) risks are treated as critical social safeguard issues and are systematically addressed across the project cycle.

Interview evidence indicates that SEA risk assessment is undertaken at the outset of a project or transaction, as part of the initial SES screening process. Where this screening identifies elevated SEA or misconduct risks, it triggers additional review and scrutiny during design and approval. In such cases, further analysis may be required and mitigation measures, conditions, or corrective actions may be incorporated into the intervention design prior to approval, reflecting a risk-based escalation approach rather than uniform treatment across all interventions.

The SES require implementing partners and contractors to assess SEA and GBV risks affecting women, men, girls, and boys in connection with all supported activities and to adopt appropriate mitigation measures. Key measures include integrating GBV risk prevention into project design; personnel screening; mandatory training and codes of conduct; differentiated measures to address unequal gender impacts; and the establishment of safe, confidential reporting mechanisms, survivor-centered referral pathways, and prompt investigation of allegations. Specific attention is given to risks associated with the influx of project workers, which may increase exposure to sexual violence and harassment.

UNCDF relies on UNDP institutional systems, including guidance, training, focal points, and escalation mechanisms, to support the application of SES requirements rather than operating independent SEA assessment or investigative functions.

MI 5.5: Intervention designs include the analysis of cross-cutting issues (as defined in KPI 2)

- Element 5.5.1: Approval procedures require an assessment of the extent to which cross-cutting issues have been integrated in the design.
- Element 5.5.2: Plans for intervention monitoring and evaluation include attention to cross-cutting issues.

Ratings

MI / Element	Rating	Confidence Level / Score
MI 5.5	2.5	
Element 5.5.1	3	Medium
Element 5.5.2	2	Low

MI 5.5 Evidence Documents

- United Nations Capital Development Fund (2021) "Strategic Framework 2022–2025"
- United Nations Capital Development Fund (2024 draft) "Draft Strategic Framework 2026–2029"
- United Nations Capital Development Fund (2024) "Integrated Results and Resources Matrix"
- United Nations Capital Development Fund (2025) "Pre-Assessment Memo Template"
- United Nations Capital Development Fund (2025) "Transaction Assessment Memo Template – Light Version"
- United Nations Capital Development Fund (2025) "Transaction Assessment Memo Template – Enhanced Version"
- United Nations Capital Development Fund (2025) "Standard Operating Procedures for the Investment Process"
- United Nations Capital Development Fund (2025) "Investment Strategy"

- United Nations Capital Development Fund (2022) “Gender Equality Strategy 2022–2025”
- United Nations Capital Development Fund (2024) “Strategic Framework Mid-Term Evaluation 2022–2025”
- United Nations Capital Development Fund (2026) “Evaluation Plan 2026–2029”
- United Nations Capital Development Fund (2021) “Strategic Framework Evaluation 2018–2021”
- United Nations Capital Development Fund (2025) “Project Quality Assurance Procedures”
- United Nations Capital Development Fund (n.d.) “Sustainable Food Systems Finance”
- United Nations Capital Development Fund (n.d.) “Financing for Food”

MI 5.5 Analysis

Element 5.5.1. Approval procedures require an assessment of the extent to which cross-cutting issues have been integrated in the design.

UNCDF’s programme and investment approval procedures require interventions to demonstrate alignment with corporate priorities and cross-cutting considerations, although the depth and consistency of integration varies across themes and interventions.

UNCDF’s programme and investment approval procedures include design-stage documentation that prompts teams to address cross-cutting issues through narrative alignment with corporate priorities. Project Documents and associated Project Quality Assurance (QA) Assessments require teams to explain how proposed interventions align with the Strategic Framework and its cross-cutting priorities. Investment documentation, including the PAM and TAM, similarly requires narrative explanation of strategic alignment and expected development impact. Alignment with corporate priorities is also discussed through project appraisal and investment committee review processes.

Based on the documentation reviewed, approval procedures most consistently engage with cross-cutting issues related to women’s economic empowerment, climate and environmental considerations, and inclusive digital economies. These areas are routinely referenced in strategic alignment narratives and reflected in design documentation, consistent with their prominence in UNCDF’s current and new Strategic Framework and results architecture.

Sustainable food systems finance appears to have remained a smaller and more exploratory area during the review period and was less consistently reflected within approval documentation than UNCDF’s more established focus areas. More broadly, the draft 2026–2029 Strategic Framework shifts away from a thematic framing toward three institutional capabilities—MSME finance, subnational finance, and digital finance—which may further reduce the emphasis on assessing thematic cross-cutting issues as distinct approval categories. Interview evidence nevertheless suggests that cross-cutting issue requirements in approval templates may at times function more as procedural alignment checks than as decisive drivers of substantive design choices.

Element 5.5.2. Plans for intervention monitoring and evaluation include attention to cross-cutting issues.

Intervention monitoring and evaluation plans include attention to cross-cutting issues through indicator disaggregation, thematic alignment, and evaluation coverage of programmes related to areas such as climate adaptation, digital inclusion, and food security. However, the extent to which cross-cutting issues are systematically assessed as contributors to outcome-level change varies.

UNCDF’s intervention-level monitoring and evaluation plans, as reflected in project documents

and alignment with the IRRM, provide for attention to cross-cutting issues primarily through indicator disaggregation, thematic classification and narrative reporting. This ensures that cross-cutting priorities—such as gender equality, climate and environmental considerations, and inclusive digital economies—are tracked for corporate reporting purposes. However, monitoring and evaluation plans as part of project documents focus predominantly on outputs, coverage and adoption, with limited articulation of how cross-cutting issues contribute to outcome-level change. Cross-cutting themes are generally reflected descriptively rather than embedded within theories of change or analytical evaluation frameworks, making it difficult to assess their substantive influence on results.

In addition, evaluation coverage during the review period has been largely limited to programme- and project-level evaluations. No thematic evaluations focused on cross-cutting issues were conducted during the period under review; the most recent such evaluation—the Independent Evaluation of UNCDF’s Strategic Framework and Gender Policy and Strategy—was published in 2021. This limits thematic synthesis across the portfolio, but programme- and project-level evaluations nevertheless provide coverage of cross-cutting areas where those themes are central to the intervention.

UNCDF’s 2026–2029 evaluation plan introduces a stronger focus on evaluating the organisation’s three core capabilities—MSME finance, subnational finance, and digital finance—which are broadly aligned with many of UNCDF’s principal operational and thematic priorities. The plan also indicates that evaluations will consider catalytic impact, sustainability, gender responsiveness, and Leaving No One Behind dimensions, including vulnerable populations and climate-related financing contexts. In addition, several planned programme and project evaluations relate substantively to cross-cutting areas, including climate adaptation, food security, and digital inclusion. However, cross-cutting issues are primarily incorporated indirectly through broader capability- or programme-based evaluations rather than through dedicated thematic evaluation frameworks, and the extent to which they will be systematically assessed remains unclear.

MI 5.6: Intervention designs include detailed and realistic measures to ensure sustainability (as defined in KPI 12).

- Element 5.6-1. Intervention designs include statement of critical aspects of sustainability, including institutional framework, resources and human capacity, social behaviour, technical developments and trade, as appropriate
- Element 5.6-2. Intervention design defines key elements of the enabling policy and legal environment that are required to sustain expected benefits from successful implementation.
- Element 5.6-3. The critical assumptions that underpin sustainability form part of the approved monitoring and evaluation plan.
- Element 5.6-4. Where shifts in policy and legislation are needed to promote the sustainability of future investments, opportunities are identified to address these needs through upstream activities and advisory services.

Ratings

MI / Element	Rating	Confidence Level / Score
MI 5.6	2.5	
Element 5.6.1	2	Medium
Element 5.6.2	3	Medium
Element 5.6.3	2	Medium
Element 5.6.4	3	Medium

MI 5.6 Evidence Documents

- United Nations Capital Development Fund (2025) “Pre-Assessment Memo Template”
- United Nations Capital Development Fund (2025) “Transaction Assessment Memo Template”
- United Nations Capital Development Fund (2023) “Municipal Investment Facility Evaluation”
- United Nations Capital Development Fund (2023) “Final Evaluation Report: Africa Policy Accelerator Programme”
- United Nations Capital Development Fund (2024) “Migration and Remittances Programme Mid-Term Evaluation”
- United Nations Capital Development Fund (2025) “Project Document: FinWise Ethiopia”
- United Nations Capital Development Fund (n.d.) “Project Document: FinWise Uganda”
- United Nations Capital Development Fund (2020) “Project Document: Leaving No One Behind in the Digital Era, Uganda”
- United Nations Capital Development Fund, United Nations Development Programme, and United Nations Environment Programme (2021) “Joint Programme Document: Investing in Coral Reefs and the Blue Economy, Fiji”
- United Nations Capital Development Fund (2023) “Project Document: Salone Access to Finance Programme, Sierra Leone”
- United Nations Capital Development Fund (2025) “Transaction Assessment Memo: Fiji Development Bank Credit Guarantee”

MI 5.6 Analysis

[Element 5.6-1. Intervention designs include statement of critical aspects of sustainability, including institutional framework, resources and human capacity, social behaviour, technical developments and trade, as appropriate](#)

Intervention designs articulate sustainability in line with UNCDF’s catalytic mandate, framing it in terms of institutionalisation, market uptake and partner continuation rather than continued UNCDF delivery, though the depth and structure of analysis vary across projects and instruments.

Across the project documents, sustainability considerations are explicitly addressed at the design stage. Several Project Documents include a dedicated section on sustainability, typically focusing on the continuation of benefits beyond UNCDF support and the potential for scaling or replication. In addition, sustainability-related dimensions—such as institutional arrangements and ownership, resource availability and human capacity, behavioural assumptions, and technical systems—are embedded throughout Project Documents, including in sections on implementation arrangements, risk management, stakeholder engagement and theories of change.

In line with UNCDF’s catalytic mandate, sustainability in intervention design is not framed as continued UNCDF delivery or permanent institutional presence. Rather, it is understood as the institutionalisation of mechanisms within national systems, replication of approaches, continued implementation by public or private actors, or crowding-in of financing once proof of concept has been demonstrated. Partnerships are therefore central to the sustainability logic embedded in intervention design. This framing corresponds to the evaluative evidence reviewed under KPI 12, which indicates that sustainability across UNCDF’s portfolio is typically contingent on institutional uptake, continued financing, and capacity retention rather than assured by design alone.

These sustainability dimensions are therefore integrated across project design in a manner consistent with UNCDF’s catalytic approach, rather than consolidated within a single structured sustainability assessment framework. However, the project documents from sample countries show sustainability considerations are primarily described narratively. The depth and balance of coverage across institutional, human, behavioural, technical and market-related dimensions varies across projects, and there is no consistent requirement to assess these dimensions in a structured or comparable manner.

The treatment of sustainability also varies depending on the instrument used. For investment

operations, sustainability considerations are embedded within the Pre-Assessment Memo (PAM) and Transaction Assessment Memo (TAM) templates. These templates require articulation of development impact, market additionality, financial viability, governance capacity, risk mitigation and exit strategy. In this context, sustainability is primarily framed in terms of the financial and operational sustainability of the investee entity, systemic market effects, and ESG compliance. However, the templates do not require a consolidated analysis of sustainability across institutional, behavioural, technical and resource dimensions as a structured framework. Rather, these dimensions are addressed indirectly through risk analysis, financial modelling and exit considerations. Notably, for investment operations, this provides a relevant sustainability lens, as the continuation of benefits depends on investee viability, additionality, market effects, risk mitigation and a credible exit or crowding-in pathway.

Element 5.6-2. Intervention design defines key elements of the enabling policy and legal environment that are required to sustain expected benefits from successful implementation.

Intervention designs identify the policy and legal conditions required to sustain expected benefits, either by treating the enabling environment as a contextual prerequisite or by directly targeting regulatory and institutional reform as part of the intervention logic.

The project documents reviewed describe the policy, legal and regulatory environment relevant to intervention design though the depth and placement of this analysis varies by intervention type. Across the sample, interventions are situated within national development strategies, sector policies, and regulatory frameworks, and policy or regulatory conditions are identified as relevant to the sustainability of expected benefits.

For investment-oriented interventions, policy and legal considerations are most commonly reflected through risk registers, assumptions, and compliance requirements, where dependencies on regulatory stability, supervisory capacity, or government policy decisions are identified as potential risks to implementation or sustainability. In these cases, the enabling policy and legal environment functions primarily as a contextual condition that must hold for results to be sustained, rather than as a direct object of change.

By contrast, for systems-change or technical assistance interventions, project documentation more explicitly articulates the policy and legal environment within the problem analysis and intervention rationale. In these cases, strengthening the enabling environment—through policy dialogue, regulatory reform, or institutional coordination—is often framed as a core objective of the intervention itself, with advisory services or technical assistance designed to support changes in policy, regulation, or institutional practice.

Regulatory and policy considerations are also reflected in background analysis and risk registers, where dependencies on policy adoption, regulatory change or institutional compliance are identified. Overall, the documentation demonstrates that intervention designs take the enabling policy and legal environment into account, either as a contextual condition for sustainability or as an intended area of change.

Element 5.6-3. The critical assumptions that underpin sustainability form part of the approved monitoring and evaluation plan.

Whilst critical assumptions that underpin sustainability are included in project documents, these are not systematically translated into monitoring and evaluation plans.

Project documents from sample countries show critical assumptions related to sustainability, most commonly within theories of change, risk registers and assumptions matrices. These

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assumptions include expectations regarding institutional performance, partner capacity, behavioural adoption by end users, regulatory continuity and continued availability of resources.

Sustainability-related assumptions are not systematically translated into monitoring and evaluation plans as testable or measurable elements. Monitoring frameworks focus primarily on outputs and short-term outcomes, with limited provision for assessing sustainability over time. While some output and outcome indicators may indirectly contribute to sustainability—such as capacity-building metrics or product uptake—monitoring plans do not consistently include explicit indicators, milestones or validation mechanisms designed to test whether the critical assumptions underpinning sustainability are holding during implementation.

At the same time, sustainability-related assumptions are not entirely absent from monitoring processes. In practice, these assumptions are often operationalized as risks or contextual factors and are tracked indirectly through risk registers, periodic project reviews, and corporate planning processes such as the annual work planning (AWP) exercise. As part of this process, project teams review and update risk registers, results frameworks and data monitoring plans, providing an opportunity to reassess assumptions underpinning project performance and sustainability. These mechanisms enable teams to assess factors affecting progress, changes in context, and risks to implementation, which correspond in part to the assumptions identified at design stage. However, this monitoring remains indirect and varies in depth and consistency across projects, and is not systematically embedded within formal monitoring and evaluation plans.

Independent evaluations reviewed reinforce this pattern, noting that while sustainability is often an explicit objective—particularly in policy- and institution-focused interventions—the ability to assess sustainability is constrained by project timeframes, limited outcome–impact linkages and the absence of dedicated resources or mechanisms to assess sustainability beyond implementation.

Element 5.6-4. Where shifts in policy and legislation are needed to promote the sustainability of future investments, opportunities are identified to address these needs through upstream activities and advisory services.

UNCDF intervention designs recognise that sustainability of investments often depends on shifts in policy and legislative frameworks and therefore embed upstream advisory services and policy engagement as integral components of programme strategy.

Upstream advisory services and policy engagement are a core and deliberate component of intervention design, particularly in programmes where sustainability depends on changes to regulatory frameworks, institutional arrangements or market rules. In several cases, influencing the policy or legal environment is not ancillary but constitutes a primary objective of the intervention itself.

Project designs explicitly include activities such as technical assistance to regulators and public institutions, support to policy and regulatory development, capacity building for implementation and oversight bodies, and structured policy dialogue. These upstream activities are presented as necessary to ensure that investments, market mechanisms or institutional reforms can be sustained beyond the period of UNCDF support.

Independent evaluations reviewed reinforce this design logic. Programme-level evaluations confirm that UNCDF routinely combines financing and implementation support with upstream policy and institutional engagement, and that such engagement is central to the sustainability of results. Evaluations highlight that UNCDF's approach relies on addressing enabling conditions through advisory services as a prerequisite for durable outcomes.

MI 5.7: Institutional procedures (including systems for hiring staff, procuring project inputs,

disbursing payment, logistical arrangements etc.) positively support speed of implementation and adaptability in line with local contexts and needs

- Element 5.7-1. The MO has clear internal procedures for approving investments and other operations and managing disbursements in line with legal agreements.
- Element 5.7-2. Institutional procedures are adaptable to local contexts and needs.
- Element 5.7-3. The MO has a system in place to ensure operations are implemented in accordance with internal policies and pre-agreed conditions in legal agreements.
- Element 5.7-4. The MO has systems and targets in place to manage processing and implementation timelines in line with institutional targets.

Ratings

MI / Element	Rating	Confidence Level / Score
MI 5.7	2.75	
Element 5.7.1	3	Medium
Element 5.7.2	2	Low
Element 5.7.3	3	Medium
Element 5.7.4	3	Medium

MI 5.7 Evidence Documents

- United Nations Capital Development Fund (2025) “Standard Operating Procedures for the Investment Process”
- United Nations Capital Development Fund (2025) “Supplementary Guidelines to the United Nations Development Programme Programme and Operations Policies and Procedures”
- United Nations Capital Development Fund (2021) “Strategic Framework Evaluation 2018–2021”
- United Nations Capital Development Fund (2024–2025) “Delivery Presentations”
- United Nations Capital Development Fund (2024) “Integrated Results and Resources Matrix”
- United Nations Capital Development Fund (2025) “Project Document: FinWise Ethiopia”
- United Nations Capital Development Fund (n.d.) “Project Document: FinWise Uganda”
- United Nations Capital Development Fund (2020) “Project Document: Leaving No One Behind in the Digital Era, Uganda”
- United Nations Capital Development Fund, United Nations Development Programme, and United Nations Environment Programme (2021) “Joint Programme Document: Investing in Coral Reefs and the Blue Economy, Fiji”
- United Nations Capital Development Fund (2023) “Project Document: Salone Access to Finance Programme, Sierra Leone”

MI 5.7 Analysis

Element 5.7-1. The MO has clear internal procedures for approving investments and other operations and managing disbursements in line with legal agreements.

UNCDF has established formal internal procedures governing the approval of investments and other operations, as well as the management of disbursements in line with legal and fiduciary requirements.

UNCDF has established formal and clearly articulated internal procedures for approving

investments and other operations and for managing disbursements in line with legal agreements. The Investment Process SOP defines the end-to-end investment cycle, including origination, appraisal, approval, disbursement, monitoring and exit, with clearly specified roles, approval authorities and decision points. The Supplementary Guidelines to POPP complement this framework by setting out mandatory fiduciary, legal, risk management and compliance requirements applicable across UNCDF operations.

The current procedural framework reflects significant institutional reform following findings from an 2023 OAI Audit, which identified gaps in UNCDF's policies and procedures—particularly in relation to grants and engagements with private sector entities. In response, UNCDF clarified its working arrangements and administrative collaboration with UNDP, including through the signing of an Administrative and Accountability Arrangement (AAA) in January 2024, and approved revised Supplementary Guidelines in January 2025. According to the follow-up audit, roles and responsibilities under this revised framework have been clearly defined and documented, and implementation of the new arrangements was underway at the time of review.

During this reform period, UNCDF temporarily paused certain disbursements, particularly for grants to private sector entities, while the required policies and procedures were being developed and approved. The pause had operational implications, which are reflected in qualitative feedback from country- and regional-level interviews and in open-ended survey responses, where respondents note delays and procedural complexity during the transition period.

Element 5.7-2. Institutional procedures are adaptable to local contexts and needs.

UNCDF's institutional framework incorporates formal mechanisms to tailor interventions to local contexts, but the adaptability of operational procedures is experienced unevenly across settings.

UNCDF's institutional procedures allow adaptation to local contexts primarily through design-stage structuring and differentiated implementation modalities. The Investment Process SOP provides flexibility in the choice and structuring of instruments, sequencing of transactions, calibration of conditions precedent, and design of risk mitigation measures, allowing interventions to be tailored to local market maturity, regulatory environments and partner capacity.

Project documents reviewed demonstrate that this adaptability is applied in practice through country-specific implementation arrangements, differentiated roles for public and private partners, and tailored technical assistance and capacity-building components aligned with local institutional and market conditions.

Adaptability, however, is shaped not only at the design stage but also by operational procedures governing recruitment, procurement, financial management and disbursement. Many of these functions are implemented through UNDP systems and policies under the Administrative and Accountability Arrangement. UNCDF relies on UNDP's enterprise resource planning system (Quantum), procurement platforms and financial management procedures for core operational processes. These systems provide standardised controls and digital workflows intended to enhance efficiency, accountability and consistency across contexts.

Open-ended survey feedback presents a mixed picture of how these procedures are experienced in practice. Many respondents describe UNCDF as responsive and pragmatic in adapting to local realities. At the same time, a recurring theme in narrative comments concerns perceived administrative burden and delays—particularly in partner engagement with the private sector, approval steps and reporting requirements—which some respondents characterise as bureaucratic or time-consuming. Several comments also point to staffing constraints and limited in-country presence as factors affecting implementation speed and flexibility.

Some concerns relating to delays in approvals and private sector engagement may also reflect the temporary pause in certain disbursements during the reform period, when updated policies

governing private sector instruments were being finalised (see Element 5.7-1). This time-bound institutional adjustment had operational implications in some contexts.

Overall, while UNCDF's institutional framework provides structured mechanisms for contextual tailoring—particularly at the design stage—the perceived efficiency and adaptability of operational procedures vary across settings and stakeholders.

Element 5.7-3. The MO has a system in place to ensure operations are implemented in accordance with internal policies and pre-agreed conditions in legal agreements.

UNCDF has strengthened its control environment to ensure that operations are implemented in accordance with approved internal procedures and the terms of legal agreements, with defined oversight, verification and corrective action mechanisms

2023 audit findings identified weaknesses in the consistent application of UNCDF's internal procedures, including gaps in documentation, control processes and adherence to established requirements during implementation. These findings relate to the effectiveness of procedural compliance in practice rather than the absence of formal systems.

In response, UNCDF has taken steps to strengthen implementation controls and clarify procedural requirements. The Investment Process SOP and the Supplementary Guidelines to POPP now more clearly articulate compliance checkpoints across the operational lifecycle, including verification of conditions precedent, monitoring of covenants, escalation mechanisms and corrective actions where agreed conditions are not met.

Project and investment documentation reviewed reflects these strengthened requirements through the inclusion of explicit disbursement conditions, risk registers, reporting obligations and contractual clauses linked to legal agreements. Together, these measures establish a structured control environment designed to ensure that operations are implemented in accordance with approved internal procedures and the terms of legal agreements, with defined oversight, verification and corrective action mechanisms.

The Follow-up Audit conducted in September 2025 and issued in January 2026 confirmed that all 10 audit recommendations from the 2023 audit had been fully implemented, resulting in a 100 per cent implementation rate. The audit verified that UNCDF had clarified its administrative arrangements with UNDP and approved the new Supplementary Guidelines. It further confirmed that roles and responsibilities were clearly defined and being implemented, that standardized agreement templates and compliance clauses were consistently used, and that strengthened oversight, risk management, and monitoring systems were in place and functioning.

Element 5.7-4. The MO has systems and targets in place to manage processing and implementation timelines in line with institutional targets.

UNCDF has systems, operational targets, and management processes in place to monitor processing and implementation timelines, including transaction-level benchmarking and delivery tracking for investment operations.

UNCDF maintains internal systems to monitor financial delivery and implementation progress across its portfolio. Delivery is tracked through periodic management dashboards and presentations that compare actual expenditure and obligations against approved Annual Work Plans, disaggregated by practice area, region and project. These materials also identify under-performing projects and compare delivery trends across years. The format and content of these delivery reports evolved between 2024 and 2025, indicating ongoing refinement of internal performance monitoring.

As discussed under Element 4.2.2, UNCDF tracks planned versus actual delivery and disbursement timelines through annual work plans, portfolio monitoring systems, transaction-level tracking tools, and regular management review processes. Additional evidence reviewed also indicates the use of operational benchmarks for selected investment transaction stages, including negotiation, signature, and disbursement timelines, with target and actual processing times monitored through stocktaking exercises.

KPI 6: Working in coherent partnerships directed at leveraging and catalysing the use of resources

Ratings

KPI / MI	Rating	Score
KPI 6	S	2.78
MI 6.1	S	3
MI 6.2	S	3.2
MI 6.3	S	2.75
MI 6.4	S	2.67
MI 6.5	S	2.67
MI 6.6	S	3
MI 6.7	S	2.83
MI 6.8	U	2.33
MI 6.9	S	2.6

MI 6.1: Planning, programming and approval procedures enable agility in partnerships when conditions change

- Element 6.1.1: Procedures in place to encourage joint planning and programming.
- Element 6.1.2: Mechanisms, including budgetary, in place to allow programmatic changes and adjustments when conditions change.
- Element 6.1.3: Institutional procedures for revisions permit changes to be made at the appropriate level to ensure efficiency

Ratings

MI / Element	Rating	Confidence Level / Score
MI 6.1	3	
Element 6.1.1	3	Medium
Element 6.1.2	3	Medium
Element 6.1.3	3	Medium

MI 6.1 Evidence documents

- United Nations Capital Development Fund (2021) “Strategic Framework 2022–2025”
- United Nations Capital Development Fund (2024) “Annual Report 2024”
- United Nations Capital Development Fund (2025) “Supplementary Guidelines to the United Nations Development Programme Programme and Operations Policies and Procedures”
- United Nations Capital Development Fund (2025) “Pre-Assessment Memo Template and Guidance”
- United Nations Capital Development Fund (2025) “Transaction Assessment Memo Template and Guidance”
- United Nations Development Programme Office of Audit and Investigations (2023) “Audit of the United Nations Capital Development Fund”
- United Nations Capital Development Fund, United Nations Development Programme, and United Nations Environment Programme (2020) “Joint Programme Document: Investing in

Coral Reefs and the Blue Economy, Fiji”

- United Nations Capital Development Fund and United Nations Development Programme (2025) “Aligning Policy and Capital: A Joint United Nations Development Programme–United Nations Capital Development Fund Offer Leveraging Country-Led Financing Arrangements”

MI 6.1 Analysis

Element 6.1.1 Procedures in place to encourage joint planning and programming.

UNCDF has formal procedures and institutional arrangements in place to support joint planning and programming, particularly within UNDP.

UNCDF places strong institutional emphasis on partnerships and joint programming as a core element of its operating model, particularly within the UN system. Strategic documentation and corporate reporting consistently frame joint programming with UN entities as central to achieving scale, leveraging resources, and delivering results in complex and resource-constrained contexts. This emphasis extends to collaboration with governments, development finance institutions, donors and private sector partners, positioning UNCDF as a catalytic actor operating through partnerships rather than standalone delivery.

This commitment is reinforced in UNCDF's corporate results framework. The IRRM includes indicators and narrative framing that explicitly track partnerships, co-financing and leveraged resources, signalling that joint programming and collaboration are treated as corporate priorities and are monitored at organisational level. Recent joint UNDP–UNCDF strategic documentation further positions joint programming and country-led financing arrangements as central to UNCDF's operating approach, including through shared governance structures, joint financing task teams, integrated planning processes, and coordinated impact reporting mechanisms.

At the procedural level, UNCDF's design and approval tools require articulation of partnership arrangements, governance structures, implementation roles, coordination mechanisms, and strategic alignment within programme and investment proposals. The PAM requires teams to describe partnership arrangements, roles of implementing and financing partners, and coordination mechanisms at concept stage. The TAM similarly requires articulation of partner roles, governance and implementation arrangements, and justification for partner selection. Together, these tools enable joint programming considerations to be incorporated into programme and investment designs submitted for approval.

Programme-level documentation further illustrates that joint planning and programming occur in practice in parts of the portfolio, including through joint steering structures, coordination mechanisms with national counterparts, and alignment with broader UN or government-led initiatives. For example, the Investing in Coral Reefs and the Blue Economy programme in Fiji is implemented jointly by UNDP, UNEP and UNCDF under a single joint programme document and governance structure. The programme includes a joint steering committee, shared results framework and coordinated implementation arrangements across the participating UN entities. More recent UNDP–UNCDF joint strategic documentation also reflects increasing formalisation of joint planning approaches through shared governance arrangements, integrated pipeline development processes, and coordinated monitoring and reporting structures supporting country-led financing initiatives

Country interview evidence further indicates that joint planning and programming occurs regularly in practice in several country contexts, particularly through close operational engagement with UNDP and other UN entities. Interviewees across the sample countries described these arrangements as largely organic and driven by personalities, practical complementarities and implementation needs, rather than by formalised or prescriptive corporate procedures. Joint engagement was characterised as driven by operational necessity and comparative strengths, rather than by prescriptive corporate requirements.

Interviewees also noted that UNCDF's evolving strategic direction—particularly the shift away from a predominantly TA product offering towards a greater focus on loans, guarantees and other financial instruments—has begun to change the nature of its relationship with UNDP. Whereas

earlier engagement was at times perceived as being in competition for donor funding, recent changes were described as resulting in clearer complementarities and a stronger basis for collaboration.

Element 6.1.2

Mechanisms, including budgetary, in place to allow programmatic changes and adjustments when conditions change.

UNCDF has formal procedural and budgetary mechanisms in place to process programmatic and financial adjustments when implementation conditions change, including defined amendment procedures, approval pathways, and delegated authorities.

UNCDF applies UNDP POPP procedures for programme and project revisions and has further formalised amendment, review, clearance, and approval responsibilities through its internal “Roles and Responsibilities for Key Business Processes” framework. This framework establishes procedures for both minor and substantive project amendments, including budget revisions, time extensions, changes to implementation arrangements, and revisions linked to changing development contexts or emerging evidence.

At the same time, both interview and evaluative evidence indicates that interventions have, in practice, been amended during implementation. The quarterly portfolio reviews and Annual Work Program discussions were described as checkpoints used to make implementation adjustments particularly under the new structure. Similarly, programme- and project-level evaluations describe changes to activities, sequencing, implementation arrangements and, in some cases, programme scope. These adjustments are typically explained in evaluations as responses to contextual changes, implementation challenges, donor requirements or management decisions, indicating that revisions to approved interventions do occur. Together, the evidence indicates that UNCDF has increasingly formalised mechanisms for processing programmatic and budgetary changes, including through delegated approval structures and amendment procedures embedded within its evolving operational framework.

Element 6.1.3

Institutional procedures for revisions permit changes to be made at the appropriate level to ensure efficiency.

UNCDF operates under a structured revision framework, grounded in UNDP’s POPP and supplemented by UNCDF-specific guidance for financial instruments, which defines approval authorities and escalation thresholds for programme and project changes.

Institutional procedures governing programme and project revisions are defined in UNDP’s POPP, which apply to UNCDF, and are further elaborated in UNCDF’s Supplementary Guidelines for loan and guarantee instruments (effective January 2025). Revision decisions are formally documented through revised project documentation, amendment request forms, approval endorsements, and system records maintained in Quantum and Quantum+.

Under the POPP framework, defined tolerance provisions allow project managers to operate within agreed budget deviations—normally up to 10 percent at activity level—without escalating decisions to higher authority. Substantive project revisions (e.g., changes to design, theory of change, implementing partner or results framework) require agreement of project signatories and recording in revised documentation and board minutes. Budget revisions affecting outputs, duration or total cost require formal revision agreed by the original signatories. Programme-level changes may be approved by the programme board in defined circumstances, while more significant amendments or extensions beyond one year require Administrator or Executive Board approval.

For loan and guarantee instruments, the Supplementary Guidelines establish explicit governance

thresholds and approval authorities. For example, loan rescheduling requires a signed amendment to the original agreement; loan write-offs up to USD 100,000 are approved by the Chief Financial Officer (with required clearances), while write-offs above that threshold require approval by the Executive Secretary; and suspension waivers must be approved in writing by the Executive Secretary. Deviations from approved agreement templates also require Executive Secretary approval and legal clearance.

Taken together, these provisions indicate that authority for revisions is differentiated by materiality and instrument type, with defined escalation thresholds. Both interviews and evaluative evidence indicate that revisions to interventions have occurred during implementation, suggesting that decisions to approve changes are operational. Monitoring of revisions occurs through Project Boards, annual work planning and progress reviews, and corporate oversight functions, including the Operations and Oversight Division and Middle Office arrangements. However, UNCDF does not currently maintain a consolidated corporate dataset on the frequency of revisions or associated processing times across the portfolio, although the rollout of Quantum+ is expected to strengthen systematic tracking.

MI 6.2: Partnerships based on an explicit statement of comparative or collaborative advantage e.g. technical knowledge, convening power/partnerships, policy dialogue/advocacy.

- Element 6.2.1: Corporate documentation contains a clear and explicit statement on the collaborative advantage that the organisation intends to realise through a given partnership.
- Element 6.2.2: Statement of comparative advantage is linked to clear evidence of organisational capacities and competencies as it relates to the partnership.
- Element 6.2.3: Resources/competencies needed for intervention area(s) are aligned to the perceived comparative or collaborative advantage.
- Element 6.2.4: Comparative or collaborative advantage is reflected in the resources (people, information, knowledge, physical resources, networks) that each partner commits (and is willing) to bring to the partnership.
- Element 6.2.5: [UN] Guidance on implementing the Management and Accountability Framework exist and is being applied.

Ratings

MI / Element	Rating	Confidence Level / Score
MI 6.2	3.2	
Element 6.2.1	4	Medium
Element 6.2.2	3	Medium
Element 6.2.3	3	Medium
Element 6.2.4	3	Medium
Element 6.2.5	3	Medium

MI 6.2 Evidence documents

- United Nations Capital Development Fund (2021) “Strategic Framework 2022–2025”
- United Nations Capital Development Fund (2024) “Resource Mobilization Strategy 2024–2025”
- United Nations Capital Development Fund (2023) “Resource Mobilization Strategy”
- United Nations Capital Development Fund (2024) “Annual Report 2024”
- United Nations Development Programme and United Nations Capital Development Fund (2024) “Administrative Arrangements Agreement”
- United Nations Development Programme (2024) “Delegation of Authority to the Executive Secretary of the United Nations Capital Development Fund”
- United Nations Capital Development Fund (2017) “Third-Party Donor / Government Financing Agreement Template”
- United Nations Capital Development Fund (2025) “Internal Communications on the United

Nations Capital Development Fund–United Nations Development Programme Partnership and Operationalisation of Agreements”

- United Nations Capital Development Fund (2024) “Project Document: FinWise: Last Mile Capital for Inclusive Growth in Uganda”
- United Nations Capital Development Fund (2023) “Project Document: Salone Access to Finance Project, Sierra Leone”
- United Nations Capital Development Fund (2024) “Migration and Remittances Programme Mid-Term Evaluation”

MI 6.2 Analysis

Element 6.2.1

Corporate documentation contains a clear and explicit statement on the collaborative advantage that the organisation intends to realise through a given partnership.

UNCDF has articulated a clear, organisation-wide understanding of the collaborative advantage it seeks to realise through partnerships, particularly through its catalytic financing role within the UN system and broader development finance architecture.

UNCDF’s corporate documentation contains a clear and explicit articulation of its intended comparative and collaborative advantage in partnerships. The Strategic Framework 2022–2025 defines UNCDF as the UN flagship catalytic financing entity for least developed countries, with a distinctive mandate to deploy concessional finance, blend public and private capital, and operate in higher-risk and last-mile contexts. The Framework positions partnerships as the primary mechanism through which this advantage is realised, emphasising complementarity within the UN development system and with international and development finance institutions rather than standalone delivery.

The Framework structures UNCDF’s collaborative advantage primarily in terms of financing capabilities rather than thematic mandates, underscoring its role in de-risking, piloting and demonstrating models that can later be scaled by partners with larger balance sheets or operational reach. Partnerships with UN entities, governments, development finance institutions and private sector actors are described as vehicles for combining UNCDF’s financing instruments with partners’ policy, sectoral or delivery strengths. The Annual Report 2024 reflects this positioning

by reiterating UNCDF's catalytic role and by referencing evaluative findings that underscore the importance of clearer strategic positioning and articulation of comparative advantage within the broader development finance landscape. In practice, this collaborative advantage is meant to be operationalised through partnership arrangements in which UNCDF provides risk-absorbing capital, concessional finance, guarantees, blended finance structures, and financial structuring expertise to complement partners' upstream policy, convening, implementation, or sectoral roles.

UNCDF's articulation of collaborative advantage is particularly clear in relation to its partnership with UNDP. Corporate documentation consistently presents UNDP as UNCDF's primary operational partner within the UN system, reflecting UNCDF's role as a non-resident entity that relies on UNDP's country office network and Resident Representatives for country-level engagement. This arrangement positions UNCDF to contribute catalytic financing instruments and investment expertise within UNDP-led country processes, while leveraging UNDP's convening role, policy engagement and operational presence.

Overall, UNCDF has articulated and increasingly operationalised a clear organisation-wide understanding of the collaborative advantage it seeks to realise through partnerships, particularly through catalytic financing, blended finance structures, and complementary roles within the broader development finance system.

Element 6.2.2

Statement of comparative advantage is linked to clear evidence of organisational capacities and competencies as it relates to the partnership.

UNCDF presents a coherent statement of comparative advantage linked to its financing competencies and organisational reforms, though the extent to which this advantage can be operationalised is contingent on resource mobilisation and institutional positioning.

UNCDF's corporate documentation links its stated comparative and collaborative advantage to its mandate, operating model and intended organisational capacities. The Strategic Framework 2022–2025 associates UNCDF's partnership role with its ability to deploy catalytic and blended finance instruments, combine finance with technical assistance, and operate in higher-risk and last-mile contexts. These capabilities are presented as the basis for UNCDF's complementary role within the UN development system and alongside international and development finance institutions.

This articulation is broadly aligned with the organisation's ongoing reform and restructuring agenda. Recent corporate documentation describes efforts to strengthen and decentralise operational capacity, refine organisational focus, and better align internal structures with UNCDF's financing-led partnership model. These changes are framed as necessary to support UNCDF's comparative advantage as a catalytic financing platform rather than a traditional programme delivery organisation.

At the same time, interviews with UNCDF staff and corporate documents — particularly the Resource Mobilization Strategy 2024–2025 — acknowledge that its ability to realise this comparative advantage is contingent on securing adequate and predictable resources. The strategy explicitly recognises that existing funding levels and modalities (primarily non-core funding) constrain the organisation's capacity to fully deliver on its partnership ambitions and that partnerships and resource mobilisation are not only a means of delivery, but also a prerequisite for sustaining and scaling UNCDF's operating model.

As such, while UNCDF's stated comparative advantage is coherent with its mandate, strategic direction and intended organisational capacities, the documentation indicates that this advantage

is conditional, relying on successful mobilisation of external resources, particularly unearmarked, and partnerships to translate intent into operational capacity.

Stakeholder consultations suggest that this funding configuration also affects institutional positioning. UNCDF's relatively low profile and non-resident operating model were cited as limiting visibility and pipeline development in some contexts, while capacity constraints within UNDP country offices — including competing demands on Resident Representatives and limited familiarity with UNCDF's financial instruments — may affect depth of integration. Greater access to its own predictable and deployable resources would strengthen UNCDF's ability to signal commitment, convene partners and shape financing opportunities proactively, rather than relying primarily on earmarked, project-based financing streams.

Taken together, this suggests that UNCDF's comparative advantage is contingent not only on sustained internal reform and intended competencies, but also on its success in mobilising funding modalities that support sustained, strategic deployment of capital and stronger institutional positioning within the UN system and development finance landscape.

Element 6.2.3

Resources/competencies needed for intervention area(s) are aligned to the perceived comparative or collaborative advantage.

Evidence indicates that UNCDF is actively realigning its skills base and resource configuration to support its comparative advantage as a catalytic financing actor, though full alignment remains in progress.

UNCDF's corporate documentation indicates a deliberate shift to align staff resources and competencies with its intended comparative advantage as a catalytic financing platform. This shift encompasses both the skill composition of personnel and the allocation of financial resources required to sustain a financing-led operating model. As set out in the Strategic Framework 2022–2025 and reinforced in subsequent corporate materials, UNCDF is repositioning itself away from a model centred primarily on technical assistance and grant management toward one focused on structuring, deploying and scaling financing and investment products in partnership with other actors.

This strategic shift is reflected in organisational reforms towards a front-, middle- and back-office model in support of investment and financial operations. Corporate documentation describes efforts to reconfigure organisational structures, decentralise capacity, and recruit profiles aligned with investment origination, structuring, risk management and portfolio oversight. These changes are framed as necessary to support UNCDF's partnership model, which relies on its ability to bring financing instruments and financial expertise into collaborative arrangements. In particular, the transition reflects a move toward specialised competencies in investment origination, credit risk analysis, financial modelling and portfolio management — capabilities directly aligned with UNCDF's stated comparative advantage as a catalytic financing actor rather than a primarily grant-based implementer.

Importantly, these reforms have moved from design into implementation. There has already been a significant number of staff recruited based on the new organization structure and skills required. A follow-up audit to the 2023 audit—which had identified deficiencies in organisational systems, capacity alignment and supporting processes—issued in January 2026, showed 100% implementation of recommendations. Taken together, this evidence indicates that UNCDF is actively pursuing closer alignment between its competencies and strategic ambitions and has completed corrective action to address previously identified gaps. However, implementation of the new operating model remains ongoing, and it is therefore too early to conclude that full alignment has been achieved.

Alignment of competencies must also be considered alongside financial resources. As noted under Element 6.2.2, the financing-led operating model depends on securing adequate and

predictable funding not only to deploy capital, but also to sustain specialised staff positions, build in-house investment and risk management capabilities, and maintain institutional continuity. Without sufficient flexible core resources, both the deployment of financial instruments and the retention and development of specialised competencies may be constrained in practice.

At this stage, while the direction of travel is clear and consistent with UNCDF's stated comparative advantage, the evidence does not yet demonstrate that resource and competency alignment has been fully realised across the organisation. The reforms are recent, staffing is still underway, and it is therefore too early to assess whether the reconfigured structures and competencies are sufficient to support the scale and complexity of UNCDF's partnership and investment ambitions in practice.

Element 6.2.4

Comparative or collaborative advantage is reflected in the resources (people, information, knowledge, physical resources, networks) that each partner commits (and is willing) to bring to the partnership.

UNCDF's corporate guidance describes partnerships as structured around differentiated contributions, with each partner expected to bring specific financial, technical or institutional resources aligned to UNCDF's catalytic financing role.

UNCDF's corporate documentation indicates that partnerships are structured around differentiated partner contributions, consistent with its stated collaborative advantage as a catalytic financing platform. The Strategic Framework 2022–2025 and the Resource Mobilization Strategy 2024–2025 describe partnerships as arrangements in which UNCDF contributes financing instruments, financial expertise and convening capacity, while partners contribute complementary resources such as capital, policy influence, sectoral expertise, delivery platforms or country presence.

Formal partnership arrangements, particularly with donors, clearly specify financial commitments. The Third-Party Donor Financing Agreement template (2017) sets out donor financial contributions, reporting requirements, fiduciary responsibilities and cost-recovery provisions. This demonstrates that financial inputs from partners are clearly defined and contractually agreed, and that UNCDF's role as fund manager or financing vehicle is formalised.

Beyond financial contributions, documentation often describes partner inputs—such as technical expertise, policy engagement, implementation capacity or networks—in narrative terms. Programme and strategy documents refer to partners bringing thematic knowledge, institutional reach or operational platforms that complement UNCDF's financing role. Corporate documentation sets out an intended division of labour; the extent to which this is operationalised can be assessed through programme documentation and independent evaluations. The programme examples reviewed show this division of labour in practice, with UNCDF contributing concessional capital, risk-sharing, technical advisory and structuring support, while partners contribute balance sheet resources, client networks, regulatory authority, implementation capacity, delivery platforms or market access.

For example, under the FinWise Uganda programme, UNCDF commits concessional capital through an MSME financing facility, alongside technical assistance and market diagnostics, while participating financial service providers (FSPs) commit their own balance sheet resources, assume defined levels of risk exposure, deploy tailored lending products, and report on agreed performance metrics. The facility design explicitly links UNCDF's capital deployment to partner co-financing, operational capacity and risk-sharing, formalising differentiated contributions through time-bound and performance-based agreements.

Similarly, in the Salone Access to Finance Project (Sierra Leone), UNCDF provides matching

grants, technical advisory support and regulatory capacity building, while partner LFI are responsible for due diligence, credit appraisal, co-financing decisions, portfolio management and loan deployment. Government and regulatory actors contribute policy reform, oversight and participation in joint technical committees, reflecting institutional and governance resource commitments in addition to financial inputs.

Evaluation evidence further demonstrates how these differentiated contributions operate in practice. In the Migration and Remittances Programme, UNCDF contributed grant financing, technical advisory inputs and risk-sharing capital, while private sector partners committed operational platforms, client networks and commercial co-investment. The evaluation notes that sustainability varied depending on the strength of partners' commercial incentives and institutional capacity, with some initiatives continuing beyond UNCDF support and others discontinuing where viable business models did not materialise.

Taken together, this evidence suggests that UNCDF's comparative and collaborative advantage is operationalised through structured risk-sharing, concessional capital and technical expertise, while partners contribute capital, delivery infrastructure, regulatory authority or market access. Financial commitments are generally clearly specified contractually.

Element 6.2.5

[UN] Guidance on implementing the Management and Accountability Framework exist and is being applied.

Guidance related to the UN Management and Accountability Framework exists and is operationalised within UNCDF through its institutional arrangements with UNDP, delegated authorities, and internal role and accountability frameworks.

UNCDF operates within the United Nations Management and Accountability Framework through its institutional arrangements with UNDP and the wider UN development system. The Administrative Arrangements Agreement between UNDP and UNCDF (signed January 2024) establishes the formal basis for cooperation, confirming that UNDP provides field-level, administrative and operational support services to UNCDF in accordance with UNDP rules, regulations and procedures, subject to UNCDF's autonomous status. These arrangements reflect UNCDF's alignment, to the extent possible, with the evolving UNDP accountability framework while recognising areas where UNCDF maintains distinct operational procedures due to its financing mandate.

The Delegation of Authority issued by the UNDP Administrator to the Executive Secretary of UNCDF clarifies accountability lines and decision-making authority. It confirms that the Executive Secretary exercises delegated authority for UNCDF operations while remaining accountable to the UNDP Administrator in their capacity as Managing Director of UNCDF, and that UNDP financial regulations, staff rules and internal control frameworks apply as specified. Operationalisation of these arrangements is further supported through UNCDF's internal "Roles and Responsibilities for Key Business Processes" framework, which defines review, clearance, approval, and accountability responsibilities across functions and operational processes.

Internal communications from UNCDF senior management in early 2025 further reference the operationalisation of these arrangements in the context of strengthening collaboration with UNDP, including the deployment of UNCDF financial instruments on behalf of UNDP and closer coordination at country and regional levels. These communications, together with the institutional delegation and operational frameworks reviewed, indicate that the Management and Accountability Framework is actively operationalised through UNCDF's governance, oversight, and operational arrangements with UNDP and the wider UN system.

(e.g. support for South-South collaboration, triangular arrangements, and use of country systems)

- Element 6.3.1: Clear statement on how the organisation will support principles of collaboration with countries on their development agenda (Nairobi Principles, 2030 Sustainable Development Agenda).
- Element 6.3.2: Clear statement/guidelines for how the organisation will support development partnerships between countries.
- Element 6.3.3: Clear statement/guidelines for how the organisation will use country systems.
- Element 6.3.4: Internal structures and incentives supportive of collaboration/cooperation with countries, and use of country systems where appropriate.

Ratings

MI / Element	Rating	Confidence Level / Score
MI 6.3	2.75	
Element 6.3.1	3	Medium
Element 6.3.2	2	Low
Element 6.3.3	3	Medium
Element 6.3.4	3	Medium

MI 6.3 Evidence documents

- United Nations Capital Development Fund (2021) “Strategic Framework 2022–2025”
- United Nations Capital Development Fund (2024) “Annual Report 2024”
- United Nations Capital Development Fund (2022) “Integrated Results and Resources Matrix”
- United Nations Capital Development Fund (2023) “Integrated Results and Resources Matrix”
- United Nations Capital Development Fund (2024) “Integrated Results and Resources Matrix”
- United Nations Development Programme and United Nations Capital Development Fund (2024) “Administrative Arrangements Agreement”
- United Nations Development Programme (2024) “Delegation of Authority to the Executive Secretary of the United Nations Capital Development Fund”
- United Nations Capital Development Fund (2025) “Internal Communications on the United Nations Capital Development Fund–United Nations Development Programme Partnership and Country-Level Collaboration”
- United Nations Development Programme Office of Audit and Investigations (2023) “Audit of the United Nations Capital Development Fund”

MI 6.3 Analysis

Element 6.3.1

Clear statement on how the organisation will support principles of collaboration with countries on their development agenda (Nairobi Principles, 2030 Sustainable Development Agenda).

UNCDF’s strategic and operational documentation contains a clear statement supporting collaboration with countries around nationally defined development priorities and the Sustainable Development Goals.

The principles of collaboration with countries under the 2030 Agenda and the Nairobi Outcome Document emphasise national ownership, alignment with country-defined priorities, use and strengthening of national systems, partnership-based delivery, and mutual accountability.

UNCDF's Strategic Framework 2022–2025 articulates a clear commitment to country-led development consistent with these principles. The framework positions UNCDF as supporting governments in least developed countries to strengthen public and private financing systems in pursuit of national development objectives and the Sustainable Development Goals, with interventions framed as demand-driven and anchored in national policy and institutional contexts.

The Strategic Framework situates UNCDF's engagement within the UN development system and emphasises collaboration with governments and UN Country Teams to support country-defined priorities. This positioning is consistent with the principles underpinning the Nairobi Outcome Document, including national ownership, alignment with country priorities and partnership-based delivery. UNCDF's mandate and operating model are thus explicitly framed around supporting countries' development agendas rather than substituting for national systems or priorities. Operational guidance further requires project documentation to demonstrate alignment with national development priorities, national policies, and UNSDCF outcomes, with this alignment reviewed through Programme Appraisal Committee processes and project quality assurance assessments.

While the documentation reviewed does not establish a single standalone methodology for assessing alignment across the portfolio, project design and approval processes include formal requirements to document and review consistency with national priorities, SDG objectives, and UNSDCF frameworks.

Element 6.3.2

Clear statement/guidelines for how the organisation will support development partnerships between countries.

South-South cooperation is recognized in strategic documents and results framework, but UNCDF lacks guidance on implementation.

UNCDF's Strategic Framework 2022–2025 explicitly recognises South–South and triangular cooperation as a modality for learning and transferring effective solutions among least developed countries. The framework states that UNCDF will continue to leverage South–South and triangular cooperation to support the diffusion and adaptation of proven approaches across country contexts, situating this modality within broader efforts to influence market and public finance systems.

Corporate reporting further tracks the share of projects incorporating South–South cooperation elements, reflecting UNCDF's emphasis on knowledge transfer and model replication as implementation modalities rather than on financial volume alone. Reported data from the IRRM show an upward trend, increasing from 10 per cent in 2022, to 18 per cent in 2023, and 28 per cent in 2024, exceeding the milestone set for that year. The target for 2025 is 25 per cent, indicating continued emphasis on this modality.

In practice, South–South cooperation is most commonly operationalised through regional and multi-country initiatives that facilitate cross-country learning, replication and adaptation of models, particularly in least developed countries. These arrangements demonstrate South–South cooperation in implementation, even where they are not framed as distinct partnership modalities.

At the same time, UNCDF does not have a dedicated corporate guidance explaining how South–South or triangular cooperation should be designed, prioritised or distinguished from other forms of multi-country programming.

Element 6.3.3

Clear statement/guidelines for how the organisation will use country systems.

UNCDF does not have a formal corporate statement or guidance on the use of country systems, although its operating model approaches country systems primarily through local financial institutions, subnational entities, and domestic market-based financing arrangements.

UNCDF does not set out an explicit statement indicating that the use of country systems is a default or preferred approach, or corporate guideline defining how country systems are to be used in the design and implementation of its interventions.

However, the Strategic Framework 2022–2025 emphasises support to national and subnational institutions and alignment with country-led development priorities, and UNCDF's operating model relies heavily on local financial institutions, municipalities, and domestic financing systems, the documentation reviewed does not articulate a formal institutional position explaining how "country systems" are defined, prioritised, or systematically applied across the portfolio.

Given UNCDF's operational focus on catalytic finance, market development, and private sector engagement in least developed and higher-risk contexts, UNCDF often operates through local financial intermediaries, subnational entities, and market-based financing arrangements rather than sovereign budgetary systems. While these approaches reflect an implicit strategy for working through and strengthening domestic systems, the documentation reviewed does not demonstrate a codified framework.

Element 6.3.4

Internal structures and incentives supportive of collaboration/cooperation with countries, and use of country systems where appropriate.

UNCDF's organisational structures and operating model support collaboration with countries and alignment with national priorities, although evidence of explicit internal institutional incentives promoting collaboration or use of country systems remains limited.

UNCDF has undertaken organisational reforms intended to strengthen collaboration with countries and alignment with country-level priorities. These reforms include decentralisation to regional hubs, clarification of reporting lines, and closer engagement with UN Country Teams through institutional arrangements with UNDP. Corporate communications and strategic documents frame these changes as enabling more responsive engagement with governments, stronger regional coordination, and closer alignment with country-led financing priorities.

At the structural level, UNCDF staff operating at country and regional levels are embedded within UN development system arrangements, with coordination roles defined vis-à-vis UNDP

Resident Representatives and UN Country Teams. These arrangements are intended to facilitate collaboration with national counterparts and alignment with country-led development agendas, while maintaining accountability within UNCDF's organisational structure.

However, beyond these structural changes, there is limited evidence of explicit internal incentives designed to promote collaboration with countries or the use of country systems. The documentation does not describe performance management criteria, approval requirements or reward mechanisms that encourage staff to prioritise collaboration with national institutions or to work through country systems where appropriate.

MI 6.4: The MO engages with the private sector and financial institutions to mobilise financial resources or promote investment in underserved sectors and expand access to finance.

- Element 6.4.1: The MO has policies, strategies and/or guidelines in place to promote engagement with the private sector, crowd-in finance and expand investment.
- Element 6.4.2: The MO has processes in place to develop new and innovative financing structures and promote mobilisation.
- Element 6.4.3: The MO deploys a range of financial and non-financial interventions to support engagement and enhance markets in challenging contexts in line with the 2030 Agenda.

Ratings

MI / Element	Rating	Confidence Level / Score
MI 6.4	2.67	
Element 6.4.1	3	High
Element 6.4.2	2	Low
Element 6.4.3	3	Medium

MI 6.4 Evidence documents

- United Nations Capital Development Fund (2021) "Strategic Framework 2022–2025"
- United Nations Capital Development Fund (2025) "Investment Strategy"
- United Nations Capital Development Fund (n.d.) "Loan and Guarantee Policy"
- United Nations Capital Development Fund (n.d.) "Addendum to the Loan and Guarantee Policy"
- United Nations Capital Development Fund (2024) "Resource Mobilization Strategy 2024–2025"
- United Nations Capital Development Fund (2023) "Resource Mobilization Strategy"
- United Nations Capital Development Fund (2024) "Annual Report 2024"
- United Nations Capital Development Fund (2025) "Pre-Assessment Memo Template"
- United Nations Capital Development Fund (2025) "Transaction Assessment Memo Template"
- United Nations Development Programme Office of Audit and Investigations (2023) "Audit of the United Nations Capital Development Fund"
- United Nations Development Programme Office of Audit and Investigations (2025) "Follow-up Audit of the United Nations Capital Development Fund"

MI 6.4 Analysis

Element 6.4.1

The MO has policies, strategies and/or guidelines in place to promote engagement with the private sector, crowd-in finance and expand investment. (from private sector)

UNCDF has established formal policies and strategic frameworks that articulate how it engages the private sector to mobilise capital, crowd in finance and expand investment in underserved and higher-risk markets.

UNCDF has articulated a clear strategic intent to engage the private sector and financial institutions as a core part of its mandate to mobilise capital and expand access to finance in underserved and high-risk contexts. The Strategic Framework 2022–2025 positions UNCDF as a catalytic financier operating where markets are underdeveloped and private investment is constrained, with a mandate to use public capital strategically to crowd in additional financing.

This intent is further institutionalised in UNCDF's Investment Strategy (May 2025), which consolidates and formalises the organisation's approach to private sector engagement, blended finance and partnerships with financial institutions as central to achieving scale and sustainability. The strategy outlines UNCDF's role in deploying concessional instruments, guarantees and other risk-sharing mechanisms to mobilise public and private capital, particularly in least developed countries and fragile markets. Complementary policy instruments, including the Loan and Guarantee Policy and related addenda, establish formal parameters for engaging private entities and financial intermediaries.

Country-level interview evidence indicates that this strategic intent is reflected in practice through active engagement with private sector actors via scoping missions and early-stage market engagement as part of project and investment development. Staff described using these scoping processes to identify viable opportunities, assess institutional readiness, and shape interventions prior to formal appraisal. Interviewees also noted that UNCDF frequently engages with private sector entities that are underserved by traditional development partners, including smaller financial institutions and early-stage market actors operating in higher-risk contexts, consistent with the strategic niche outlined in corporate policy and strategy documents.

Interviews also highlighted that the process of revising guidelines for providing direct funding to the private sector had taken almost two years. The interim freeze on funding private sector activities had led to implementation challenges in some programmes and projects over the last two years. The new guidelines are now in place but it is too soon to assess the impact on implementation.

Taken together, UNCDF has put in place the core strategic and policy foundations to promote engagement with the private sector and financial institutions and to crowd in additional investment. At the same time, several of these policies and strategies—particularly the Investment Strategy and updated loan and guarantee frameworks—are relatively recent, and their application is still in the early stages. As UNCDF continues to operationalise this framework and originate new projects and transactions, it is too early to assess how consistently these strategic commitments are being translated into practice across the portfolio.

Element 6.4.2

The MO has processes in place to develop new and innovative financing structures and promote mobilisation (from private sector)

UNCDF's corporate documentation emphasises the use of innovative and catalytic financing structures to mobilise additional capital, although there is no evidence of a distinct institutional process for developing and institutionalising new financing mechanisms.

UNCDF's corporate documentation articulates an ambition to deploy innovative and catalytic financing structures to mobilise additional capital, particularly in underserved and higher-risk markets. While transaction appraisal and investment governance processes are well established, it remains unclear how UNCDF systematically identifies, develops, pilots, and institutionalises entirely new financing instruments or innovative financing structures prior to transaction-level application. The documentation does not describe a distinct process for identifying, developing, piloting or institutionalising new financial products, nor does it clarify whether such innovation would be governed through existing transaction appraisal tools or through a separate mechanism.

Element 6.4.3

The MO deploys a range of financial and non-financial interventions to support engagement and enhance markets in challenging contexts in line with the 2030 Agenda. (from private sector)

UNCDF deploys a combination of financial and non-financial interventions to support private sector engagement and market development across the challenging contexts in which it operates.

Consistent with its mandate to operate in least developed countries and small island developing states, UNCDF works across a range of challenging contexts. Despite differences between countries, these contexts often share structural characteristics that limit access to finance and market development, including shallow financial markets, limited institutional capacity, small or fragmented economies and higher perceived investment risk, which together contribute to persistent underinvestment. In some cases, these constraints are further compounded in countries affected by fragility or conflict.

Across the review period, UNCDF deployed a combination of financial and non-financial interventions in support of market development and private sector engagement in least developed and fragile contexts. Evaluations of programmes such as the Municipal Investment Facility and the Africa Policy Accelerator describe the use of technical assistance, policy advisory support, diagnostics and capacity building alongside efforts to structure financing mechanisms, support credit transactions and develop market instruments. These interventions were often sequenced, with upstream analytical and regulatory work intended to enable downstream financing and market participation.

This mixed approach is subsequently formalised in UNCDF's Investment Strategy (May 2025) which sets out a clear framework for deploying a mix of financial and non-financial interventions to engage private sector actors and strengthen markets in underserved and high-risk contexts, particularly in least developed countries. The strategy positions UNCDF as a catalytic actor operating where commercial finance is constrained, using concessional capital and risk-sharing instruments to address market failures and unlock investment aligned with the 2030 Agenda for Sustainable Development.

The strategy outlines a range of financial instruments, including concessional loans, guarantees, blended finance structures and investment grants, deployed to crowd in additional capital and support enterprises, financial institutions and subnational entities operating in nascent or fragile markets. These instruments are explicitly framed as tools to reduce risk, improve investment

viability and enable private participation in sectors and geographies that would otherwise remain underserved.

In parallel, the Investment Strategy emphasises the use of non-financial interventions, particularly technical assistance, policy advisory support and capacity building. These are positioned as integral to UNCDF's market development approach, supporting regulatory reform, strengthening institutional capacity and improving the investment readiness of partners. The strategy frames financial and non-financial interventions as mutually reinforcing, with technical assistance often used to prepare markets, institutions or projects for subsequent investment.

The strategy further highlights UNCDF's intention to operate across an investment continuum, combining upstream market development and policy engagement with downstream financing, and to adapt intervention mixes based on market maturity and risk. This approach aligns UNCDF's engagement with broader objectives of inclusive growth, financial inclusion and sustainable development in line with the 2030 Agenda.

At the same time, the Investment Strategy acknowledges that this approach is being operationalised progressively. Several systems supporting investment deployment, impact measurement and portfolio management are described as under development or strengthening, indicating that the full application of this integrated intervention model is still at an early stage.

MI 6.5 Key business practices (planning, design, implementation, monitoring and reporting) co-ordinated with relevant partners

- Element 6.5.1: Active engagement in joint exercises/mechanisms (planning, coordination, monitoring, evaluation) to support external coherence.
- Element 6.5.2: Participating in joint monitoring and reporting processes with key development partners.
- Element 6.5.3: Identifying shared information or efficiency gaps with development partners and developing strategies to address them.

Ratings

MI / Element	Rating	Confidence Level / Score
MI 6.5	2.67	
Element 6.5.1	3	High
Element 6.5.2	3	Medium
Element 6.5.3	2	Low

MI 6.5 Evidence documents

- United Nations Capital Development Fund (2021) "Strategic Framework 2022–2025"
- United Nations Capital Development Fund (2024) "Annual Report 2024"
- United Nations Capital Development Fund (2024) "Integrated Results and Resources Matrix"
- United Nations Development Programme and United Nations Capital Development Fund (2024) "Administrative Arrangements Agreement"

MI 6.5 Analysis

Element 6.5.1

Active engagement in joint exercises/mechanisms (planning, coordination, monitoring, evaluation) to support external coherence.

UNCDF is institutionally positioned to engage in joint planning and coordination mechanisms through its integration within the UN development system and participates in externally coherent approaches at country level

The Strategic Framework 2022–2025 situates UNCDF's work within UN system-wide efforts to support country priorities and frames collaboration with UN entities—particularly UNDP—as central to its operating model. This establishes a clear strategic intent to contribute to externally coherent approaches at country level.

Formal arrangements between UNCDF and UNDP provide an enabling framework for such engagement. The Administrative Arrangements Agreement clarifies that UNDP Resident Representatives facilitate UNCDF's participation in UN Country Team planning, consultations and joint programming opportunities, and that UNCDF staff coordinate with UNDP Country Offices at country and regional levels. These arrangements create a formal basis for UNCDF's involvement in joint planning and coordination exercises.

Country-level interviews indicate that these arrangements are actively used in practice. Staff across sampled countries described regular engagement with UNDP Resident Representatives, who represent UNCDF in UN Country Team meetings and broader coordination fora. Interviewees noted frequent interaction with UNDP and other UN entities through joint projects, coordinated programming discussions, and ongoing implementation dialogue. This engagement was described as routine and operational, reflecting UNCDF's embedded position within UNDP-led coordination mechanisms rather than a separate or parallel process. In contexts where programmes are co-implemented or closely aligned with UNDP or other UN partners, this engagement extends to participation in joint initiatives and coordination platforms.

In some instances, collaboration extends beyond coordination to more formalised joint arrangements. For example, the Investing in Coral Reefs and the Blue Economy programme in Fiji is implemented jointly by UNDP, UNEP and UNCDF under a shared programme document and governance structure. Further discussion of this example and other instances of joint programming is provided under Element 6.1.1.

Element 6.5.2

Participating in joint monitoring and reporting processes with key development partners.

UNCDF participates in joint monitoring and reporting processes with development partners through arrangements that are defined both by programme-level financing agreements and by corporate guidance aligned with UNSDG Joint Programme requirements.

UNCDF participates in joint programming with development partners, including UN entities and other stakeholders. UNCDF has corporate reporting on the number of joint programmes and projects and the share of initiatives implemented in collaboration with different partner categories, which is reported through the IRRM. UNCDF also applies the UNSDG Guidance Note on a New Generation of Joint Programmes, which establishes system-wide standards for joint monitoring, reporting, accountability, and consolidated results frameworks within Joint Programmes.

In practice, UNCDF's funding profile and partnership modalities also shapes how joint monitoring and reporting arrangements operate in practice. Contributions are primarily provided by bilateral donors, philanthropic foundations and pooled UN funding mechanisms. Monitoring and reporting requirements in these partnerships are typically defined through financing agreements, which specify reporting schedules, performance indicators and, in some cases, evaluation requirements. Where programmes are jointly implemented or funded, monitoring and reporting requirements are defined by the applicable agreements, with roles and accountabilities specified for each entity. In such cases, UNCDF aligns its reporting with partner or donor requirements as stipulated.

Under UNCDF's current approach, participation in joint monitoring and reporting is expected where cooperation is structured as a Joint Programme. These arrangements require consolidated reporting, integrated results frameworks, joint monitoring and learning processes, harmonised reporting through UN INFO, and shared accountability structures among participating UN organisations. In March 2026, UNCDF further formalised these arrangements through a corporate Guidance Note on collaboration typologies, clarifying distinctions between Joint Programmes and other UN-to-UN arrangements and requiring monitoring, reporting, and accountability responsibilities to be documented at design stage and reflected in corporate systems.

The documentation reviewed does not indicate substantive co-financing or joint project implementation with international financial institutions during the assessment period, and therefore no evidence of joint monitoring or reporting mechanisms associated with IFI partnerships.

UNCDF does not apply standalone institutional incentive mechanisms specifically linked to partnership monitoring or reporting performance. Instead, accountability for partnership performance is embedded within Joint Programme governance structures, shared results frameworks, and collective reporting arrangements.

Element 6.5.3

Identifying shared information or efficiency gaps with development partners and developing strategies to address them.

UNCDF has coordination and review structures intended to support information sharing and operational alignment with development partners, although evidence of systematic joint processes specifically designed to identify and address shared information or efficiency gaps remains limited.

UNCDF's strategic documents and internal communications acknowledge the importance of coordination with partners to improve efficiency, reduce duplication and strengthen coherence, particularly within the UN development system. As discussed under Elements 6.1.1 and 6.2.2, UNCDF's partnership model places particular emphasis on collaboration within the UN development system. Outside the UN system, UNCDF's engagement with partners around shared market gaps or financing constraints is less clearly articulated in the documentation reviewed. Organisational reforms and closer institutional alignment with UNDP are framed as steps intended to clarify roles and improve operational coordination. UNCDF also relies on UN Country Team coordination structures, joint programming arrangements, portfolio reviews, and internal coordination between operational and strategic functions to consolidate partner engagement and reduce fragmentation across interventions.

However, the documentation reviewed does not demonstrate a clearly formalised or systematic process through which UNCDF and its partners jointly assess information gaps, reporting inefficiencies, or coordination challenges and develop documented corrective strategies or action plans in response.

Similarly, while UNCDF tracks partnership modalities and collaboration patterns through corporate reporting, the evidence does not indicate that these data are routinely used to conduct formal joint efficiency or information-gap assessments with partners.

MI 6.6 Key information (analysis, budgeting, management, results etc.) shared with strategic/implementation partners on an ongoing basis

- Element 6.6.1: Clear corporate statement on transparency of information, aligned to the International Aid Transparency Initiative
- Element 6.6.2: Information is available on analysis, budgeting, management in line with the guidance provided by the International Aid Transparency Initiative
- Element 6.6.3: The MO responds to partner/public queries on analysis, budgeting, management and results are consistent with the organization's Access to Information Policy and addressed in a timely fashion.

Ratings

MI / Element	Rating	Confidence Level / Score
MI 6.6	3	
Element 6.6.1	3	High
Element 6.6.2	3	High
Element 6.6.3	3	High

MI 6.6 Evidence documents

- United Nations Capital Development Fund (2021) "Strategic Framework 2022–2025"
- United Nations Capital Development Fund (2024) "Integrated Results and Resources Matrix"
- United Nations Capital Development Fund (2024) "Annual Report 2024"

MI 6.6 Analysis

Element 6.6.1

Clear corporate statement on transparency of information, aligned to the International Aid Transparency Initiative

UNCDF has articulated commitments to transparency and participates in IATI reporting, primarily through the application of UNDP disclosure policies and corporate transparency practices, although the documentation reviewed does not identify a standalone UNCDF transparency policy explicitly aligned with IATI standards.

UNCDF joined IATI in November 2011 during the Fourth High Level Forum on Aid Effectiveness (HLF4), reinforcing the organisation's stated commitment to transparency and accountability. The IRRM includes an indicator tracking the percentage of annual expenditure accounted for and reported on the IATI dashboard, with reported values of 100 per cent, indicating comprehensive disclosure of expenditure data through IATI. UNCDF follows the UNDP disclosure policy, which is normatively grounded in IATI principles and disclosure standards.

In addition, the Strategic Framework 2022–2025 articulates a corporate commitment to transparency and accountability, stating that UNCDF has implemented a public transparency window and data portal to track the investment pipeline and monitor the programme portfolio, with the stated objectives of increasing efficiency, reducing operational risks and improving accountability for results. The framework further notes UNCDF's intention to leverage digital channels and advanced analytics to promote transparency, traceability, real-time monitoring and decision-making.

Taken together, these elements provide an implicit corporate commitment to transparency and disclosure, with IATI reporting forming part of a broader transparency and digitalisation agenda implemented through both UNCDF and UNDP disclosure arrangements.

Element 6.6.2

Information is available on analysis, budgeting, management in line with the guidance provided by the International Aid Transparency Initiative

UNCDF makes financial, programme, evaluation, and portfolio information publicly available through IATI reporting, corporate disclosure platforms, and emerging transparency tools aligned with international transparency standards.

UNCDF's reporting of 100 per cent of annual expenditure through the IATI dashboard demonstrates strong disclosure of financial information in line with international transparency standards. This provides partners and the public with consistent access to expenditure data. UNCDF's IATI reporting also includes activity-level financial transactions, project descriptions, participating organisations, sector classifications, geographic allocations, and budget information published in structured machine-readable formats through the IATI Registry.

UNCDF also makes strategic documents, Executive Board materials, annual reports, and evaluation products publicly accessible through its corporate website, the UNDP/UNFPA/UNOPS Executive Board platform, and the UNDP Evaluation Resource Centre. These disclosure arrangements are complemented by the development of a public-facing Quantum+ Transparency Portal intended to provide interactive project, geographic, financial, and portfolio information through dashboards, search functions, and API-enabled interoperability tools.

While some transparency tools, particularly the Quantum+ Transparency Portal, remain under development, the evidence reviewed demonstrates that UNCDF already discloses a broader range of programme, budgeting, evaluation, and portfolio information through multiple public channels beyond expenditure reporting alone.

Element 6.6.3

The MO responds to partner/public queries on analysis, budgeting, management and results are consistent with the organization's Access to Information Policy and addressed in a timely fashion.

UNCDF provides public access to a range of programme, financial, evaluation, and operational information through corporate disclosure channels and UNDP information disclosure arrangements, although evidence on formal procedures for handling and monitoring public information requests remains limited.

UNCDF states that it is committed to making information about its programmes and operations available to the public and that it adheres to the UNDP Information Disclosure Policy, which governs access to information for UNCDF as an autonomous organisation affiliated with UNDP. The organisation publishes a range of information through its website, including project documents, evaluation reports, financial information and procurement information, and directs additional requests for information to a dedicated public contact channel.

UNCDF's use of IATI reporting and its stated commitment to digital transparency support access to information and provide a baseline for responding to partner and public information needs. Routine engagement with donors and partners also involves information exchange through reporting and consultation mechanisms defined in partnership agreements.

However, the evidence does not describe formal procedures governing how UNCDF handles ad hoc partner or public queries related to analysis, budgeting, management or results, including timelines, responsibilities or monitoring of responsiveness. There is no evidence demonstrating how compliance with access-to-information expectations is tracked at the corporate level.

MI 6.7: Clear standards and procedures for accountability to beneficiaries implemented

- Element 6.7.1: Investments are subject to a systematic process for stakeholder engagement, including informed consultation and participation in line with host country obligations, international law and the Equator Principles or equivalent standards.
- Element 6.7.2: The MO has identified specific resources responsible for following up on consultation with stakeholders, including host governments, civil society and affected populations and providing advice to staff.
- Element 6.7.3: Training has been conducted on the implementation of procedures for accountability to beneficiaries.
- Element 6.7.4: Programming tools explicitly contain the requirement to implement procedures for accountability to beneficiaries.
- Element 6.7.5: Relevant investments are subject to an independent monitoring, reporting and review mechanism, in compliance with the Equator Principles or equivalent standards.
- Element 6.7.6: An independent grievance and review channel has been implemented to promote accountability to Project Affected People.

Ratings

MI / Element	Rating	Confidence Level / Score
MI 6.7	2.83	
Element 6.7.1	3	Medium
Element 6.7.2	3	Low
Element 6.7.3	3	Medium
Element 6.7.4	3	Medium
Element 6.7.5	2	Low
Element 6.7.6	3	Medium

MI 6.7 Evidence documents

- United Nations Capital Development Fund (n.d.) “Social and Environmental Compliance Review and Stakeholder Response Mechanism”
- United Nations Capital Development Fund (2021) “Strategic Framework 2022–2025”
- United Nations Capital Development Fund (2025) “Pre-Assessment Memo Template and Guidance”
- United Nations Capital Development Fund (2025) “Transaction Assessment Memo Template and Guidance”
- United Nations Capital Development Fund (2025) “Supplementary Guidelines to the United Nations Development Programme Programme and Operations Policies and Procedures”
-

MI 6.7 Analysis

Element 6.7.1

Investments are subject to a systematic process for stakeholder engagement, including informed consultation and participation in line with host country obligations, international law and the Equator Principles or equivalent standards.

UNCDF has established a structured approach to stakeholder engagement and consultation through its Social and Environmental Compliance Review and Stakeholder Response Mechanism, which applies to all UNCDF programmes, operations and investments.

The framework describes stakeholder engagement as a core component of social and environmental due diligence, with the stated objective of ensuring that “the voices of affected communities, civil society organizations, local authorities, and other relevant stakeholders are taken into account” in decision-making processes.

Operationally, this approach is reflected in UNCDF’s programming and appraisal tools. At the early design stage, the PAM requires teams to identify and assess environmental, social and governance risks, including potential impacts on affected populations. As interventions progress, the TAM reinforces these requirements through mandatory social and environmental screening aligned with UNDP Social and Environmental Standards. Where risks are identified, teams are expected to undertake stakeholder engagement and consultation as part of mitigation and compliance measures.

Country-level interview evidence suggests that stakeholder engagement also occurs outside formal safeguards processes in some contexts, including through scoping missions conducted during early stages of project development. In the interviews, staff described undertaking scoping missions that involved engagement with government counterparts and other local stakeholders to understand contextual needs and constraints prior to formal design. However, interview evidence does not indicate that such engagement is conducted in a consistent or standardised manner across countries or investment types.

Together, these processes demonstrate that stakeholder engagement is addressed in a systematic and structured manner for interventions that trigger social or environmental risks. However, engagement and consultation are framed primarily through a risk-based safeguards lens, rather than as a universal accountability requirement applied consistently across all investments.

Element 6.7.2

The MO has identified specific resources responsible for following up on consultation with stakeholders, including host governments, civil society and affected populations and providing advice to staff.

UNCDF has established defined institutional responsibilities and escalation arrangements for stakeholder grievances and accountability processes through a three-tier grievance redress structure linked to both UNCDF and UNDP safeguard accountability mechanisms.

UNCDF has established its own Social and Environmental Compliance Review and Stakeholder Response Mechanism which assigns institutional responsibility for conducting compliance reviews, engaging stakeholders, and receiving and addressing complaints related to social and environmental issues. The framework outlines processes for acknowledging concerns, undertaking investigations and communicating outcomes, indicating that accountability functions are embedded within UNCDF’s oversight arrangements. Within UNCDF’s organisational structure, oversight responsibility for social and environmental safeguards is assigned to the Corporate Risk Unit as part of the organisation’s second line of defence arrangements, with the Chief Risk Manager serving as focal point for the Social and Environmental Compliance Unit and

UNCDF applies UNDP's Social and Environmental Standards and grievance redress procedures through a structured three-tier grievance mechanism. At Tier 1, complaints are expected to be addressed through project-level or implementing partner grievance mechanisms. Tier 2 consists of UNCDF's corporate-level Accountability and Feedback Mechanism for Social and Environmental Safeguards. Tier 3 consists of the independent UNDP Social and Environmental Compliance Unit and Stakeholder Response Mechanism, which undertake compliance review, mediation, and problem-solving functions. This structure operationally links UNCDF's grievance processes to UNDP's broader accountability systems and escalation arrangements.

Responsibilities for stakeholder accountability and grievance follow-up are therefore distributed across project-level implementation arrangements, UNCDF corporate oversight functions, and UNDP's independent compliance and mediation mechanisms. Publicly accessible reporting mechanisms are also available through the UNDP SECU case registry. UNCDF indicated that no complaints or grievances had been received through these mechanisms during the past three years.

Element 6.7.3

Training has been conducted on the implementation of procedures for accountability to beneficiaries

UNCDF has conducted awareness-raising and training activities related to accountability procedures, grievance mechanisms, and misconduct reporting processes, although evidence of dedicated training specifically focused on beneficiary accountability and stakeholder engagement procedures remains limited.

However, the documentation reviewed does not clearly demonstrate the existence of a structured training programme specifically focused on stakeholder engagement practices, beneficiary accountability procedures, or implementation of the Stakeholder Response Mechanism across the project cycle. The awareness-raising activities reviewed also appear to have been delivered as optional staff sessions rather than as formal mandatory training requirements.

Element 6.7.4

Programming tools explicitly contain the requirement to implement procedures for accountability to beneficiaries.

UNCDF's programming tools incorporate beneficiary accountability requirements across project design, monitoring, evaluation, and grievance redress processes, although these requirements are embedded across multiple systems rather than articulated as a standalone accountability requirement.

UNCDF's programming and appraisal tools incorporate accountability-related requirements through project design, stakeholder engagement, monitoring and evaluation processes, grievance redress arrangements, and social and environmental safeguards requirements. Project design templates require identification of intended beneficiaries and stakeholders, analysis of risks and needs, and description of engagement approaches across the project cycle. These requirements are reviewed through Project Quality Assurance processes at design, implementation, and monitoring stages.

Monitoring and evaluation processes also include expectations that beneficiary perspectives inform learning and performance assessment activities where feasible and appropriate, while grievance redress mechanisms provide channels through which beneficiaries and affected stakeholders may raise concerns and seek remedy during implementation. These arrangements position accountability to beneficiaries as a cross-cutting operational requirement embedded across programming processes rather than as a single standalone accountability provision within the PAM or TAM templates.

Element 6.7.5

Relevant investments are subject to an independent monitoring, reporting and review mechanism, in compliance with the Equator Principles or equivalent standards.

UNCDF has established social and environmental compliance and grievance review mechanisms linked to independent UNDP accountability functions, although the scope of coverage, review thresholds, and use of findings for institutional learning are not always clearly articulated in the documentation reviewed.

UNCDF's grievance and compliance arrangements also operate through a three-tier structure that includes escalation to UNDP's independent Social and Environmental Compliance Unit (SECU) and Stakeholder Response Mechanism (SRM) for compliance review, mediation, and problem-solving functions. This structure provides an institutional pathway for independent review of social and environmental complaints and concerns.

While these arrangements demonstrate the existence of monitoring and review mechanisms related to social and environmental compliance, the evidence does not clarify which investments are subject to review, how review thresholds are determined, or whether compliance reviews are institutionally independent. Independence is explicitly referenced only in relation to the investigations hotline, which is managed by an external service provider to protect confidentiality.

Element 6.7.6

An independent grievance and review channel has been implemented to promote accountability to Project Affected People.

UNCDF has established formal grievance and compliance channels linked to independent UNDP accountability mechanisms, although evidence on the practical operation and effectiveness of these mechanisms remains limited due to the absence of reported cases.

UNCDF maintains a formal, accessible grievance mechanism that allows individuals and communities to report perceived social or environmental non-compliance or raise concerns regarding project impacts. Multiple submission channels are available, including an online form, phone, email and postal mail. UNCDF commits to acknowledging complaints promptly, ensuring confidentiality, conducting investigations in a timely and fair manner, and communicating outcomes.

UNCDF's grievance arrangements are linked to the UNDP Social and Environmental Compliance Unit and Stakeholder Response Mechanism, which provide independent compliance review and problem-solving functions. Public reporting and case transparency are supported through the online SECU case registry.

MI 6.8: Participation with national and other partners in mutual assessments of progress in implementing agreed commitments

- Element 6.8.1: Participation in joint performance reviews of interventions
- Element 6.8.2: Participation in multi-stakeholder dialogue around joint sectoral or normative commitments
- Element 6.8.3: The MO implements client feedback surveys and uses feedback to inform decision-making.

Ratings

MI / Element	Rating	Confidence Level / Score
MI 6.8	2.33	
Element 6.8.1	3	High
Element 6.8.2	3	High
Element 6.8.3	1	High

MI 6.8 Evidence documents

- United Nations Capital Development Fund (2021) “Strategic Framework 2022–2025”
- United Nations Capital Development Fund (2024) “Annual Report 2024”
- United Nations Capital Development Fund (2023) “Communications Strategy”
- United Nations Capital Development Fund (n.d.) “Records of Participation in International Summits, Panels and Conferences”
- United Nations Capital Development Fund (2024) “Integrated Results and Resources Matrix”
- United Nations Capital Development Fund (2024) “Communications Strategy 2024–2025”
- United Nations Capital Development Fund (2026) “Communications Strategy 2026–2027”

Element 6.8.1

Participation in joint performance reviews of interventions

UNCDF participates in partnerships with UN entities, governments, donors and other stakeholders across its programme portfolio. In some cases these partnerships take the form of formally structured UN joint programmes, while in others they involve coordinated or parallel implementation arrangements.

Where programmes are jointly implemented or funded, performance discussions may occur through programme governance structures, donor review meetings or steering committees, where such mechanisms are specified in partnership agreements.

One documented example of join is the Mid-term evaluation of the LoGIC programme in Bangladesh, implemented as a joint programme between UNCDF and UNDP with funding support from the European Union and the Government of Sweden. The programme has been subject to a joint mid-term evaluation, undertaken to support accountability and learning for UNCDF, UNDP, the Government of Bangladesh and the programme’s donors. This provides an example of joint performance review undertaken within the context of a formally structured UN joint programme.

However, the evidence reviewed suggests that such joint performance reviews occur primarily in the context of specific joint programmes, rather than through a systematic or standardised corporate process applicable across UNCDF interventions. There is no corporate guidance describing when joint performance reviews are required, how they are conducted, or how findings are jointly validated with national or other partners.

Element 6.8.2

Participation in multi-stakeholder dialogue around joint sectoral or normative commitments

UNCDF participates in a multi-stakeholder dialogues and forums linked to shared sectoral and normative commitments in areas such as development finance, digital financial inclusion, climate finance and local development finance.

Evidence from UNCDF's Communications Strategy (2023) and records of participation in international summits forums indicate engagement in dialogue processes that bring together governments, UN entities, donors, private sector actors and civil society to discuss shared sectoral priorities and normative development agendas.

These engagements focus on issues such as development finance, inclusive digital economies, climate and nature finance, and local development finance, and are aligned with broader international agendas, including the 2030 Agenda for Sustainable Development and financing for development processes. Through participation in conferences, panels and high-level events, UNCDF contributes to sectoral discussions, shares experience from its programming, and engages with partners on normative and policy-related issues.

The updated 2024–2025 Communications Strategy and the 2026–2027 Strategic Marketing and Communications Strategy further demonstrate efforts to align external engagement with UNCDF's evolving organizational structure, Strategic Framework, and resource mobilization priorities. The strategies identify target engagement groups including governments, UN partner agencies, MDBs and DFIs, private sector actors, philanthropies, and vertical funds, and position communications and strategic engagement as supporting broader partnerships and financing objectives.

The 2026–2027 strategy also explicitly links UNCDF's external engagement to multilateral cooperation, financing for development discussions, climate finance, and UN reform processes, including the follow-up to the Fourth International Conference on Financing for Development (FFD4).

Element 6.8.3

The MO implements client feedback surveys and uses feedback to inform decision-making.

The evidence reviewed does not indicate that UNCDF implements systematic client or beneficiary feedback surveys at the corporate level.

There is no corporate mechanism in place to routinely collect, aggregate or analyse client or beneficiary feedback across programmes or investments. However, UNCDF indicated that the evaluation plan for the 2026–2029 Strategic Framework includes both a mid-term and final evaluation, and that the terms of reference for these evaluations are expected to incorporate client and beneficiary feedback components. While this suggests an intention to strengthen the use of stakeholder perspectives in future evaluative processes, the evidence reviewed does not indicate the existence of a systematic corporate-level client feedback survey mechanism or routine process for aggregating and using beneficiary feedback to inform organisational decision-making.

MI 6.9: Deployment of knowledge base to support policy dialogue and/or advocacy

- Element 6.9-E1. Statement in corporate documentation explicitly recognises the organisation's role in knowledge production and identifies operational frameworks

and resources to support the production of knowledge work.

- Element 6.9-2. Knowledge products produced and utilised by partners to inform action
- Element 6.9-3. Knowledge products are produced in collaboration with relevant partners applied to inform advocacy, where relevant, at country, regional or global level.
- Element 6.9-4. Knowledge products generated are timely and perceived to be timely by partners.
- Element 6.9-5. Knowledge products are subject to a quality review process and are perceived as high quality by partners.
- Element 6.9-6. Knowledge products are produced in a format that supports their utility to partners

Ratings

MI / Element	Rating	Confidence Level / Score
MI 6.9	2.6	
Element 6.9.1	3	Medium
Element 6.9.2	2	Medium
Element 6.9.3	2	Low
Element 6.9.4	NA	
Element 6.9.5	3	Low
Element 6.9.6	3	Low

MI 6.9 Evidence documents

- United Nations Capital Development Fund (2021) “Strategic Framework 2022–2025”
- United Nations Capital Development Fund (2024) “Annual Report 2024”
- United Nations Capital Development Fund (2023) “Final Evaluation Report: LoCAL Programme”
- United Nations Capital Development Fund (2023) “Municipal Investment Facility Evaluation”
- United Nations Capital Development Fund (2023) “Final Evaluation Report: Africa Policy Accelerator Programme”
- United Nations Capital Development Fund (2024) “Migration and Remittances Programme Mid-Term Evaluation”

MI 6.9 Analysis

Element 6.9-E1. Statement in corporate documentation explicitly recognises the organisation’s role in knowledge production.

UNCDF recognises knowledge generation, learning and the transfer of solutions at a strategic and programme level.

UNCDF’s Strategic Framework 2022–2025 recognises knowledge generation, learning and the transfer of solutions as part of its approach to supporting system-level change in least developed countries, particularly in relation to public finance, market development and policy reform. Knowledge is framed as a supporting function for engagement with governments and partners, including through learning across country contexts.

This orientation is reflected in programme-level evaluations, which indicate that several UNCDF programmes include explicit knowledge components, such as analytical studies, tools, guidance materials and platforms for knowledge exchange. For example, evaluations of programmes such as LoCAL and the Africa Policy Accelerator note that learning, capacity development and the sharing of approaches formed part of programme design and engagement with national counterparts.

However, while UNCDF’s role in generating knowledge is acknowledged at a strategic and programme level, the documentation reviewed does not identify a formal, organisation-wide

operational framework for knowledge production. There is limited information on how knowledge work is prioritised, resourced, governed or quality-assured across the portfolio.

Element 6.9-2. Knowledge products produced and utilised by partners to inform action

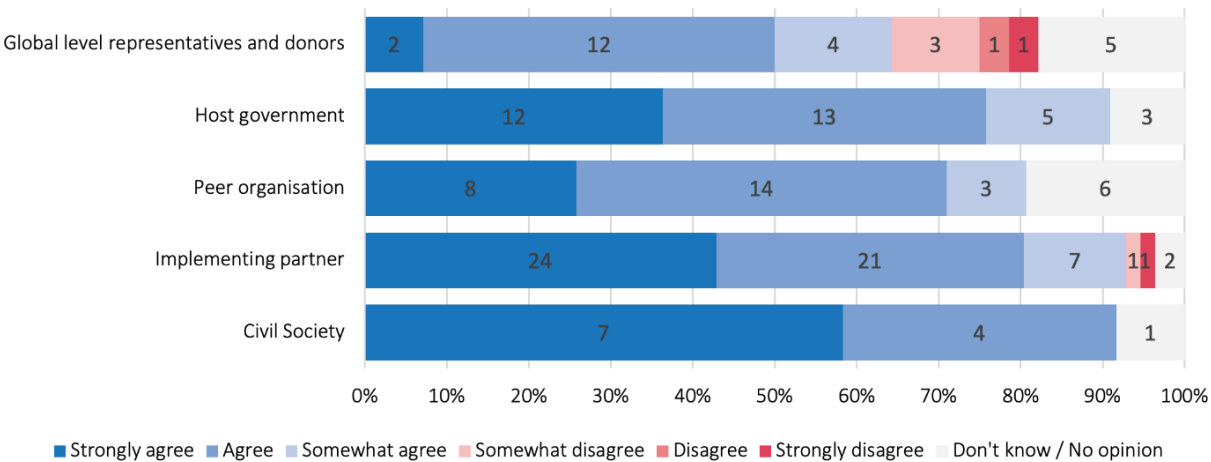
UNCDF produces knowledge products that are used by partners in targeted settings, particularly where knowledge is closely embedded in technical assistance or policy processes. However, the UNCDF does not have an overall account of how knowledge products are utilised across the portfolio, nor does it consistently demonstrate how use translates into action beyond programme-specific contexts.

Evaluative evidence indicates that UNCDF-supported programmes have produced a range of knowledge products intended to inform action by governments, regulators and other partners. These include diagnostics, analytical studies, tools, guidance notes and capacity-building materials developed in support of policy reform, institutional strengthening and market development.

Several evaluations provide examples of knowledge products being taken up by partners in specific contexts. For instance, evaluations of the Africa Policy Accelerator report that tools, guidance and technical inputs contributed to regulatory reforms and informed the development of consumer protection regulations and financial inclusion strategies in multiple countries. Similarly, evaluations of the Municipal Investment Facility note that knowledge products—such as diagnostics, investment planning tools and credit-related methodologies—were used to support dialogue with local governments, financial institutions and private sector actors, and to inform the establishment of financing mechanisms.

At the same time, the evaluative evidence also highlights limitations in the extent to which knowledge products can be traced to sustained or broader action. In several cases, evaluations note that while substantial volumes of studies and tools were produced, their uptake beyond immediate programme counterparts was uneven, and links between knowledge outputs and downstream outcomes were not systematically demonstrated. In particular, dissemination beyond programme events or technical engagement, and evidence of use by a wider set of stakeholders, were often limited or not documented.

Figure 6.1: UNCDF's knowledge work is useful and of high quality



As illustrated in the MOPAN survey results (Figure 6.1), perceptions of the usefulness of UNCDF’s knowledge products vary across stakeholder groups. Host government and peer organisation respondents report higher levels of satisfaction, while donor respondents express lower levels of satisfaction. Taken together with evaluative evidence, this pattern suggests that knowledge products are valued where they are closely embedded in technical assistance, policy

dialogue or regulatory processes, but that their broader relevance, visibility or utility beyond immediate programme counterparts is perceived less consistently—particularly by donors.

Element 6.9-3. Knowledge products are produced in collaboration with relevant partners applied to inform advocacy, where relevant, at country, regional or global level.

Evaluative evidence suggests that UNCDF commonly produces knowledge products in close collaboration with partners, but the extent to which knowledge products are taken beyond programme specific engagement into broader advocacy efforts varies.

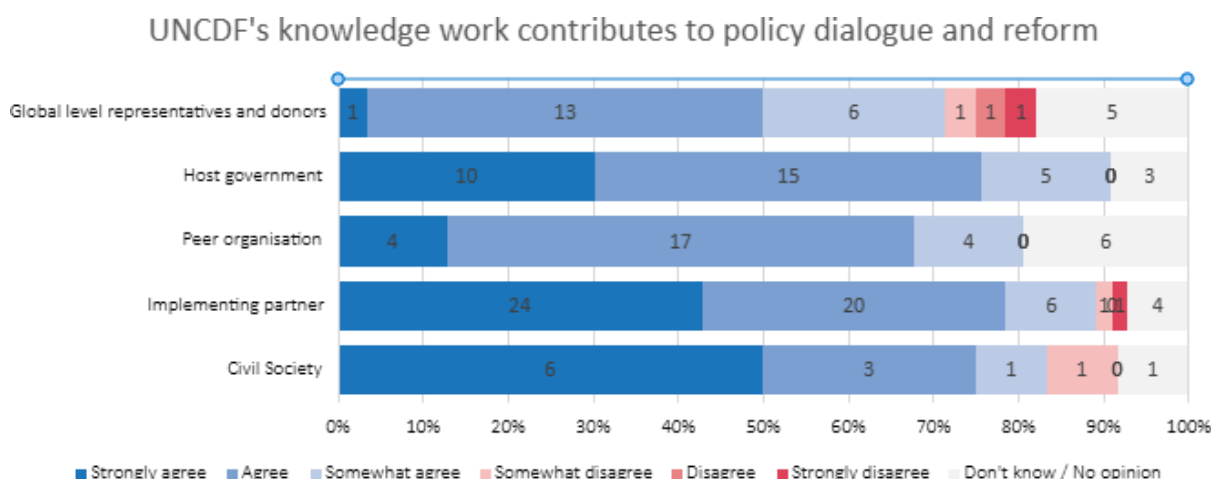
The MOPAN survey and evaluative evidence suggests that UNCDF commonly produces knowledge products in close collaboration with partners, particularly governments, regulators, local authorities and regional organisations. In many cases, knowledge work is embedded within technical assistance and policy support processes, with partners actively involved in shaping diagnostics, tools and guidance materials.

For example, evaluations of the Africa Policy Accelerator describe how regulatory tools and policy guidance were developed jointly with national and regional regulators and subsequently used in policy dialogue and regulatory reform processes. Similarly, evaluations of the Municipal Investment Facility highlight collaborative work with local governments and financial institutions to develop studies, standards and tools that informed discussions on municipal finance and access to capital.

In these contexts, knowledge products were closely connected to ongoing reform efforts and used as part of practical, problem-focused policy engagement. Advocacy tended to be informal and technical in nature, supporting dialogue and decision-making within institutions rather than public-facing campaigns.

At the same time, the evidence reviewed does not suggest that UNCDF applies a consistent, organisation-wide approach to using collaboratively produced knowledge for advocacy across countries or themes. The extent to which knowledge products are taken beyond programme-specific engagement into broader advocacy efforts appears to vary, and is not clearly articulated in corporate guidance.

Figure 6.1: UNCDF's knowledge work is useful and of high quality



Element 6.9-4. Knowledge products generated are timely and perceived to be timely by partners.

The evidence base does not allow an assessment of whether UNCDF's knowledge products are generated in a timely manner, or whether partners perceive them as timely.

The evaluations reviewed do not assess knowledge products through the lens of timeliness, nor do they report partner perceptions regarding whether knowledge outputs were delivered at moments when they could most effectively inform decisions or action.

While several evaluations discuss the production, quality and use of knowledge products, none explicitly examine whether outputs were aligned with policy windows, implementation timelines or decision-making cycles.

Element 6.9-5. Knowledge products are perceived as high quality by partners.

The quality of UNCDF knowledge products is positively perceived by partners.

MOPAN survey results (Figure 6.1) and evaluative evidence indicates that several UNCDF knowledge products were perceived positively by partners in terms of technical quality. For example, the evaluation of the Migration and Remittances Programme notes that the quality of the diagnostics, studies, guides and toolkits produced was "good." Similarly, the Africa Policy Accelerator evaluation reports that tools, guides and support systems were "lauded by country counterparts," and that these materials contributed to increased knowledge and awareness among regulators and policymakers.

Element 6.9-6. Knowledge products are produced in a format that supports their utility to partners

UNCDF knowledge products are tailored to meet the needs of different target audiences.

Evaluative evidence indicates that UNCDF produces knowledge products in a range of formats intended to support practical use by partners. Evaluations reference the production of diagnostics, studies, toolkits, guides, regulatory frameworks, training materials, webinars and knowledge-sharing events. In several programmes, these formats were designed to accompany technical assistance and capacity-building activities, and were used as reference materials by government counterparts, regulators and other stakeholders.

For example, evaluations note that tools and guidance developed under policy-focused programmes were used alongside training, workshops and advisory support, suggesting that formats were adapted to facilitate engagement and understanding. In some cases, knowledge products also supported learning events and exchanges, providing accessible entry points for partners to engage with technical content.

At the same time, the evaluations reviewed do not assess partner perceptions of the usefulness of specific formats in a systematic way, nor do they compare the effectiveness of different formats in supporting partner decision-making or action. As a result, while there is evidence that knowledge products are produced in varied and potentially useful formats, the extent to which these formats consistently meet partner needs is not clearly established.

PERFORMANCE MANAGEMENT

Systems geared to managing and accounting for development and humanitarian results and the use of performance information, including evaluation and lesson-learning

KPI 7: The focus on results is strong, transparent and explicitly geared towards function

Ratings

KPI / MI	Rating	Score
KPI 7	S	2.53
MI 7.1	S	2.83
MI 7.2	S	2.6
MI 7.3	U	2.2
MI 7.4	S	2.75
MI 7.5	U	2.25

MI 7.1: Leadership ensures application of an organisation-wide RBM approach

- Element 7.1.1: Corporate commitment to a result culture is made clear in strategic planning documents.
- Element 7.1.2: Clear requirements/incentives in place for the use of an RBM approach in planning and programming.
- Element 7.1.3: Guidance for setting results targets and developing indicators is clear and accessible to all staff.
- Element 7.1.4: Tools and methods for measuring and managing results are available.

- Element 7.1.5: Adequate resources are allocated to the RBM system.
- Element 7.1.6: All relevant staff are trained in RBM approaches and method.

Ratings

MI / Element	Rating	Confidence Level / Score
MI 7.1	2.83	
Element 7.1.1	3	High
Element 7.1.2	3	Medium
Element 7.1.3	3	High
Element 7.1.4	3	Medium
Element 7.1.5	3	Low
Element 7.1.6	2	Medium

MI 7.1 Evidence document

- United Nations Capital Development Fund (2021) “Strategic Framework 2022–2025”
- United Nations Capital Development Fund (2024) “Integrated Results and Resources Matrix, including Indicator Methodological Notes”
- United Nations Capital Development Fund (2024) “Overview on Project Results, Monitoring and Reporting”
- United Nations Development Programme (n.d.) “Accountability System Policy”
- United Nations Capital Development Fund (2025) “Pre-Assessment Memo Template”
- United Nations Capital Development Fund (2025) “Transaction Assessment Memo Template”
- United Nations Capital Development Fund (n.d.) “Terms of Reference for Results-Based Management and Monitoring and Evaluation Focal Points”
- United Nations Capital Development Fund (2024) “Strategic Framework Mid-Term Evaluation 2022–2025”
- United Nations Development Programme Office of Audit and Investigations (2023) “Audit of the United Nations Capital Development Fund”

MI 7.1 Analysis

Element 7.1.1

Corporate commitment to a result culture is made clear in strategic planning documents.

UNCDF’s strategic planning documents articulate an explicit commitment to results-based management and establish a corporate results architecture intended to guide organisational performance.

The Strategic Framework 2022–2025 positions results orientation as a core organising principle and IRRM, reflects this by defining impact, outcomes, outputs and institutional effectiveness indicators. Through this framework, leadership signals an intention to manage performance at portfolio level and to align UNCDF’s mandate and strategic priorities with measurable development results.

At the same time, evaluative evidence indicates that this commitment has not consistently translated into a functional results culture in practice. The Mid-term Evaluation of the Strategic Framework (2022-2025) concluded that the IRRM was “not optimized for performance measurement of the organization,” limiting its practical utility as a corporate performance management tool. Recent internal documentation frames ongoing RBM reforms as strengthening and corrective actions, suggesting recognition that earlier arrangements were not sufficient to support consistent application of RBM across the organisation.

Element 7.1.2

Clear requirements/incentives in place for the use of an RBM approach in planning and programming.

Since 2024, UNCDF has established increasingly formalized requirements, guidance, and quality assurance processes intended to support the use of results-based management in planning, programming, monitoring, and reporting, although evidence suggests that consistent institutional application remains under strengthening.

At the early design stage, the PAM obliges teams to explain how a proposed intervention aligns with the Strategic Framework, its Theory of Change, and the IRRM, and to describe expected contributions to relevant SDGs. This requirement ensures that results considerations are introduced conceptually at the outset of programme and investment design. However, the PAM places greater emphasis on alignment and articulation of intended results than on systematic assessment of the quality of results logic or measurement approaches at concept stage.. As a result, alignment with corporate results frameworks is primarily descriptive and the extent of verification is unclear.

At the appraisal and approval stage, the TAM reinforces these requirements by obliging teams to articulate expected results, define key performance indicators, and establish baselines, milestones and targets. KPI targets are incorporated into transaction agreements as reporting obligations, and subsequent changes require formal amendments. These provisions introduce procedural controls and compliance requirements related to results articulation and reporting.

UNCDF projects designed under the new strategic cycle are expected to apply revised Results and Resources Framework tools, Data Monitoring Plans, and methodological guidance intended to strengthen indicator selection, baselines, verification methods, and data quality standards at design stage.

While earlier documentation and evaluative evidence suggested that RBM requirements did not always function as decisive criteria in programming and approval decisions, UNCDF has recently introduced additional guidance and quality assurance measures intended to strengthen the role of results quality in planning and appraisal processes. According to UNCDF, weak or incomplete results frameworks may trigger management actions, revisions, or conditional approval decisions under newer guidance arrangements. However, much of this strengthened framework appears to have been introduced recently, and it remains too early to assess the consistency of application across the portfolio.

Evidence from oversight and evaluative sources indicates that these limitations extend into programme implementation and reporting. The 2023 OAI report identified shortcomings and a lack of oversight and accountability in UNCDF's "systems for measuring results," noting unclear procedures and inconsistent adherence to guidance during programme delivery. Similarly, the Strategic Framework mid-term evaluation found that results data generated during implementation were constrained by limitations in availability, reliability and relevance, and that the IRRM was not widely used by staff as a performance management tool. Staff survey evidence cited in the evaluation further indicates that a majority of respondents did not perceive monitoring, evaluation and learning systems—including IRRM—as providing effective support to programmes during implementation.

Recent internal initiatives, including the establishment of an RBM Focal Points Group and the introduction of an RBM Action Plan in 2024, indicate recognition of these limitations and an effort to strengthen the application of RBM across planning, implementation, monitoring and reporting processes. These measures are framed as corrective and strengthening actions, suggesting that existing requirements have not yet ensured systematic and consistent use of RBM throughout the programme cycle.

More recently, in March 2026, UNCDF also introduced a formal Data Validation and Verification Protocol establishing organization-wide procedures for validating results data at project, regional, and headquarters levels. Under this framework, project teams conduct first-level verification, Regional RBM Focal Points and Investment Team Leads review data for plausibility and consistency, and the Programme Management Support Unit performs final corporate-level validation and quality assurance for IRRM and external reporting purposes. The protocol establishes minimum standards for data quality, including accuracy, completeness, consistency, timeliness, and validity, alongside escalation procedures for unresolved data quality concerns.

Element 7.1.3

Guidance for setting results targets and developing indicators is clear and accessible to all staff.

UNCDF provides some guidance for setting results targets and developing indicators through corporate frameworks and recent RBM strengthening initiatives. Earlier evaluative evidence suggest that operational guidance has not always been sufficiently clear, detailed or consistently accessible to staff.

The Strategic Framework and IRRM articulate expectations around results monitoring at a conceptual level, but provide limited operational guidance on how staff should select indicators, calibrate targets, or articulate outcome pathways in a consistent and practical manner. Prior to 2024, RBM guidance relied largely on UNDP corporate policies and procedures, including POPP, which emphasise accountability and reporting compliance rather than detailed, UNCDF-specific guidance on results measurement.

Independent audit and evaluative evidence point to shortcomings associated with this approach. The 2023 audit identified weaknesses in “systems for measuring results,” while the Strategic Framework evaluation concluded that the Strategic Framework, Theory of Change and IRRM did not provide adequate and effective guidance to support delivery and performance monitoring. In the absence of clear and operational guidance, results frameworks have tended to prioritise indicators that are easily measurable and aggregable, often relying on counts of activities, outputs or adoption, with outcome pathways remaining implicit.

Recent documentation signals a shift in approach. The UNCDF Overview on Project Results, Monitoring and Reporting introduces more explicit guidance on indicator quality, including requirements for SMART indicators, baselines, milestones and targets, alongside methodological notes and standardised tools. In 2024 UNCDF rolled out a RBM action plan part of which calls for the establishment of an RBM Specialist role at headquarters within the Programme Management Support Unit, supported by regional and global RBM focal points and project-level RBM/M&E focal points, with defined responsibilities for providing technical guidance, quality assurance and support to project teams.

However, these arrangements are relatively recent and are framed as strengthening measures in response to previously identified weaknesses. At the time of this assessment, evidence on the extent to which this RBM support structure is fully operational, consistently accessible to staff, or effectively improving the quality of indicators and targets across the portfolio remains limited. As such, while roles and responsibilities are now formally articulated, it is too early to assess their practical impact on the clarity and accessibility of guidance for setting results targets and developing indicators.

Element 7.1.4

Tools and methods for measuring and managing results are available.

UNCDF has established an increasingly formalized set of tools, guidance, governance arrangements, and quality assurance processes to support the measurement, validation, monitoring, and management of results across the programme cycle, although many of these strengthened arrangements remain relatively recent and are still under rollout.

UNCDF has had a range of tools and systems in place to support the measurement and reporting of results across the programme cycle, covering planning, implementation, monitoring and reporting. At the corporate level, the IRRM serves as the primary framework for aggregating and reporting results, while the Quantum enterprise system functions as the main platform for entering project indicators, annual work plan results and selected monitoring data.

More recent reforms have also introduced revised Results and Resources Framework tools, Data Monitoring Plans, methodological guidance, data validation protocols, and an expanded RBM governance structure intended to strengthen standardisation and oversight across planning, monitoring, reporting, and verification processes.

At the planning and appraisal stages, tools such as the PAM and the TAM require teams to articulate expected results, define indicators and establish targets. During implementation, results data are captured through periodic data entry in the Quantum system, donor and project reporting templates, and, for investment operations, through transaction-specific key performance indicator reporting embedded in contractual agreements. UNCDF has also introduced monitoring dashboards, including results-based management and project risk dashboards, intended to support ongoing tracking and aggregation of results information.

UNCDF also operationalised an RBM Focal Points Group with defined advisory, quality assurance, data verification, and capacity development responsibilities across project, regional, and headquarters levels. The Terms of Reference issued in March 2026 formalise responsibilities for results planning support, quality assurance, data review, reporting oversight, escalation of compliance concerns, and support for rollout of new RBM systems and tools

Earlier evaluative and oversight evidence suggested that existing RBM systems functioned more effectively for reporting and compliance purposes than as integrated tools for adaptive management, learning, or course correction during implementation. The Mid-Term Evaluation of the Strategic Framework (2022–2025) and the 2023 OAI audit identified weaknesses related to usability, consistency, integration, and the practical use of results information in management decision-making. However, UNCDF has since introduced additional governance arrangements, standardised methodologies, and quality assurance processes intended to address these shortcomings and improve the usability and reliability of results information across the programme cycle.

Recent internal documentation signals an effort to strengthen and rationalise the results-based management toolset. The UNCDF Overview on Project Results, Monitoring and Reporting describes the introduction or reinforcement of standardised results framework tools, methodological notes for corporate indicators, revised annual work planning templates, expanded use of dashboards, and a results-based management action plan introduced in 2024. These measures are presented as strengthening actions intended to improve how results are planned, tracked and reported across implementation.

At the same time, many of these strengthened arrangements—including the revised RBM governance structure, new guidance materials, and the evolving results management platform—have been introduced recently and continue to be rolled out progressively across the organisation. As such, while tools and methods for measuring and managing results are demonstrably available and increasingly formalised, evidence on their consistent application and effectiveness across programmes, practices, and country contexts remains emerging.

Element 7.1.5

Adequate resources are allocated to the RBM system.

UNCDF has recently strengthened its RBM coordination, oversight, and impact monitoring arrangements, including planned expansion of dedicated results and evaluation functions, although it remains too early to assess whether these reforms and resources will be sufficient to support consistent organisation-wide implementation of RBM.

Evidence suggests that RBM functions at UNCDF have been constrained by broader institutional resourcing limitations, particularly reductions in core funding affecting oversight and learning functions. The Strategic Framework mid-term evaluation notes that reductions in core funding affected critical functions, including oversight, evaluation and learning. Staff survey data cited in the evaluation show that a majority of respondents did not perceive core institutional functions—including monitoring, evaluation and learning systems such as the IRRM—as providing effective support to programmes.

Independent audit findings reinforce these concerns, identifying shortcomings in systems for measuring results and weaknesses in oversight and accountability. Together, this evidence suggests that RBM systems were not adequately resourced to support consistent organisation-wide application.

UNCDF has strengthened RBM coordination and oversight arrangements through the establishment of the RBM Focal Points Group, introduction of an RBM Action Plan in 2024, revised guidance materials, and enhanced data quality assurance processes. UNCDF's Impact Measurement Verification and Learning (IMVL) Unit is undergoing significant expansion, including dedicated functions covering Strategic Intelligence, Impact Verification, and Evaluation, with the unit expected to become fully operational during the third quarter of 2026. According to UNCDF, the expansion of the IMVL function and related oversight mechanisms, including planned ex post evaluations, is expected to more than triple the organisational budget allocated to results and impact monitoring and analysis compared to 2025 expenditure levels.

At the same time, some staffing arrangements supporting the strengthened RBM architecture remain under transition. UNCDF's Programme Management Support Unit is meant to have a dedicated RBM coordination function responsible for leading the RBM Focal Points Group, although the established P3 RBM Specialist post was reported to be on hold at the time of review, with responsibilities currently performed through an IPSA-10 arrangement.

These developments indicate increased institutional attention and resources being directed toward RBM, monitoring, evaluation, and impact verification functions. However, many of the reforms remain under rollout, and evidence on whether current staffing arrangements, institutional capacity, and resource allocations will be sufficient to support consistent and sustainable organisation-wide implementation of RBM remains emerging.

Element 7.1.6

All relevant staff are trained in RBM approaches and method.

UNCDF has expanded RBM-related training and capacity development activities since late 2024, including organisation-wide training linked to the rollout of the new IRRM and strengthened RBM systems, although evidence on staff coverage and mandatory participation remains limited.

UNCDF has strengthened RBM-related training and capacity development activities as part of broader efforts to reinforce results planning, impact measurement, reporting, and data quality practices across the organisation. Training activities target both project and corporate staff, including project managers, project teams, regional and headquarters staff involved in quality

assurance and reporting, and members of the RBM Focal Points Group supporting RBM operationalisation and oversight.

Since late 2024, UNCDF has delivered RBM, impact measurement, and reporting training sessions linked to the rollout of the IRRM 2026–2029 and broader RBM strengthening efforts. In March 2026, organisation-wide training sessions delivered jointly by the IMVL Unit and PMSU focused on the structure and methodological application of the new IRRM, as well as exercises to align existing projects with the revised corporate results framework. Additional training sessions and webinars focused on data quality, indicator methodologies, and operationalisation of the Impact Indicator Catalogue have also been introduced.

MI 7.2: Corporate strategies, including country strategies, based on a sound RBM focus and logic

- Element 7.2.1: Organisation-wide plans and strategies include results frameworks.
- Element 7.2.2: Clear linkages exist between the different layers of the results framework, from project to country and corporate level.
- Element 7.2.3: An annual report on performance is discussed with the governing bodies.
- Element 7.2.4: Corporate strategies are updated regularly.
- Element 7.2.5: The annual corporate reports show progress over time and notes areas of strong performance as well as deviations between planned and actual results.

Ratings

MI / Element	Rating	Confidence Level / Score
MI 7.2	2.6	
Element 7.2.1	3	Low
Element 7.2.2	2	Low
Element 7.2.3	3	Medium
Element 7.2.4	3	High
Element 7.2.5	2	High

MI 7.2 Evidence documents

- United Nations Capital Development Fund (2021) “Strategic Framework 2022–2025”
- United Nations Capital Development Fund (2024) “Integrated Results and Resources Matrix, including Indicator Methodological Notes”
- United Nations Capital Development Fund (2024) “Annual Report 2024”
- United Nations Capital Development Fund (2022) “Gender Equality Strategy 2022–2025”
- United Nations Capital Development Fund (2022) “Inclusive Digital Economies Strategy”
- United Nations Capital Development Fund (2022) “Climate, Energy and Nature Strategic Presentation”
- United Nations Capital Development Fund (2023) “Final Evaluation Report: LoCAL Programme”
- United Nations Capital Development Fund (2023) “Evaluation Report: Burkina Faso Digital Finance Country Strategy”
- United Nations Development Programme Office of Audit and Investigations (2023) “Audit of the United Nations Capital Development Fund”

MI 7.2 Analysis

Element 7.2.1

Organisation-wide plans and strategies include results frameworks.

UNCDF's organisation-wide planning architecture incorporates results frameworks, though the depth and consistency of these frameworks vary across thematic strategies.

UNCDF has developed a limited number of formal thematic corporate strategies that include articulated results frameworks. The most developed example is the Gender Equality Strategy 2022–2025, which sets out a clear theory of change, strategic objectives, priority outcomes and associated indicators aligned to the corporate results architecture. The gender strategy therefore represents a fully articulated thematic strategy with an explicit results framework.

UNCDF has also developed a corporate strategy for inclusive digital economies, which articulates strategic priorities, intervention logic and intended outcomes at corporate level. While the digital strategy includes results-oriented objectives and references to measurement, its results framework is less detailed and less systematically specified than that of the gender strategy, particularly with respect to indicators, baselines and targets.

In contrast, several other thematic priority areas are supported by documents that are strategy-like in nature but do not constitute formal corporate strategies. For example, the Climate, Energy and Nature presentation (2022) sets out a theory of change, strategic ambition, barriers and intervention pathways for climate-related finance. While this document provides a coherent strategic narrative, it does not function as a formal strategy with a fully specified results framework, nor does it establish standard indicators, baselines or targets aligned to corporate reporting systems.

Similarly, programme-level evaluations, such as the LoCAL Evaluation (2023), confirm the existence of programme-specific results frameworks used to monitor implementation and outputs within particular initiatives. These frameworks support programme management and reporting but are not presented as organisation-wide or thematic strategies, nor are they positioned as building blocks of a unified corporate results framework.

Taken together, the evidence indicates that UNCDF's organisation-wide plans, thematic strategies, and major programme frameworks incorporate results-oriented planning and results frameworks across key areas of the organisation's mandate. At the same time, the level of formalisation, specificity, and consistency of results frameworks varies across thematic areas, with some strategies supported by more fully articulated indicators and measurement arrangements than others.

Element 7.2.2

Clear linkages exist between the different layers of the results framework, from project to country and corporate level.

While UNCDF has established a formal results architecture linking project, programme and corporate reporting through the IRRM, evidence indicates that these linkages are often conceptual rather than operational in practice.

UNCDF's results architecture is designed to link project- and programme-level results to corporate outcomes through the IRRM, which serves as the primary mechanism for aggregating results for organisation-wide performance reporting. Project and investment design and appraisal documentation, including the PAM and TAM templates, require teams to identify alignment with corporate priorities and to report against selected indicators that are expected to contribute to higher-level outcomes.

As noted under MI 7.1, while these requirements and tools establish a formal results architecture, they do not consistently ensure the articulation or testing of results pathways across levels. In particular, guidance, tools and incentives have historically prioritised the reporting of activities, outputs and immediate products, with limited specification of how these outputs are expected to

translate into higher-level outcomes. This context is critical for interpreting the strength of vertical linkages examined under this element.

Against this backdrop, the documentation reviewed provides limited evidence that linkages between project-, programme- and corporate-level results are grounded in clearly articulated and testable results pathways. Across projects, programmes and thematic areas, results frameworks frequently prioritise the reporting of activities, outputs and immediate products—such as policies drafted or adopted, tools developed, people trained, or mechanisms established—without explicitly demonstrating how these outputs are expected to lead to sustained behavioural change, improved service quality or access, or durable economic and institutional outcomes. As a result, outcome pathways across levels of the results framework are often implicit rather than clearly defined or empirically tested. In addition, vertical coherence within the results framework remains more conceptual than operational.

This pattern is reflected in both oversight and evaluative findings already discussed under MI 7.1. The Strategic Framework mid-term evaluation concluded that the IRRM is not optimised for organisational performance measurement and is not consistently used by staff as a performance management tool, limiting its ability to demonstrate contributions to higher-level outcomes. The Office of Audit and Investigation audit (2023) similarly identifies shortcomings in systems for measuring results, including unclear procedures and inconsistent adherence to guidance during implementation and reporting.

Programme-level evaluations conducted during the review period reinforce these findings. The LoCAL evaluation (2023) confirms the existence of programme-specific results frameworks and monitoring systems, but cautions that reported results rely heavily on output and process indicators and provide limited evidence of sustained outcome-level change. Other evaluations reviewed during the period likewise note that completion of activities or delivery of outputs is often implicitly treated as success, without sufficient evidence linking these outputs to longer-term development or institutional outcomes.

Design and reporting documentation reviewed under KPI 2—including the TAM and PAM templates, thematic guidance notes, and IRRM indicator methodological notes—also shows that different thematic areas apply distinct reporting requirements. For example, gender-related guidance requires the reporting of sex-disaggregated beneficiary data at monitoring stage, while climate- and nature-related documentation relies primarily on thematic classification and tagging approaches rather than dedicated results indicators. Other thematic areas are reported through more general output- or activity-based indicators without additional thematic disaggregation.

UNCDF has recently introduced additional guidance, tools, and quality assurance arrangements intended to strengthen vertical coherence across the results framework. According to UNCDF, project-level results are now linked to the Strategic Framework and IRRM through approved Results and Resources Frameworks and Data Monitoring Plans supported by standardised indicators and formal linkage methodologies. Recent corporate guidance—including the revised Impact Measurement Guidance Note, Impact Indicator Catalogue, and Guidance on Linking Ongoing Projects to the IRRM 2026–2029—aims to strengthen consistency, traceability, and reconciliation of project-, programme-, thematic-, and corporate-level reporting. UNCDF also indicated that reconciliation of results across levels is supported through multi-layered quality assurance processes involving project teams, regional RBM focal points, and headquarters-level review functions.

These reforms strengthen the formal architecture linking project and corporate reporting and address some of the standardisation and traceability limitations identified in earlier evaluative and audit findings. However, many of the strengthened systems and methodologies remain relatively recent, and evidence on their consistent application and effectiveness in demonstrating contribution to higher-level outcomes across the portfolio remains emerging.

An annual report on performance is discussed with the governing bodies.

UNCDF produces an annual corporate performance report that is formally submitted to and acknowledged by its governing bodies, though available documentation provides limited evidence that these discussions systematically assess performance against planned results.

UNCDF produces an annual corporate performance report that is formally submitted to its governing bodies as part of the organisation's accountability cycle. The 2024 Annual Report is presented as an annual review of progress under the Strategic Framework 2022–2025 and is structured around corporate outcome areas and institutional effectiveness themes. The report is intended to inform governing bodies about organisational activities, areas of progress, and key institutional developments during the reporting period.

The Annual Report consolidates performance information primarily through narrative descriptions, selected results examples, and thematic summaries. It highlights areas of activity and achievement across programmes and practices, and situates these within broader contextual and institutional challenges. The report draws on results information generated through corporate systems, but it does not explicitly present performance through the IRRM, nor does it describe how IRRM indicators underpin the reported results.

Executive Board decision texts confirm that the Annual Report and results reports are formally presented and acknowledged as part of the Board's oversight cycle. For example, Board decisions related to the 2024 annual report and cumulative review of the Strategic Framework (DP/2025/18), the 2023 results report (DP/2024/22), and earlier annual reports note that the Board "takes note" of these documents and in some cases commends progress made in implementing the Strategic Framework. Board decisions also highlight broader institutional issues discussed during these sessions, including concerns regarding the level of core resources, the importance of UNCDF's catalytic financing role, and expectations for continued organisational reform. In addition, UNCDF management informally engages with Board members through briefings and consultations, allowing for deeper discussion of strategic priorities, performance trends and emerging challenges.

While governing body decisions confirm that annual performance reports are formally reviewed and acknowledged, the documentation reviewed provides limited evidence that these discussions systematically present deviations between planned and actual results or examine performance against IRRM targets. For example, the IRRM includes explicit milestones and targets under Outcome 1.1 ("More jobs created"), for which 2024 actual results fell substantially short of planned milestones across total jobs, jobs in public and private entities, and jobs for women. Despite the 2024 Annual Report refers to employment creation within its broader economic transformation narrative, it does not explicitly reference the relevant IRRM indicators, present target-versus-actual performance, or explain the scale or drivers of the observed deviation.

Taken together, the evidence indicates that while annual corporate performance reports are formally submitted to and acknowledged by governing bodies, available documentation provides limited evidence that these reports systematically present performance against planned targets or facilitate structured discussion of underperformance and corrective action.

Element 7.2.4

Corporate strategies are updated regularly.

UNCDF operates within defined strategic planning cycles, with its corporate Strategic Framework updated periodically. However, regular review and updating of other corporate and thematic strategies is less consistent.

UNCDF operates within defined strategic planning cycles, with its current Strategic Framework covering the period 2022–2025. Documentation reviewed indicates that UNCDF is in the process of preparing a successor Strategic Framework for 2026–2029. As noted under KPI 1, the draft Strategic Framework 2026–2029 reflects an effort to streamline and clarify UNCDF’s overall strategic orientation, including a more focused articulation of priority areas and organisational positioning.

Beyond the overarching corporate framework, the documentation reviewed provides limited evidence of regular updating of thematic strategies. The Gender Equality Strategy 2022–2025 remains the most fully articulated and time-bound thematic strategy, with defined objectives and a results framework. In contrast, for other thematic areas referenced in corporate planning and reporting—such as climate, energy, biodiversity, and aspects of digital transformation—the documentation does not demonstrate the existence of standalone thematic strategies that are subject to systematic review and updating.

Instead, strategic direction for these thematic areas appears to be articulated primarily through the overarching Strategic Framework and its results architecture, supplemented in some cases by thematic theories of change, concept notes, or strategic presentations. These materials outline priorities and intended directions, but they do not constitute formal thematic strategies with defined review cycles or update mechanisms comparable to those of the gender strategy.

In addition to thematic strategies, UNCDF maintains several core corporate and functional strategies—such as its Resource Mobilisation Strategy, Investment Strategy (2024-2025), Human Resources Workplan and Strategy (2023)—that support delivery of the Strategic Framework. While these documents signal active organisational reform and strategic intent, the documentation reviewed does not indicate a clear corporate mechanism or planning framework that specifies when such strategies are to be reviewed, renewed or retired in relation to the strategic planning cycle. Nor does it identify which strategies are expected to be updated as part of the transition to a new Strategic Framework period.

UNCDF indicated that this reflects a deliberate institutional shift under the Strategic Framework 2026–2029 away from standalone thematic “focus areas” toward a capabilities-based model centred on MSME finance, subnational finance, and digital finance. Under the Strategic Framework 2026–2029, gender equality is intended to be integrated as a cross-cutting priority applied across UNCDF’s financing and advisory capabilities rather than managed primarily through a standalone thematic strategy. UNCDF also noted that the Gender Equality Strategy 2022–2025 responded in part to UN system-wide requirements, including UN-SWAP, while the forthcoming Strategic Framework seeks to embed gender more systematically across institutional and operational functions.

Element 7.2.5

The annual corporate reports show progress over time and notes areas of strong performance as well as deviations between planned and actual results.

UNCDF’s annual corporate reports present narrative accounts of organisational progress and achievements, though it does not systematically analyse progress over time against planned results or highlight deviations between targets and actual performance.

UNCDF’s annual corporate reporting places significant emphasis on selected areas of organisational performance and institutional context. The 2024 Annual Report discusses funding trends in detail, including challenges related to core resources, reliance on non-core funding, and ongoing efforts to mobilise blended and private finance. It also highlights major areas of organisational focus, reform initiatives, and selected programme achievements, using success stories and illustrative examples to convey progress and areas of strength.

These elements provide governing bodies with visibility on key institutional developments and

contextual factors affecting UNCDF's operations. In particular, the treatment of funding and resourcing trends offers a candid account of structural constraints facing the organisation and reflects issues that are material for strategic oversight.

At the same time, the documentation reviewed provides limited evidence that annual corporate reports systematically present progress over time against planned results as defined in the Integrated Results and Resources Matrix. Though the report refers to achievements and areas of engagement, it does not consistently present time-series data, target-versus-actual comparisons, or trend analysis linked explicitly to IRRM indicators. As a result, progress is conveyed primarily through narrative summaries rather than through systematic assessment against planned milestones and targets. While the annual report itself does not systematically present IRRM-based trend analysis or target-versus-actual comparisons, the IRRM forms part of the formal results package submitted to the Executive Board, where performance against planned results and milestones is reviewed alongside narrative reporting.

The handling of deviations between planned and actual results further illustrates this pattern. For example, the IRRM includes explicit milestones and targets under Outcome 1.1 ("More jobs created"), for which 2024 actual results fell substantially short of planned milestones across total jobs, jobs in public and private entities, and jobs for women. While the 2024 Annual Report discusses employment creation within broader narratives on economic transformation and private sector engagement, it does not explicitly reference the relevant IRRM indicators, present target-versus-actual performance, or explain the observed deviation. Similar patterns are observed across other outcome areas, where narrative reporting highlights activity and contextual trends but does not systematically surface underperformance or divergence from planned results. Under the revised Strategic Framework and IRRM for 2026–2029, future cumulative reviews and annual reporting processes are expected to include expanded discussion of IRRM results, targets, deviations, and performance trends.

MI 7.3: Results targets set on a foundation of sound evidence base and logic.

- Element 7.3.1: Targets and indicators are adequate to capture causal pathways between interventions and the outcomes that contribute to higher order objectives.
- Element 7.3.2: Indicators are relevant to expected results to enable the measurement of the degree of goal achievement.
- Element 7.3.3: Development of baselines are mandatory for new Interventions.
- Element 7.3.4: Results targets are regularly reviewed and adjusted when needed.
- Element 7.3.5: Results targets are set through a process that includes consultation with beneficiaries.

Ratings

MI / Element	Rating	Confidence Level / Score
MI 7.3	2.2	
Element 7.3.1	2	Medium
Element 7.3.2	2	Medium
Element 7.3.3	2	Medium
Element 7.3.4	2	Medium
Element 7.3.5	3	Low

MI 7.3 Evidence documents

- United Nations Capital Development Fund (2021) "Strategic Framework 2022–2025"
- United Nations Capital Development Fund (2024) "Integrated Results and Resources Matrix, including Indicator Methodological Notes"
- United Nations Capital Development Fund (2024) "Annual Report 2024"
- United Nations Capital Development Fund (2023) "Final Evaluation Report: LoCAL Programme"

- United Nations Capital Development Fund (2023) “Evaluation Report: Burkina Faso Digital Finance Country Strategy”
- United Nations Development Programme Office of Audit and Investigations (2023) “Audit of the United Nations Capital Development Fund”
- United Nations Capital Development Fund (2025) “Pre-Assessment Memo Template”
- United Nations Capital Development Fund (2025) “Supplementary Guidelines to the United Nations Development Programme Programme and Operations Policies and Procedures”
- United Nations Capital Development Fund (2025) “Transaction Assessment Memo Template”
- United Nations Capital Development Fund (2024) “Migration and Remittances Programme Mid-Term Evaluation”
- United Nations Capital Development Fund (2023) “Municipal Investment Facility Evaluation”
- United Nations Capital Development Fund (2023) “Final Evaluation Report: Africa Policy Accelerator Programme”

MI 7.3 Analysis

Element 7.3.1

Targets and indicators are adequate to capture causal pathways between interventions and the outcomes that contribute to higher order objectives.

UNCDF’s results architecture includes targets and indicators at corporate, programme and project levels. However, evaluations indicates that these indicators have not consistently captured the causal pathways linking interventions to higher-order outcomes.

Evaluations reviewed during the assessment period frequently indicates that targets and indicators are often not designed in a way that captures clear causal pathways between interventions and higher-order objectives. Across multiple programmes, evaluations identify a pattern in which indicators focus on activities, outputs or immediate products, while the link between these outputs and intended outcomes is weakly articulated or not measured.

The Migration and Remittances Programme evaluation (2024) explicitly distinguishes between output delivery and outcome achievement, noting that “the evaluation shows that MRP has been strong at the output level, not at the outcome level.” It further observes that “most of these knowledge products cannot (yet) be traced to developmental outcomes according to the project Theory of Change,” and cautions that available indicators “do not always allow for a clear assessment of progress toward intended outcomes.” These findings point to targets and indicators that capture delivery but not contribution.

Similar issues are identified in the Micro, Small and Medium Enterprise and Investment Facility evaluation, which finds that the programme’s monitoring and evaluation plan “was not fully implemented,” and that “results frameworks with indicators, baselines and targets were not developed at country level.” Where outputs were defined, they were “not with defined SMART indicators, baselines, targets and methods and sources of verification,” resulting in monitoring that focused on activities rather than on outcomes or impacts.

The Africa Policy Accelerator evaluation highlights comparable weaknesses in results logic and indicator design. While programme outputs were monitored annually, the evaluation notes that the monitoring framework was “limited to routine annual output and financial reporting,” and that “there does not appear to be any plan to assess the impact of APA’s outputs at the impact level.” As a result, the evaluation concludes that there is “no way of knowing whether or not the interventions supported by the programme are facilitating (or are likely to facilitate) increased use of digital financial services by low income customers.”

Recent internal initiatives suggest that UNCDF is aware of these limitations and has begun taking

steps to strengthen the quality of results frameworks. As noted under MI 7.1, the RBM Action Plan introduced in 2024, together with the establishment of RBM focal points and new methodological guidance on results indicators and monitoring, is intended to improve the articulation of results pathways and the quality of targets and indicators across programmes. These measures are presented as strengthening actions aimed at addressing weaknesses previously identified in evaluative and audit findings.

Taken together, these evaluative evidence reviewed during the assessment period indicates that, across different programmes and thematic areas, targets and indicators have often been insufficient to capture causal pathways from interventions to outcomes. Indicators tend to measure delivery, production or adoption, while outcome-level change and the assumptions linking outputs to higher-order objectives are not consistently reflected in indicator design or target setting. In practice, results data appear to be used primarily for reporting purposes rather than as an input into active performance management. This constrains the role that results information can play in adaptive management.

Element 7.3.2

Indicators are relevant to expected results to enable the measurement of the degree of goal achievement.

UNCDF consistently applies indicators across corporate and programme results frameworks, but evaluative evidence indicates that many indicators are primarily output-oriented and are not consistently aligned with outcome-level objectives, limiting their ability to measure progress toward intended results.

UNCDF's corporate results framework, articulated through the IRRM, defines a common set of indicators intended to capture progress toward Strategic Framework outcomes and to enable aggregation of results across a diverse portfolio. At programme and project levels, indicators are selected to populate the IRRM and to support reporting against expected results.

However, the structure of the IRRM and the way indicators are applied in practice raise questions about their relevance to the expected results they are intended to measure. Across outcome areas, IRRM indicators are predominantly output- and delivery-oriented, focusing on counts, volumes, adoption, or completion of activities and products. While such indicators are relevant for tracking implementation and scale, they do not consistently align with the outcome-level objectives articulated in programme theories of change or corporate outcome statements.

Evaluative evidence reviewed during the assessment period consistently reinforces this pattern at the programme and country level. The Migration and Remittances Programme evaluation finds that indicators captured the production of outputs but were not well aligned with the programme's intended outcomes related to financial inclusion and financial health, limiting the ability to assess goal achievement. Similarly, the Africa Policy Accelerator evaluation notes that monitoring focused on regulatory engagement and output delivery, with no indicators designed to measure whether these interventions translated into increased access to or use of digital financial services. In the absence of outcome-relevant indicators, effectiveness beyond intermediate policy results could not be assessed.

The Micro, Small and Medium Enterprise and Investment Facility evaluation further highlights that indicators, baselines and targets were not consistently developed, particularly at country level. Where indicators existed, they focused on activities rather than on outcomes, constraining their relevance for measuring progress toward expected results. Comparable issues are observed in programme evaluations of LoCAL and inclusive digital economy initiatives, where indicators supported reporting on delivery and institutional processes but provided limited insight into whether intended resilience, market or systemic outcomes were being achieved.

Overall, while indicators are consistently used to monitor implementation and report activity, the evidence indicates that their relevance to expected results—particularly outcome- and impact-

level objectives—is weak. The predominance of output-centric indicators within the IRRM, combined with programme-level reliance on activity-focused monitoring, constrains the ability of the indicator framework to measure the extent to which stated goals are being achieved.

Element 7.3.3

Development of baselines are mandatory for new Interventions.

UNCDF’s design and appraisal documentation formally requires the establishment of baselines for new interventions. However, programme evaluations consistently report that baselines were not systematically developed or applied in practice, limiting the ability to assess change and measure results over time.

UNCDF’s design and appraisal documentation establishes clear expectations for the development of results frameworks that include indicators, baselines and targets for new interventions. The PAM template requires teams to articulate expected results and key performance indicators at the concept stage, while the TAM template requires the specification of indicators, baselines, milestones and targets as part of appraisal and approval documentation. Results and monitoring guidance further reinforces the expectation that baselines are defined to enable measurement of change over time.

However, evaluative evidence reviewed during the assessment period indicates that these requirements are not consistently applied in practice. Multiple programme-level evaluations document the absence of baselines at programme and country levels, constraining the ability to assess progress toward intended results.

The Micro, Small and Medium Enterprise and Investment Facility evaluation found that results frameworks with indicators, baselines and targets “were not developed at country level,” and that the programme’s monitoring and evaluation plan “was not fully implemented.” As a result, monitoring focused primarily on activities and outputs, with limited ability to assess change relative to an initial baseline.

Similarly, the Africa Policy Accelerator evaluation notes that monitoring focused on routine annual output and financial reporting, without the establishment of baselines or plans to assess impact-level change. In the absence of baseline data, the evaluation concludes that it is not possible to determine whether observed outputs contributed to changes in access to or use of digital financial services.

The Migration and Remittances Programme evaluation also highlights limitations related to baseline development. While outputs were tracked, indicators were not consistently supported by baseline data that would allow progress toward intended outcomes to be assessed. This limited the evaluators’ ability to draw conclusions about results beyond output delivery.

Across evaluations, the absence of consistently defined baselines is identified as a key factor contributing to reliance on descriptive reporting rather than results-based assessment. Where baselines are not established at the outset, subsequent reporting cannot credibly demonstrate change or assess progress against targets.

Element 7.3.4

Results targets are regularly reviewed and adjusted when needed.

Results targets are defined during programme and project design, yet the documentation and evaluations reviewed provide little evidence that these targets are regularly reviewed or adjusted during implementation in response to evolving conditions or monitoring findings.

Results targets for programmes and projects are established at the design and approval stages

through programme documents and results frameworks. In principle, these targets could be reviewed and adjusted during implementation if assumptions change, contextual conditions evolve, or monitoring evidence indicates that targets are no longer realistic or appropriate. However, the evaluative evidence reviewed during the assessment period does not indicate that results targets were regularly reviewed or adjusted in practice. Across the programme- and project-level evaluations examined—including the Migration and Remittances Programme, Micro, Small and Medium Enterprise and Investment Facility, Africa Policy Accelerator, and LoCAL evaluations—there is no documented evidence that targets were revised, recalibrated or formally updated during implementation, even where programmes experienced changes in scope, delivery modalities or operating context.

Where evaluations describe adaptive management, this adaptiveness relates primarily to activities, sequencing, or engagement approaches rather than to adjustments of results targets themselves. In several cases, evaluations note weaknesses in results frameworks, indicators or baselines, but do not report that these weaknesses led to the revision of targets during implementation. As a result, results targets appear to have remained largely fixed once approved.

Element 7.3.5

Results targets are set through a process that includes consultation with beneficiaries.

While UNCDF does not require beneficiary consultation as a formal component of results target setting, programme-level evidence indicates that stakeholders have been consulted on intended outcomes, outputs, and target groups during intervention design in some cases.

UNCDF's programming policies and procedures are aligned with the UNDP Programme and Operations Policies and Procedures, which emphasise inclusive and participatory approaches to programme and project design. Under these policies, consultation with national stakeholders and beneficiaries is framed as a core principle of programme formulation, including in the identification of priorities and objectives.

However, the documentation reviewed for UNCDF does not demonstrate that this principle is operationalised in a systematic way with respect to results target setting. While the Pre-Assessment Memo and Transaction Assessment Memo require identification of beneficiaries and articulation of expected results, they do not require teams to document whether, or how, beneficiaries were consulted in defining indicators, calibrating targets, or determining what constitutes meaningful change. As such, consultation is recognised at the level of design intent, but is not embedded as a procedural requirement within results-based management processes.

UNCDF's Supplementary Guidelines to the UNDP POPP and related safeguards guidance reinforce the importance of stakeholder engagement, particularly for risk management and social and environmental considerations. However, these requirements focus primarily on consultation for compliance, inclusion, and mitigation purposes, rather than on participatory definition of results targets. The documentation does not establish a clear link between stakeholder consultation processes and the setting of quantitative or qualitative performance targets.

At the programme level, evidence reviewed also demonstrates that UNCDF undertakes stakeholder consultation processes during intervention design that may include discussion of intended outcomes, outputs, and implementation targets. For example, stakeholder consultation records for the Ghana Pact for Skills initiative show engagement with government ministries, universities, development partners, private sector actors, and sector representatives to discuss programme priorities, intended outputs, employability objectives, sustainability considerations, and implementation approaches prior to finalisation of the action design. Feedback from participants informed revisions to programme design, including discussion of target groups, institutional coordination, skills priorities, and implementation arrangements.

MI 7.4: Monitoring systems generate high-quality, useful performance data in response to strategic priorities

- Element 7.4.1: The corporate monitoring system is adequately resourced.
- Element 7.4.2: Monitoring systems generate data at output and outcome levels of the results chain.
- Element 7.4.3: Reporting processes ensure data is available for key corporate reporting and planning, including for internal change processes.
- Element 7.4.4: A system for ensuring data quality exists.

Ratings

MI / Element	Rating	Confidence Level / Score
Element 7.4.1	3	Medium
Element 7.4.2	2	Medium
Element 7.4.3	3	Medium
Element 7.4.4	3	Medium

MI 7.4 Evidence documents

- United Nations Capital Development Fund (2021) “Strategic Framework 2022–2025”
- United Nations Capital Development Fund (2024) “Integrated Results and Resources Matrix, including Indicator Methodological Notes”
- United Nations Capital Development Fund (2024) “Annual Report 2024”
- United Nations Capital Development Fund (2023) “Final Evaluation Report: LoCAL Programme”
- United Nations Capital Development Fund (2023) “Evaluation Report: Burkina Faso Digital Finance Country Strategy”
- United Nations Development Programme Office of Audit and Investigations (2023) “Audit of the United Nations Capital Development Fund”
- United Nations Capital Development Fund (2025) “Pre-Assessment Memo Template”
- United Nations Capital Development Fund (2025) “Supplementary Guidelines to the United Nations Development Programme Programme and Operations Policies and Procedures”
- United Nations Capital Development Fund (2025) “Transaction Assessment Memo Template”
- United Nations Capital Development Fund (2024) “Migration and Remittances Programme Mid-Term Evaluation”
- United Nations Capital Development Fund (2023) “Municipal Investment Facility Evaluation”
- United Nations Capital Development Fund (2023) “Final Evaluation Report: Africa Policy Accelerator Programme”
- United Nations Capital Development Fund (n.d.) “Terms of Reference for Results-Based Management and Monitoring and Evaluation Focal Points”

MI 7.4 Analysis

Element 7.4.1

The corporate monitoring system is adequately resourced.

UNCDF is taking action to address weaknesses in monitoring systems but these efforts are at an early stage of implementation.

As noted under MI 7.1 and MI 7.3, UNCDF's corporate monitoring and results systems have historically faced capacity and implementation challenges. Evaluative evidence reviewed during the assessment period consistently identifies weaknesses in the monitoring systems that feed into corporate reporting, particularly with respect to the ability to track results beyond activities and outputs and to generate outcome-level performance data in a systematic manner.

Programme-level evaluations—including those of the Migration and Remittances Programme, Micro, Small and Medium Enterprise and Investment Facility, Africa Policy Accelerator, and LoCAL—highlight partial or non-implementation of monitoring and evaluation plans, limited development of indicators, baselines and targets, and reliance on activity- or output-focused reporting. These findings point to constraints in monitoring capacity, affecting the quality and depth of data available for performance management and reporting.

Audit findings further reinforce this assessment. As discussed earlier under KPI 7, audit and evaluative evidence identifies weaknesses in systems for measuring results and inconsistencies in the application of monitoring guidance across the organisation. Taken together, this body of evidence suggests that corporate monitoring functions have not been consistently resourced at a level commensurate with the scope and complexity of UNCDF's portfolio and results ambitions. Notably, OAI follow-up audit confirmed UNCDF had implemented all recommendations. However it is likely that the impact of any improvements will still take time to be fully visible.

In response to these challenges, UNCDF has initiated measures aimed at strengthening monitoring and results-based management capacity. These include the rollout of RBM focal points, expansion of the IMVL function, and introduction of revised RBM guidance and quality assurance processes. UNCDF also indicated that the IMVL Unit and related oversight functions are expected to receive significantly increased resourcing under the Strategic Framework 2026–2029. These measures indicate recognition of capacity gaps and an intent to improve the functioning of corporate monitoring and reporting systems.

Taken together, the evidence suggests that constraints are not limited to tool availability but relate to the resourcing and operationalisation of corporate monitoring functions affecting the consistency, depth and outcome-orientation of performance data. While the rollout of RBM focal points and the RBM action plan indicates recognition of these gaps, the documentation reviewed does not specify the intended staffing model, coverage, or resourcing level for the RBM focal point network and the central RBM function once fully implemented.

Element 7.4.2

Monitoring systems generate data at output and outcome levels of the results chain.

UNCDF's monitoring architecture generates substantial data on programme activities and outputs, but significant doubts remain regarding its ability to systematically capture outcome-level change across the portfolio.

UNCDF's corporate monitoring system, articulated through the IRRM, is structured to generate performance data across the results chain, including outputs and outcomes aligned with the Strategic Framework. The IRRM distinguishes between different tiers of results and is intended to support outcome-level performance assessment alongside output tracking.

However, a review of the IRRM indicates that even indicators classified at the outcome level often measure delivery, access, or uptake rather than outcome-level change. Several indicators positioned at the higher levels of the results chain reflect outputs or immediate utilisation rather than sustained behavioural, institutional, or economic outcomes.

For example, one of the corporate outcome indicators tracks the number of ultimate target end-

users that have received direct UNCDF support or used products, services, or infrastructure stemming from UNCDF interventions. While relevant for understanding reach and scale, this indicator measures access or usage rather than changes in welfare, behaviour, or performance, and therefore aligns more closely with output-level measurement. Similarly, indicators tracking the availability of new or improved products and services, or the number of products, services or infrastructure scaled up or completed by UNCDF-supported partners, focus on delivery and expansion rather than on outcomes resulting from their use.

While these indicators provide valuable information on implementation and scale, they do not consistently capture whether interventions have led to improved service quality, sustained use, behavioural change, productivity gains, resilience, or other higher-order outcomes articulated in the Strategic Framework.

At the same time, the IRRM includes a substantial set of Tier 3 output indicators, which are clearly defined as outputs and are reported in a consistent and systematic manner. The strength of output-level monitoring demonstrates that UNCDF's monitoring systems are capable of generating detailed and comparable delivery data across the portfolio. The issue, therefore, is not the absence of monitoring data, but the limited presence of indicators that clearly measure outcomes distinct from outputs.

This pattern is reinforced by evaluative evidence at programme and project level. Multiple evaluations reviewed for this assessment note that results frameworks rely heavily on activity, delivery, or access indicators, with limited use of indicators that capture behavioural, institutional, or welfare change. For example, the IDE Burkina Faso evaluation reports that performance monitoring focused primarily on uptake of digital financial services and completion of activities, with limited evidence linking access to sustained changes in user behaviour or economic outcomes. Similarly, the MRP and APA evaluations highlight that indicators track policy outputs, pilots, and engagement processes, but do not systematically measure downstream effects such as regulatory enforcement, market behaviour, or beneficiary-level outcomes. These findings mirror the structure of the corporate IRRM, where outcome-level indicators frequently reflect reach or utilisation rather than demonstrable outcome-level change.

Oversight and evaluative sources reviewed during the assessment period provide several explanations for this pattern. The 2023 Office of Audit and Investigation report identifies weaknesses in monitoring, reporting and oversight of project results, including issues related to target calibration and data consolidation. The audit notes that many IRRM indicators showed achievement rates exceeding 55 per cent during the first year of the programme cycle or had already been fully achieved, suggesting that targets were insufficiently calibrated to capture meaningful performance variation. It also identified inconsistencies between results reported in the IRRM platform and underlying project reports used as data sources, indicating weaknesses in data consolidation and reporting systems. Complementing these findings, the Mid-Term Evaluation of the Strategic Framework (2022–2025) observes that the IRRM is not widely used by staff as a performance management tool and that limitations in the availability, reliability and relevance of results data constrain its usefulness for assessing progress toward outcomes. Together, these findings suggest that weaknesses in target setting, data systems and the practical use of the results framework contribute to the predominance of output-oriented indicators and limit the ability of monitoring systems to capture outcome-level change.

UNCDF indicated that the contours of the IRRM for the Strategic Framework 2026–2029 were submitted to the Executive Board in January 2026, with additional KPI targets and institutional effectiveness indicators expected to be presented during the June 2026 Board session. According to UNCDF, the revised IRRM is structured around the organisation's three core capabilities—MSME finance, subnational finance, and digital finance.

As a result, although monitoring systems generate extensive output-level data and label a subset of indicators as outcomes, the evidence suggests that outcome-level monitoring remains limited. The predominance of output-like indicators at higher tiers of the results chain constrains the ability of the monitoring system to generate data that meaningfully captures outcome-level change.

Element 7.4.3

Reporting processes ensure data is available for key corporate reporting and planning, including for internal change processes.

Reporting processes for the most part ensures that monitoring data are compiled and available for corporate reporting.

UNCDF's reporting processes compile monitoring data at corporate level for inclusion in annual corporate reporting and other internal reporting products. Monitoring data generated through programme and project reporting feed into the IRRM and are used to populate sections of the Annual Report and other corporate communications. This indicates that reporting processes function to make performance data available for descriptive corporate reporting purposes. The 2022-2025 and 2018-2021 IRRMs did not produce data on timeliness of key corporate processes or project cycles like many MDBs. In addition, the IRRM does not include measures of sustainability.

However, the documentation reviewed provides limited evidence that routine monitoring data are systematically used to inform corporate planning, prioritisation, or internal change processes. While performance information is aggregated and presented, the documentation does not demonstrate how monitoring data are analysed to identify trends, assess performance against plans, or inform management decisions. As discussed under MI 7.2, corporate reporting does not consistently present target-versus-actual performance or explicit analysis of deviations, limiting the interpretability of monitoring data for decision-making.

UNCDF has undertaken significant organisational reforms during the review period, including restructuring and the preparation of a new Strategic Framework. These changes are explicitly linked in documentation to findings from evaluations and audits, including the Strategic Framework evaluation and OAI reports. However, the evidence indicates that these reforms were informed by evaluative and oversight findings, rather than by routine monitoring data generated through the corporate results framework. The documentation does not show that monitoring data from the IRRM or programme reporting were a primary input into these strategic or organisational changes.

As a result, while reporting processes ensure that monitoring data are compiled and available for corporate reporting, the evidence does not demonstrate that these data are systematically used for planning, prioritisation, or internal change processes. Learning and adaptation appear to rely more heavily on periodic evaluations and audits than on ongoing performance monitoring.

Element 7.4.4

A system for ensuring data quality exists.

Evaluative evidence indicates that data quality has been a challenge at UNCDF and point to a need to strengthen quality assurance mechanisms, which UNCDF has begun addressing through broader reforms, revised quality assurance processes, and strengthened data validation arrangements.

UNCDF's programming and appraisal documentation establishes expectations regarding the definition and reporting of results data. Design and approval tools, including the Pre-Assessment Memo and Transaction Assessment Memo, require teams to specify indicators, baselines, milestones and targets, and to report against these during implementation. These requirements create an initial framework within which data quality could be addressed, particularly at design stage.

UNCDF also operates within the broader UNDP policy environment, which emphasises accountability, documentation and quality considerations across the programme and project cycle. In principle, this provides a reference framework for quality assurance of monitoring data, including expectations related to results definition, monitoring arrangements and reporting.

Programme- and project-level evaluations reviewed, repeatedly highlight weaknesses in results frameworks, inconsistent indicator definitions, missing baselines, and reliance on activity- or output-level reporting. These issues imply underlying data quality challenges, rather than isolated design shortcomings, and point to the absence of systematic quality assurance mechanisms throughout the monitoring cycle. The recurrence across multiple evaluations of inconsistent indicator definitions, missing baselines and reliance on activity/output reporting suggests that data quality challenges are systemic rather than isolated design issues.

Data quality assurance is intended to operate through a combination of ex ante quality assurance at design stage and structured validation and verification processes during implementation. According to UNCDF, the Programme Management Support Unit plays a central role in reviewing and quality assuring project designs, including theories of change, results frameworks, indicators, baselines, milestones, and targets, using standardised corporate tools and guidance aligned to the IRRM 2026–2029. UNCDF also indicated that these arrangements are being further formalised through revised RBM guidance, data validation protocols, and the RBM Focal Points Group.

While UNCDF has recently introduced more formalised quality assurance and data validation arrangements—including revised RBM guidance, structured review processes, and the RBM Focal Points Group—many of these measures remain relatively recent. The evaluative evidence reviewed for this assessment largely reflects earlier implementation periods and highlights persistent challenges related to indicator quality, baselines, consistency of monitoring practices, and outcome-level reporting. Future evaluations and oversight assessments will provide a clearer indication of the extent to which the strengthened quality assurance arrangements have addressed these issues across the portfolio.

MI 7.5: Performance data transparently applied in planning and decision-making.

- Element 7.5.1: Planning documents are clearly based on performance data.
- Element 7.5.2: Proposed adjustments to interventions are clearly informed by performance data.
- Element 7.5.3: At corporate level, management regularly reviews corporate performance data and makes adjustments as appropriate.
- Element 7.5.4: Performance data support dialogue in partnerships at global, regional and country levels.

Ratings

MI / Element	Rating	Confidence Level / Score
MI 7.5	2.25	
Element 7.5.1	2	Low
Element 7.5.2	2	Low
Element 7.5.3	2	Low
Element 7.5.4	3	Medium

MI 7.5 Evidence documents

- United Nations Capital Development Fund (2021) “Strategic Framework 2022–2025”

- United Nations Capital Development Fund (2024) “Integrated Results and Resources Matrix, including Indicator Methodological Notes”
- United Nations Capital Development Fund (2024) “Annual Report 2024”
- United Nations Capital Development Fund (2024–2025) “Delivery Overview Presentations”
- United Nations Capital Development Fund (2023) “Final Evaluation Report: LoCAL Programme”
- United Nations Capital Development Fund (2023) “Evaluation Report: Burkina Faso Digital Finance Country Strategy”
- United Nations Development Programme Office of Audit and Investigations (2023) “Audit of the United Nations Capital Development Fund”
- United Nations Capital Development Fund (2025) “Pre-Assessment Memo Template”
- United Nations Capital Development Fund (2025) “Supplementary Guidelines to the United Nations Development Programme Programme and Operations Policies and Procedures”
- United Nations Capital Development Fund (2025) “Transaction Assessment Memo Template”
- United Nations Capital Development Fund (2024) “Migration and Remittances Programme Mid-Term Evaluation”
- United Nations Capital Development Fund (2023) “Municipal Investment Facility Evaluation”
- United Nations Capital Development Fund (2023) “Final Evaluation Report: Africa Policy Accelerator Programme”

MI 7.5 Analysis

Element 7.5.1

Planning documents are clearly based on performance data.

While UNCDF has processes that could allow performance data to inform planning, the documentation reviewed does not demonstrate that routine performance monitoring data are systematically used to inform corporate or programme planning. Organisational adjustments and reforms during the period appear to be driven primarily by periodic evaluations and audits rather than by analysis of ongoing performance data, limiting the role of routine monitoring as a planning input.

At corporate level, major planning and strategic changes during the review period are linked in documentation to evaluations and audit findings. However, the evidence does not indicate that these changes were informed by routine performance monitoring data, making it difficult to assess the role that performance data play in shaping planning decisions.

UNCDF's planning and design processes include formal mechanisms intended to promote the use of evidence from past operations. As discussed under KPI 8, project-level design documentation incorporates a Project Quality Assurance Assessment that requires teams to demonstrate whether knowledge, good practices and lessons learned have informed the design of proposed interventions. Sample programme documentation shows that this requirement can be applied through narrative references to prior experience and learning. However, the evidence reviewed does not demonstrate that routine performance data generated through monitoring systems are clearly or consistently used as inputs into planning documents.

Element 7.5.2

Proposed adjustments to investments and other operations are clearly informed by performance data.

UNCDF has procedures that allow interventions to be modified during implementation, the evidence reviewed shows that performance and delivery data are used to identify implementation risks, delays and operational follow-up actions, although documentation of the link between specific data points and formal intervention amendments remains uneven.

UNCDF's programme and project management procedures allow for adjustments to approved interventions during implementation. Formal mechanisms exist for amending project or programme documentation, including revisions to activities, timelines, budgets, or implementation arrangements, subject to internal review and approval. These procedures provide a pathway through which changes to interventions can be proposed and authorised. However, the documentation reviewed does not demonstrate that such adjustments are clearly informed by routine performance data. Neither design and implementation templates nor amendment procedures require teams to document how monitoring data informed proposed changes. As a result, while changes to interventions are procedurally possible, the basis on which they are justified is not transparent in relation to performance evidence.

Delivery Overview presentations, financial delivery tracking, portfolio reviews and project-level monitoring provide management with information on under-delivery, delays, implementation risks and projects requiring attention. These data are used to support decisions on follow-up actions, delivery acceleration, workplan adjustments, technical support and management attention. This indicates that proposed operational adjustments are informed by performance and delivery data, even where the documentation does not always show a formal amendment trail linking each adjustment to a specific performance indicator.

Evaluative evidence reinforces this finding. Programme- and project-level evaluations reviewed describe adjustments to activities, sequencing, partnerships, or delivery approaches during implementation. Though, these adjustments are typically attributed to contextual factors, implementation challenges, donor requirements, or management judgement, rather than to analysis of monitoring data. Evaluations do not document cases where performance data—such as indicator trends or progress against targets—were used explicitly to justify or shape adjustments to intervention design.

In several evaluations, results frameworks and targets remained unchanged even where implementation experience or contextual shifts prompted modifications to activities. This suggests that while operational adjustments occur, they are not systematically linked to performance data or used as an opportunity to recalibrate results frameworks or targets.

As part of broader reforms and part of its next strategic cycle, UNCDF is strengthening adaptive management practices as part of its broader RBM reforms, aligned with UNDP RBM guidance on “Manage Change.” According to UNCDF, project Data Monitoring Plans now include dedicated sections for adaptive management and are intended to document emerging risks, bottlenecks, contextual changes, and resulting adjustments to activities, implementation approaches, timelines, targets, or assumptions. UNCDF indicated that performance data generated through these processes are reviewed through quarterly and annual progress reviews and may inform amendments to Annual Work Plans or formal project revisions where required. These changes will be critical as it seeks to expand its portfolio of loans and guarantees.

Overall, UNCDF has procedures to adjust interventions during implementation, and delivery presentations, financial delivery tracking, portfolio reviews and project-level monitoring are used to identify implementation bottlenecks and inform follow-up actions. The main limitation is that the documentary trail does not consistently show how specific performance data lead to formal amendments or structured portfolio-level adjustments.

Element 7.5.3

At corporate level, management regularly reviews corporate performance data and makes adjustments as appropriate.

Corporate management regularly reviews delivery and financial performance data, but the evidence does not demonstrate that these reviews systematically lead to documented adjustments to corporate strategies, portfolios, or results frameworks based on performance evidence. The evidence does show, however, that these reviews support management oversight and operational decision-making, including identification of underperforming projects, delivery bottlenecks, delayed disbursements and follow-up actions.

UNCDF produces regular internal management products that compile corporate-level performance information for senior management review. The Delivery Overview presentations reviewed provide recurring snapshots of portfolio delivery performance, with a strong focus on financial execution. These materials track indicators such as budget versus expenditure, delivery rates, unspent balances, and projects underperforming against financial delivery targets.

The existence of these recurring delivery reviews indicates that corporate management regularly receives and reviews performance-related information, particularly in relation to financial delivery and implementation progress. The presentations suggest an active focus on identifying delivery bottlenecks, lagging projects, and concentrations of unspent resources, and they appear to support short-term operational oversight.

However, the documentation reviewed does not demonstrate how this performance information is used to inform adjustments at corporate or portfolio level beyond delivery management. The delivery materials primarily present descriptive data on expenditure, delivery rates and project status, but do not document decisions taken in response to this information, nor do they show how delivery data are linked to adjustments in programming priorities, results frameworks, or strategic direction.

In addition, the performance data reviewed in these delivery presentations are largely financial and operational in nature. They do not include systematic analysis of outcome-level performance or progress against results objectives, which limits their use as a basis for results-based decision-making at corporate level. As discussed under MI 7.4.2, the predominance of output- and delivery-oriented data constrains the extent to which corporate performance reviews can support adjustments related to effectiveness or outcomes.

Overall, management regularly reviews delivery, financial and portfolio performance data through corporate delivery presentations, dashboards, project reviews and portfolio monitoring. These reviews inform operational follow-up and management attention to delayed or underperforming activities. However, the evidence is less clear that corporate performance reviews lead to adjustments in strategic priorities, portfolio composition, results frameworks or outcome-level approaches.

Element 7.5.4

Performance data support dialogue in partnerships at global, regional and country levels.

UNCDF uses performance and portfolio data to support dialogue with partners at project, country, regional, and global levels through governance meetings, portfolio reviews, donor engagement, and coordination processes.

According to UNCDF, performance data drawn from the IRRM, project logframes, financial delivery tracking, and portfolio dashboards are shared through project boards, portfolio reviews, and bilateral management discussions. These data are used to assess progress against targets, identify implementation risks or delays, and discuss corrective actions, including adjustments to

workplans, resource allocations, and technical support arrangements.

At regional and global levels, aggregated portfolio and results data are used in discussions with donors and UN partners on strategy, funding priorities, and pipeline development. UNCDF also indicated that partner feedback is captured through governance meetings, evaluations, and routine coordination processes and used to inform implementation adjustments and future programming approaches.

Taken together, the evidence indicates that performance and portfolio data are used to support partnership dialogue and implementation discussions across multiple levels of engagement, although evidence on the consistency and depth of these practices across the full portfolio remains limited.

KPI 8: Evidence-based planning and programming applied.

Ratings

KPI / MI	Rating	Score	Confidence
KPI 8	U	2.49	
MI 8.1	U	1.83	
MI 8.2	U	2.2	
MI 8.3	S	2.6	
MI 8.4	S	2.8	
MI 8.5	S	3	
MI 8.6	S	2.75	
MI 8.7	U	2.25	

MI 8.1: A corporate independent evaluation function exists.

Element 8.1.1: The evaluation function is independent from other management functions (operational and financial independence).

Element 8.1.2: The head of evaluation reports directly to the governing body of the organisation (structural independence).

Element 8.1.3: The evaluation office has full discretion in deciding the evaluation programme.

Element 8.1.4: The central evaluation programme is fully funded by core funds.

Element 8.1.5: Evaluations are submitted directly for consideration at the appropriate level of decision-making for the subject of evaluation.

Element 8.1.6: Evaluators are able to conduct their work during the evaluation without undue interference by those involved in implementing the unit of analysis being evaluated (behavioural independence).

Ratings MI 8.1

MI / Element	Rating	Score	Confidence Level / Score
MI 8.1		1.83	
Element 8.1.1		1	High
Element 8.1.2		1	High

Element 8.1.3		2	High
Element 8.1.4		2	Medium
Element 8.1.5		3	Medium
Element 8.1.6		2	Low

MI 8.1 Evidence documents

- United Nations Capital Development Fund (n.d.) “Evaluation at the United Nations Capital Development Fund”
- United Nations Capital Development Fund (2022) “Evaluation Plan 2022–2025”
- United Nations Capital Development Fund (2024) “Strategic Framework Mid-Term Evaluation 2022–2025”
- United Nations Development Programme (2024) “Evaluation Policy 2025–2030”
- United Nations Development Programme (2024) “Independent Review of the United Nations Development Programme Evaluation Policy”

MI 8.1 Analysis

Element 8.1.1: The evaluation function is independent from other management functions (operational and financial independence).

UNCDF’s evaluation function is governed by the UNDP Evaluation Policy and operates through a dedicated evaluation unit that commissions external evaluations, with additional quality assurance provided by the UNDP Independent Evaluation Office. However, the UNCDF unit is not fully operationally or financially independent from management.

The UNDP Evaluation Policy defines the relationship between UNCDF’s evaluation function and the UNDP Independent Evaluation Office. Under the Policy, UNCDF establishes evaluation plans, allocates funding, commissions evaluators, provides management responses, and learns from evaluation results, while the UNDP Independent Evaluation Office quality-assesses decentralized evaluations commissioned by UNCDF and works with UNCDF to ensure that evaluation processes and reports are aligned with policy requirements, independently produced, and of appropriate quality and utility. UNCDF evaluations are conducted by external consulting firms through competitive procurement processes who report to UNCDF management.

However, while these arrangements clarify policy coverage, external quality assurance, and use of external evaluators, the documentation reviewed provides less clarity on how evaluation budgets are protected from changes during implementation, how evaluations may be cancelled or deferred, and how operational independence is safeguarded during periods of leadership transition.

Interview evidence further indicates that the evaluation function has operated with limited staffing capacity and that evaluation planning, resourcing and implementation are closely intertwined with management processes. In addition, the recent departure of the Officer-in-Charge of Evaluation introduces further uncertainty regarding continuity of oversight and decision-making authority for the evaluation function. The documentation reviewed does not clarify interim arrangements or how operational independence is maintained during periods of leadership transition. UNCDF indicated that recruitment of an Evaluation Specialist is underway.

Element 8.1.2: The head of evaluation reports directly to the governing body of the organisation (structural independence).

The reporting structure of the UNCDF evaluation function does not ensure structural independence.

The UNDP Evaluation Policy (2025–2030), which applies to UNDP and its hosted entities including UNCDF, establishes provisions for structural independence at the system level. Under this policy, the UNDP Independent Evaluation Office reports directly to the UNDP/UNFPA/UNOPS Executive Board, which serves as the custodian of the Evaluation Policy and provides oversight of independent evaluation at the corporate level.

For UNCDF specifically, the documentation reviewed indicates that the evaluation function is organisationally distinct but does not report directly to a governing body. Instead the evaluation function reports to UNCDF management, rather than directly to the Executive Board. No documentation was found describing a formal reporting line between the head of UNCDF's evaluation function and UNCDF's governing body, nor outlining arrangements for direct submission of evaluation work to the Board independent of management.

Element 8.1.3: The evaluation office has full discretion in deciding the evaluation programme.

UNCDF maintains formal evaluation planning and management processes; however, the evidence reviewed indicates that discretion over the evaluation programme is shared/influenced by management rather than exercised solely by the evaluation function.

UNCDF's Evaluation Plan for 2022–2025 sets out an indicative programme of corporate, thematic and programme-level evaluations and states that the plan may be revised on an annual basis, with updates reflected in the Evaluation Resource Centre. While the Evaluation Plan demonstrates structured planning and alignment with strategic priorities, the documentation reviewed does not clarify the governance arrangements through which the evaluation programme is approved, revised or amended. In particular, the Plan does not specify whether the evaluation function has sole discretion to determine evaluation priorities or whether decisions to revise, defer or cancel planned evaluations are subject to management or other institutional approval.

The current evaluation plan included, for example, a Mid-Term Evaluation of UNCDF's Leaving No One Behind in the Digital Era Strategy; however, this evaluation did not proceed as scheduled. The documentation reviewed does not explain the reasons for this change, nor does it identify the authority or criteria used to cancel or defer planned evaluations. Interview evidence similarly indicates that evaluation planning and resourcing decisions are closely linked to management processes.

An Evaluation Specialist is responsible for managing the approval process for individual evaluations, including coordinating feedback from project teams, regional and programme leads, and the Executive Secretary. UNCDF also indicated that cancellation of evaluations falls under the authority of the Executive Secretary and noted that recent strategic reprioritisation in 2025 and 2026 resulted in some evaluation cancellations.

Taken together, while UNCDF maintains formal evaluation planning processes consistent with policy requirements, the available evidence does not demonstrate that the evaluation function exercises full discretion over the evaluation programme as envisaged by this indicator.

Element 8.1.4: The central evaluation programme is fully funded by core funds.

UNCDF's central evaluation function is funded through core resources, while individual evaluations are financed through a combination of project budgets, core resources, and external funding sources.

The Evaluation Policy (2025–2030) requires that evaluation functions prepare fully costed evaluation plans aligned with organisational strategies and budgets. Consistent with this requirement, UNCDF's Evaluation Plan for 2022–2025 presents an indicative, costed programme of evaluation activities aligned with the Strategic Framework.

Core resources fund the central evaluation unit, while funding for individual evaluations is drawn from project budgets and may include both core and external resources depending on the programme or investment concerned. According to UNCDF, evaluation budgets are reviewed and approved through the IDIC process, and the evaluation unit monitors utilisation of planned evaluation resources.

All in all, the evidence indicates that UNCDF maintains a centrally funded evaluation function, but that evaluation activities themselves are financed through a mixed funding model that includes project-level and external resources. As such, the central evaluation programme is not financed exclusively through core funds.

Element 8.1.5: Evaluations are submitted directly for consideration at the appropriate level of decision-making for the subject of evaluation.

UNCDF evaluations are disclosed and reported through UNDP evaluation reporting and oversight processes, including the Evaluation Resource Centre and reporting to the UNDP Executive Board.

The UNDP Evaluation Policy (2025–2030) establishes that evaluation findings and corresponding management responses are to be disclosed and reported through formal corporate processes, including reporting to the Executive Board.

UNCDF's evaluation documentation and website indicate that completed evaluations and management responses are published and disseminated, and that evaluation findings are tracked for follow-up. The Evaluation Plan further notes that UNCDF evaluations contribute to accountability and learning obligations to Member States, and that evaluation outputs are reflected in UNDP's annual reporting on evaluation to the Executive Board.

Element 8.1.6: Evaluators are able to conduct their work during the evaluation without undue interference by those involved in implementing the unit of analysis being evaluated (behavioural independence).

UNCDF's evaluation function operates within the safeguards established by the UNDP Evaluation Policy and UNEG norms and standards, which emphasise impartiality and protection from undue influence. However, evidence on how behavioural independence is operationalised in practice within UNCDF remains limited, with independence safeguards being developed and formalized in 2026.

UNDP Evaluation Policy (2025–2030), establishes clear principles requiring evaluations to be conducted independently, impartially and free from undue influence. The policy incorporates UNEG norms and standards, including ethical requirements and conflict-of-interest provisions intended to safeguard the credibility and integrity of evaluation processes. UNCDF's evaluation arrangements also include the use of external evaluators and quality assurance by the UNDP Independent Evaluation Office, which provide important safeguards at the policy and system level.

However, the documentation reviewed provides limited detail on UNCDF-specific operational procedures governing interactions between evaluators and management, mechanisms for resolving disagreements over scope or findings, or escalation arrangements where evaluation independence may be at risk. UNCDF indicated that an Evaluation Charter is being developed in 2026, which provides an opportunity to clarify operational safeguards and responsibilities related to behavioural independence, including how evaluators are protected from undue interference during the conduct of evaluations.

MI 8.2: Consistent, independent evaluation of results (coverage).

Element 8.2.1: An evaluation policy describes the principles to ensure the coverage, quality and use of findings, including in decentralised evaluations.

Element 8.2.2: The policy/an evaluation manual guides the implementation of the different categories of evaluations, such as strategic, thematic, corporate level evaluations, as well as decentralised evaluations.

Element 8.2.3: A prioritised and funded evaluation plan covering the organisation's planning and budgeting cycle is available.

Element 8.2.4: The annual evaluation plan presents a systematic and periodic coverage of the MO's interventions, reflecting key priorities.

Element 8.2.5: Evidence demonstrates that the evaluation policy is being implemented at country-level

Ratings 8.2

MI / Element	Rating	Score	Confidence Level / Score
MI 8.2		2.2	
Element 8.2.1		2	Medium
Element 8.2.2		2	Medium
Element 8.2.3		3	High
Element 8.2.4		2	Medium
Element 8.2.5		2	Medium

MI 8.2 Evidence documents

- United Nations Development Programme Independent Evaluation Office (2024) "Evaluation Policy 2025–2030"
- United Nations Development Programme Independent Evaluation Office (2025) "Independent Review of the United Nations Development Programme Evaluation Policy"
- United Nations Development Programme Independent Evaluation Office (2022) "Annual Report on Evaluation"
- United Nations Development Programme Independent Evaluation Office (2023) "Annual Report on Evaluation"
- United Nations Development Programme Independent Evaluation Office (2024) "Annual

Report on Evaluation”

- United Nations Development Programme Independent Evaluation Office (n.d.) “Evaluation Resource Centre: United Nations Capital Development Fund Evaluation Records and Management Responses”
- United Nations Capital Development Fund (2021) “Strategic Framework 2022–2025”
- United Nations Capital Development Fund (2022) “Evaluation Plan 2022–2025”
- United Nations Capital Development Fund (2025) “Supplementary Guidelines to the United Nations Development Programme Programme and Operations Policies and Procedures”

MI 8.2 Analysis

Element 8.2.1: An evaluation policy describes the principles to ensure the coverage, quality and use of findings, including in decentralised evaluations.

UNCDF operates within a structured evaluation policy framework that establishes expectations for evaluation coverage, quality assurance, transparency, and use of findings across both centralised and decentralised evaluations. However, UNDP IEO quality assurance arrangements are less well tailored to UNCDF’s increasingly private-sector-facing and investment-oriented portfolio.

The evaluation policy framework applicable to UNCDF sets out principles intended to ensure systematic evaluation coverage across corporate, thematic, programme and project levels, alongside standards for quality, independence and ethical conduct aligned with UNEG norms and standards. The framework also establishes expectations regarding transparency and use of evaluation findings, including disclosure of evaluation reports, preparation and tracking of management responses, and reporting through established governance channels.

Evaluation coverage requirements are derived from the UNDP Evaluation Policy and incorporated into project planning and budgeting processes. According to UNCDF, global and strategic evaluations are proposed by the Evaluation Specialist and discussed by the Senior Management Team during Strategic Framework planning processes.

Within this framework, decentralised evaluations are explicitly recognised and are required to adhere to the same principles of quality, independence and transparency as UNDP evaluations. UNCDF’s evaluation documentation reflects alignment with these policy principles, referencing the use of external evaluators, adherence to UNEG standards and participation in the UNDP Independent Evaluation Office quality assessment system for decentralised evaluations, which covers evaluations commissioned by UNDP, UNCDF, UNV, and UNOSSC and reports annually to the Executive Board. However, UNDP IEO has limited dedicated experience in private sector and investment-focused evaluation. This is relevant because UNCDF’s evolving portfolio increasingly includes loans, guarantees, blended finance structures, investment pipelines, portfolio risk considerations and additionality claims. As a result, existing quality assurance arrangements may be less able to support the methodological quality of evaluations focused on UNCDF’s catalytic finance and private-sector-facing work.

Element 8.2.2: The policy/an evaluation manual guides the implementation of the different categories of evaluations, such as strategic, thematic, corporate level

evaluations, as well as decentralised evaluations.

UNCDF applies the UNDP evaluation policy framework to guide different categories of evaluations, but does not yet have a standalone evaluation manual or tailored guidance for evaluating its increasingly investment-oriented portfolio.

The evaluation policy framework provides general guidance on the purpose, scope and quality standards for different categories of evaluations, including strategic, thematic, corporate, programme and project-level evaluations. The framework sets out common requirements across evaluation types, such as adherence to UNEG norms and standards, ethical safeguards, use of external evaluators, disclosure of evaluation reports and preparation of management responses.

The policy also distinguishes between centrally managed evaluations and decentralised evaluations and specifies that decentralised evaluations must comply with the same quality, independence and transparency requirements. This provides overarching guidance applicable to evaluations commissioned and managed by UNCDF, regardless of category or level.

UNCDF's evaluation documentation references the application of this policy framework and associated quality assurance processes, including independent quality assessment supported by the UNDP Independent Evaluation Office. However, the available guidance remains primarily UNDP-wide rather than tailored to UNCDF's specific business model. This is an important limitation given UNCDF's increasing focus on blended finance, impact investment, loans, guarantees, portfolio risk and additionality. UNCDF is planning to develop additional guidance and procedures in 2026 tailored to its blended finance and impact investment operations, in light of the new UNCDF Supplementary Guidelines to the UNDP POPP framework. Until such guidance is developed and operationalised, the evaluation framework provides general procedural direction but more limited methodological guidance for UNCDF's specialised catalytic finance work.

Element 8.2.3: A prioritised and funded evaluation plan covering the organisation's planning and budgeting cycle is available.

UNCDF maintains a prioritised and costed multi-year evaluation plan aligned with its Strategic Framework and planning cycle, with evaluation funding incorporated into strategic and project planning processes.

UNCDF has developed a multi-year Evaluation Plan for the period 2022–2025, aligned with its Strategic Framework and intended to cover the organisation's planning cycle. The Evaluation Plan sets out an indicative list of planned evaluations, including corporate, thematic, programme and project-level evaluations, and presents an estimated timeline for their implementation over the strategic period. The Plan also identifies priority areas for evaluation, reflecting strategic themes, instruments and delivery modalities.

The Evaluation Plan includes cost estimates for planned evaluation activities, indicating an intention to link evaluation planning with budgeting considerations. It further states that the plan is indicative and may be revised annually, with updates reflected in relevant reporting platforms.

UNCDF clarified that the multi-year evaluation plan for 2026–2029 includes several strategic and corporate evaluations that are fully funded through core resources, while project-level evaluations are financed through project budgets. According to UNCDF, funding decisions for evaluations are considered during approval of the four-year evaluation plan and subsequently incorporated into annual work planning processes. These arrangements indicate that evaluation activities are integrated into organisational planning and budgeting processes across both strategic and project levels.

Taken together, the evidence indicates that UNCDF maintains a prioritised and costed multi-year evaluation plan aligned with its Strategic Framework and planning cycle, with funding arrangements incorporated into strategic and project planning processes.

Element 8.2.4: The annual evaluation plan presents a systematic and periodic coverage of the MO's interventions, reflecting key priorities.

UNCDF's multi-year Evaluation Plan is structured to provide periodic coverage of corporate, thematic, programme, and project-level interventions aligned with the organisation's strategic priorities, although the depth and consistency of coverage across thematic areas varies.

UNCDF's Evaluation Plan for 2022–2025 presents an indicative schedule of planned evaluations over the strategic period, including corporate, thematic, programme and project-level evaluations. The plan outlines a phased approach to evaluation coverage across multiple years and identifies priority areas for evaluation aligned with UNCDF's strategic framework, indicating an intention to provide periodic coverage of key interventions over the planning cycle. Unlike many multilateral organisations, UNCDF's evaluation function does not validate project completion reports or other internally produced self-evaluation documentation, as the organisation relies primarily on externally commissioned evaluations rather than a formal management self-evaluation system.

In terms of thematic coverage, the Evaluation Plan reflects most of UNCDF's thematic priority areas through a mix of programme, project and portfolio evaluations. Inclusive Digital Economies receives the most explicit evaluation attention, including planned programme-level evaluations and a proposed mid-term strategic evaluation that did not proceed as scheduled. Local Transformative Finance is covered primarily through programme and portfolio evaluations linked to financing instruments and country-level interventions. Coverage of Climate, Energy and Environment and Women's Economic Empowerment is more limited and occurs mainly on a cross-cutting basis within broader evaluations, rather than through dedicated thematic assessments. By contrast, the documentation reviewed does not provide evidence of planned or completed evaluations specifically addressing Sustainable Food Systems Finance.

However, while the Evaluation Plan demonstrates an intention to align evaluation coverage with strategic priorities, the documentation does not clearly demonstrate that evaluation coverage is systematic and periodic across all thematic areas. The plan does not articulate a clear rationale for differing depths of evaluation across themes, nor does it provide annual evaluation plans showing consistent implementation of the multi-year schedule.

Element 8.2.5: Evidence demonstrates that the self-evaluation process is being implemented at country-level.

UNCDF does not maintain a formal internally led self-evaluation system, relying instead on externally commissioned evaluations alongside internal monitoring, RBM, and management review processes to support ongoing performance assessment and corrective action.

UNCDF does not operate a formal self-evaluation system based on internally prepared project completion reports or self-assessments subsequently validated by an independent evaluation function. Unlike many multilateral organisations, documentation reviewed does not indicate the existence of an organisation-wide system of mandatory project completion reporting, implementation completion reports, or standardised management self-evaluations during the review period. Instead, UNCDF relies primarily on externally commissioned independent evaluations, complemented by internal monitoring, management review, and RBM processes to support ongoing performance assessment and corrective action at project and programme level.

Within this model, internally led self-assessment is undertaken principally through routine monitoring and management review arrangements rather than through formal exercises. Documentation from 2024 onwards indicates that UNCDF strengthened these processes as part of a broader effort to reinforce RBM and results oversight across the organisation.

UNCDF's Overview on Project Results, Monitoring and Reporting describes a re-prioritisation of RBM as a core management function, including:

- strengthened requirements for theories of change and results frameworks at project and programme design stage;
- clearer definition of indicators, baselines and targets;
- regular quarterly monitoring and reporting of results and risks;
- enhanced data quality assurance processes; and
- structured management review mechanisms to assess progress, identify implementation challenges and support corrective action.

The documentation further describes the establishment of corporate-level arrangements to reinforce accountability for results, including an RBM Results Group and an RBM action plan, intended to improve consistency in how results information is generated, reviewed and used across UNCDF's portfolio. These measures indicate a more explicit organisational emphasis on self-evaluation as an ongoing management responsibility from 2024 onwards.

The Accountability System Policy reinforces this approach by setting out expectations for managerial accountability, performance monitoring and internal review. Under this framework, managers are responsible for ensuring that performance information is systematically collected, reviewed and used to inform decision-making, and for taking corrective action where performance issues are identified.

MI 8.3: Systems applied to ensure the quality of evaluations.

Element 8.3.1: Evaluations are based on design, planning and implementation processes that are inherently quality-oriented.

Element 8.3.2: Evaluations use appropriate methodologies for data collection, analysis and interpretation.

Element 8.3.3: Evaluation reports present the evidence, findings, conclusions, and where relevant, recommendations in a complete and balanced way.

Element 8.3.4: The methodology presented includes the methodological limitations and concerns.

Element 8.3.5: A process exists to ensure the quality of all evaluations, including decentralised evaluations.

Ratings 8.3

MI / Element	Rating	Score	Confidence Level / Score
MI 8.3		2.6	
Element 8.3.1		2	Medium
Element 8.3.2		3	Medium
Element 8.3.3		3	Medium
Element 8.3.4		3	Medium
Element 8.3.5		2	Medium

MI 8.3 Evidence documents

- United Nations Capital Development Fund (2022) “Evaluation Plan 2022–2025”
- United Nations Development Programme (2024) “Evaluation Policy 2025–2030”
- United Nations Development Programme (2024) “Independent Review of the United Nations Development Programme Evaluation Policy”
- United Nations Capital Development Fund (2022) “From Innovation to Scale: Evaluation of United Nations Capital Development Fund Performance Against its Maturity Model 2014–2022”
- United Nations Capital Development Fund (2023) “Final Evaluation Report: Africa Policy Accelerator Programme”
- United Nations Capital Development Fund (2023) “Evaluation Report: Inclusive Digital Economies Programme, Burkina Faso”
- United Nations Capital Development Fund (2023) “Final Evaluation Report: LoCAL Programme”
- United Nations Capital Development Fund (2021) “Mid-Term Evaluation: Financial Access / EFA Programme”

MI 8.3 Analysis

Element 8.3.1: Evaluations are based on design, planning, and implementation processes that are inherently quality-oriented.

UNCDF evaluations are undertaken within a broader quality assurance framework aligned with UNEG and OECD-DAC standards and supported by UNDP Independent Evaluation Office quality assessment processes, although evidence on how these arrangements function operationally in practice remains limited.

UNCDF’s evaluation activities are undertaken within a broader evaluation architecture that establishes organisation-wide expectations for quality-oriented evaluation design, planning and implementation. This framework emphasises the use of clear evaluation purposes, well-defined scopes, structured evaluation questions, and adherence to UNEG norms and standards as core requirements intended to ensure methodological rigor, ethical conduct and utility of evaluation findings.

The Independent Review of the UNDP Evaluation Policy (2024) highlights that the evaluation policy framework places strong emphasis on quality assurance across evaluations commissioned by UNDP programme units and hosted entities, including guidance on evaluation design, methodological standards and oversight arrangements. The review further notes that the UNDP Independent Evaluation Office (IEO) is mandated to provide technical guidance, advisory support and quality assurance to support the application of these standards in evaluations managed outside the IEO.

UNCDF evaluation documentation indicates that evaluations are typically commissioned using terms of reference that outline objectives, scope, evaluation criteria, deliverables and timelines, and that external evaluators are engaged through established procurement arrangements to support quality and objectivity. According to UNCDF, each evaluation is supported by an advisory group comprising relevant internal and external stakeholders, which reviews draft evaluation outputs and provides technical feedback. UNCDF also has access to guidance and quality assurance support from the IEO. The UNCDF evaluation unit oversees the evaluation process, including the development of terms of reference, quality assurance during implementation, and coordination of management inputs. UNCDF also indicated that all evaluations are subject to the UNDP Independent Evaluation Office's decentralised quality assessment process and are developed in line with UNEG norms and OECD-DAC evaluation criteria.

However, while the additional information clarifies UNCDF's internal quality assurance arrangements—including the use of advisory groups, oversight by the Evaluation Unit, and external evaluators—the documentation reviewed provides limited information on how the UNDP Independent Evaluation Office's quality assurance function is operationalised in practice for UNCDF evaluations. In particular, it remains unclear how the IEO's technical guidance, advisory support and quality assessment processes are applied throughout the evaluation cycle and how they contribute to strengthening evaluation design, methodology and quality across the evaluation portfolio. Given the recent restructuring of the evaluation function and the planned development of an Evaluation Charter, it also remains unclear how these arrangements will evolve operationally in practice.

Element 8.3.2: Evaluations use appropriate methodologies for data collection, analysis and interpretation.

UNCDF evaluations are expected to apply methodologies aligned with UNDP evaluation policy and UNEG standards, while more tailored methodological guidance for blended finance and investment evaluations remains under development.

Expectations regarding the use of appropriate and fit-for-purpose evaluation methodologies applicable to UNCDF evaluations are set out in the UNDP Evaluation Policy (2025–2030) and associated UNEG norms and standards, which apply to UNDP programme units and hosted entities, including UNCDF. These documents require evaluations to employ methodologies that are proportionate to the scope and purpose of the evaluation, to use credible data sources, and to apply appropriate analytical approaches, including triangulation of qualitative and quantitative evidence where feasible.

UNCDF's Evaluation Plan 2022–2025 (Annex III) reflects these expectations by outlining planned evaluations across corporate, thematic, programme and project levels and indicating that such evaluations are to be conducted in accordance with established evaluation standards. While the Evaluation Plan does not prescribe specific methodologies, it implies the use of recognised evaluation approaches consistent with policy requirements.

The reviewed reports also demonstrate efforts to triangulate data from multiple sources and to contextualise findings within programme objectives and country or regional operating environments. Methodological approaches are adapted to the scope and scale of the evaluation, with programme- and strategy-level evaluations employing broader analytical lenses, and project-level evaluations focusing more on implementation processes and results.

UNCDF indicated that a new UNCDF Evaluation Policy for 2026–2029 is expected to be developed alongside updated evaluation guidance for blended finance and investment portfolios as new UNCDF funds and financing structures are established. These planned updates are intended to strengthen the methodological framework applicable to UNCDF's evolving operational model.

Taken together, the evidence indicates that UNCDF evaluations operate within an established UNDP and UNEG methodological framework and generally apply recognised evaluation approaches proportionate to evaluation scope and purpose. However, UNCDF-specific methodological guidance and quality review arrangements tailored to its evolving blended finance and investment portfolio remain under development.

Element 8.3.3: Evaluation reports present the evidence, findings, conclusions, and where relevant, recommendations in a complete and balanced way.

UNCDF evaluation reports are prepared within a structured review and quality assurance framework intended to support completeness, transparency, and balanced presentation of evidence, findings, conclusions, and recommendations.

Requirements regarding the structure and content of evaluation reports applicable to UNCDF are set out in the UNDP Evaluation Policy (2025–2030) and UNEG norms and standards, which require evaluation reports to clearly present evidence, analysis, findings, conclusions and, where relevant, recommendations in a transparent and balanced manner. These standards emphasise the need for clarity in linking evidence to findings and for balanced presentation of strengths, weaknesses and lessons learned.

Review of completed UNCDF evaluation reports indicates that reports generally follow a standard evaluation report structure, including sections on context, methodology, findings, conclusions and recommendations. In several cases, reports present findings supported by qualitative and quantitative evidence and include conclusions and recommendations aligned with the evaluation scope and questions. The inclusion of management responses further supports transparency regarding how findings are addressed.

Draft evaluation reports undergo a multi-level review process involving the Evaluation Unit, project teams, regional and programme leads, an assigned advisory panel, and presentations to the Executive Secretary and senior management team. According to UNCDF, an “audit trail” of comments is maintained throughout the review process, requiring evaluators to document how comments were addressed and incorporated into revised drafts. UNCDF also indicated that evaluations follow UNDP evaluation guidelines and associated methodological standards.

Taken together, the evidence indicates that UNCDF applies structured review and quality assurance arrangements intended to strengthen the completeness, balance, and transparency of evaluation reporting, although the depth and analytical consistency of reports continues to vary across evaluations.

Element 8.3.4: The methodology presented includes the methodological limitations and concerns.

UNCDF evaluation reports generally identify and discuss methodological limitations and constraints, including issues related to data availability, stakeholder access, timing, and the availability of outcome-level evidence, helping to contextualise findings and conclusions.

The reviewed evaluation reports consistently include sections that identify methodological limitations and constraints. These typically relate to data availability, reliance on self-reported information, limited access to certain stakeholders, security or logistical constraints affecting fieldwork, and time limitations. Limitations are generally described transparently and are linked to potential implications for interpretation of findings.

In several cases, reports explicitly acknowledge trade-offs between breadth of coverage and depth of analysis, and note areas where impact could not be fully assessed due to the timing of the evaluation or the absence of outcome-level data. This demonstrates awareness of methodological constraints and efforts to contextualise conclusions accordingly.

Element 8.3.5: A process exists to ensure the quality of all evaluations, including decentralised evaluations.

UNCDF evaluations are subject to UNDP-wide quality assurance arrangements, but these provide more limited specialised assurance for evaluations of UNCDF's increasingly private-sector-facing and investment-oriented work.

Requirements to ensure evaluation quality applicable to UNCDF are established through the UNDP Evaluation Policy and UNEG norms and standards, which define quality expectations for evaluation design, implementation and reporting. Under this framework, the UNDP IEO is mandated to provide technical guidance, advisory support and quality assurance for evaluations managed outside the IEO, including those commissioned by hosted entities such as UNCDF.

UNCDF's Evaluation Plan confirms alignment with these system-wide quality requirements and notes that UNCDF evaluations are subject to quality assessment supported by the UNDP IEO. The plan indicates participation in corporate evaluation reporting and quality tracking mechanisms at UNDP level, signalling reliance on system-level quality assurance arrangements rather than stand-alone UNCDF quality-assurance procedures.

Review of a sample of recent UNCDF evaluations indicates the application of several quality-oriented practices in implementation, including the use of external evaluators, structured evaluation designs, transparent documentation of methods, and explicit identification of methodological limitations. These features suggest that evaluations are conducted in line with recognised quality standards. As noted earlier, in Element 8.3.3, that evaluations are subject to a multi-level review process involving the Evaluation Unit, project teams, regional and programme leads, an advisory panel, and presentations to senior management and the Executive Secretary. These practices indicate that a process exists to support evaluation quality across UNCDF evaluations. However, the quality assurance process is less clearly adapted to the methodological requirements of UNCDF's evolving catalytic finance model. UNDP IEO's quality assurance function is primarily designed around UNDP and related UN development programming, while UNCDF's portfolio increasingly involves private sector engagement, loans, guarantees, blended finance structures, portfolio risk, investment additionality and market-level effects. This creates a potential quality assurance gap for evaluations assessing whether UNCDF's financial instruments are additional, sustainable, risk-calibrated and developmentally effective.

MI 8.4: Mandatory demonstration of the evidence base to design new interventions.

Element 8.4.1: A formal requirement exists to demonstrate relevant knowledge and lessons from past operations are incorporated into the design of new investments and other operations.

Element 8.4.2: Clear feedback loops exist to feed lessons into the design of new investments and other operations.

Element 8.4.3: Lessons from past interventions inform new interventions and strategies, with incentives to promote uptake.

Element 8.4.4: Incentives exist to apply lessons learned to new investments and other operations

Element 8.4.5: The number/share of new operations designs that draw on lessons from evaluative approaches is made public.

Ratings MI 8.4

MI / Element	Rating	Score	Confidence Level
MI 8.4		2.8	
Element 8.4.1		3	Medium
Element 8.4.2		3	Medium

Element 8.4.3		3	Medium
Element 8.4.4		3	Medium
Element 8.4.5		2	Low

MI 8.4 Evidence documents

- United Nations Capital Development Fund (2024) “Project Document: Salone Access to Finance Programme, Sierra Leone”
- United Nations Capital Development Fund (2024) “Project Document: FinWise Ethiopia”
- United Nations Capital Development Fund (n.d.) “Project Document: FinWise Uganda”
- United Nations Capital Development Fund (2020) “Project Document: Leaving No One Behind in the Digital Era, Uganda”
- United Nations Capital Development Fund (2024) “Project Document Amendment: COVID-19 / European Union Programme Amendment”
- United Nations Capital Development Fund (2025) “Transaction Assessment Memo Template – Light Version”
- United Nations Capital Development Fund (2025) “Supplementary Guidelines to the United Nations Development Programme Programme and Operations Policies and Procedures”
- United Nations Capital Development Fund (2025) “Standard Operating Procedures for the Investment Process”
- United Nations Capital Development Fund (2021) “Strategic Framework 2022–2025”
- United Nations Capital Development Fund (2024 draft) “Draft Strategic Framework 2026–2029”

MI 8.4 Analysis

Element 8.4.1: A formal requirement exists to demonstrate relevant knowledge and lessons from past operations are incorporated into the design of new investments and other operations.

UNCDF has established formal quality assurance and appraisal processes that require lessons learned and evaluative evidence to be considered and incorporated into programme and project design.

UNCDF’s project design includes Project Quality Assurance Report which includes a specific quality-assurance criterion that asks whether “knowledge, good practices, and past lessons learned of UNCDF and others” have informed the design of a proposed intervention. The associated guidance differentiates performance levels based on whether lessons are explicitly used to justify the chosen approach, supported by credible evidence (such as evaluations, corporate strategies or monitoring data) and appropriately referenced. The guidance further notes that weak performance against this criterion requires a documented management action or justification.

Sample programme documentation illustrates how this requirement can be applied in practice, with narrative sections explicitly describing lessons drawn from prior programmes or comparable initiatives and explaining how these lessons shaped design choices. Similar narrative references to prior experience and learning are found in other sampled programme documents, particularly within sections on programme rationale and learning. However, the Salone Access to Finance programme documentation provides the clearest example of a structured, design-stage requirement to demonstrate use of lessons through a scored quality-assurance criterion.

By contrast, investment-level templates (such as the Transaction Assessment Memo) emphasise strategic alignment, financial rationale and risk considerations but do not include a comparable explicit requirement to demonstrate how lessons from past operations or evaluations informed the design of the proposed investment. However, evidence from Project Appraisal

Committee review processes suggests that lessons learned are also considered in practice for some blended finance and investment-related operations. For example, PAC documentation for the BUILD & Builder Phase II project shows reviewers explicitly requesting stronger integration of lessons from Phase I relating to third-party fund management, risk mitigation, and implementation arrangements into revised project documentation and future programming approaches.

Element 8.4.2: Clear feedback loops exist to feed lessons into the design of new investments and other operations.

UNCDF has established structured quality assurance and appraisal processes intended to feed lessons learned from previous operations into the design of new programmes and projects.

UNCDF's Project Quality Assurance (QA) Assessment, included within Project Documents, provides a design-stage mechanism through which lessons from past operations can be fed into the formulation of new interventions. The QA Assessment explicitly asks whether knowledge, good practices and lessons learned from UNCDF and others have informed the proposed design, and it differentiates performance based on whether such lessons are explicitly applied and supported by credible evidence. This creates a structured point at which lessons from prior experience are expected to be reflected in new programme designs.

Sample project documents illustrate how this design-stage feedback loop can operate in practice. In these cases, programme teams identify lessons from earlier initiatives or comparable interventions and explain how those lessons influenced design choices in the new operation, as documented in the QA Assessment and accompanying design narrative. This demonstrates a pathway through which lessons from past operations can be carried forward into new designs.

Element 8.4.3: Lessons from past interventions inform new interventions and strategies, with incentives to promote uptake.

UNCDF's project quality assurance processes create formal expectations for lessons learned from past interventions to inform the design of new operations

UNCDF's Project QA Assessment establishes a scored criterion that differentiates the quality of project design based on whether knowledge and lessons learned from past operations are used to justify design choices. The scoring guidance specifies that stronger performance requires lessons to be explicitly applied and supported by credible evidence, while weaker performance reflects limited, anecdotal or unsupported references. This scoring framework creates a design-stage signal that the use of lessons is an expected component of project formulation.

Sample Project Documents show that this mechanism can be used to document how lessons from earlier interventions or comparable initiatives inform the design of new programmes. In these cases, programme teams identify specific lessons and explain how they influenced the selected approach, as reflected in the QA Assessment and supporting design narrative.

Element 8.4.4: Incentives exist to apply lessons learned to new investments and other operations.

UNCDF's quality assurance and appraisal processes create procedural incentives for

|
programme teams to incorporate lessons learned into the design of new interventions.

The Project QA Assessment included in Project Documents introduces a procedural expectation that the use of lessons learned is considered during the design stage. The QA framework differentiates project design quality through scoring and indicates that weak performance against the criterion on lessons learned requires a documented management action or justification. In addition, the broader QA process allows for outcomes such as approval with qualifications, implying that identified design weaknesses may need to be addressed prior to full approval. =

Projects receiving weak scores on the lessons learned criterion within the Project Quality Assurance process require documented management action or justification prior to approval, creating an incentive to strengthen lesson integration during design. In addition, lessons learned are reviewed during Project Appraisal Committee processes, where revisions may be requested prior to endorsement. For example, as noted in Element 8.4.1, during the HQ PAC review of the BUILD & Builder Phase II project, PAC members requested stronger integration of lessons from Phase I.

Element 8.4.5: The number/share of new operations designs that draw on lessons from evaluative approaches is made public.

UNCDF tracks implementation of agreed evaluation recommendations through the UNDP Evaluation Resource Centre, though the organisation does not publicly report aggregate information on the extent to which evaluative lessons are incorporated into the design of new operations.

There is no public reporting by UNCDF on the number or share of new operation designs that draw on lessons from evaluative approaches. Public-facing reports do not include indicators, metrics or summaries that quantify the extent to which evaluation findings or lessons learned are incorporated into the design of new programmes or investments.

In addition, Project Documents that may contain information on the use of lessons learned at the design stage are not routinely made publicly available, and no aggregate information on lesson uptake across new operations is disclosed.

MI 8.5: Poorly performing interventions proactively identified, tracked and addressed.

Element 8.5.1: A system exists to identify poorly performing interventions.

Element 8.5.2: Regular reporting tracks the status and evolution of poorly performing interventions.

Element 8.5.3: A process for addressing poor performance exists, with evidence of its use.

Element 8.5.4: The process clearly delineates the responsibility to take action.

Ratings MI 8.5

MI / Element	Rating	Score	Confidence Level
MI 8.5		3	
Element 8.5.1		3	Medium
Element 8.5.2		3	Medium
Element 8.5.3		3	Medium

Element 8.5.4		3	Medium
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MI 8.5 Evidence documents

- United Nations Capital Development Fund (2024–2025) “Financial Delivery and Overview Presentations”aUnited Nations Capital Development Fund (2023) “Investment Monitoring and Portfolio Review Report”aUnited Nations Capital Development Fund (2025) “Investment Strategy”
- United Nations Development Programme (n.d.) “Programme and Project Management: Monitor”
- United Nations Development Programme (n.d.) “Programme and Project Management: Manage Change”
- United Nations Development Programme (n.d.) “Accountability System Policy”

MI 8.5 Analysis

Element 8.5.1: A system exists to identify poorly performing interventions.

UNCDF has established monitoring and portfolio review processes to identify underperforming programmes, projects, and investments through delivery, financial, and portfolio performance indicators. Although the available evidence does not establish how consistently comparable arrangements operated across the full assessment period.

UNCDF has management systems in place to identify underperforming interventions through delivery monitoring and investment portfolio monitoring. For grants and programmes, UNCDF's 2024 Financial Delivery presentations and 2025 Delivery Overview presentations systematically identify projects with low or zero financial delivery, significant unspent balances, and underperformance against delivery plans. The 2025 Delivery Overview format expands this approach by explicitly flagging "projects requiring attention," including those underperforming against revised delivery targets. This provides a structured basis for proactive identification of poorly performing programme interventions during implementation.

For investment operations, the June 2023 Investment Monitoring / Portfolio Review report applies explicit performance classifications and quantitative thresholds, including definitions of non-performing loans and guarantees and portfolio-at-risk measures, to identify poorly performing investments. These classifications provide a clear investment-specific mechanism for identifying underperformance, which is especially important as UNCDF's increases its use of loans, guarantees and other catalytic finance instruments.

These practices are consistent with the UNDP Programme and Project Management (PPM) – Monitor guidance, which requires continuous monitoring of delivery, risks and results to identify performance shortfalls. However, while POPP establishes the expectation to identify underperformance, evidence of implementation within UNCDF is drawn primarily from financial delivery presentations (2024–2025) and the investment portfolio review (2023). The documentation reviewed does not clarify what arrangements were used during the earlier part of the assessment period or whether comparable monitoring processes were applied consistently across programmes and investments before these mechanisms were introduced or strengthened. The evidence therefore supports the existence and current operation of such systems, but provides a more limited basis for demonstrating sustained implementation across the full review period.

Element 8.5.2: Regular reporting tracks the status and evolution of poorly performing interventions.

UNCDF applies a combination of project-, portfolio-, and corporate-level monitoring and reporting processes that track the status and evolution of underperforming interventions over time.

UNCDF's delivery monitoring presentations for 2024–2025 are produced regularly throughout the year and enable tracking of underperformance over time. The 2024 Financial Delivery presentations provide periodic snapshots of delivery against plans, including comparisons with prior periods, while the 2025 Delivery Overview presentations introduce more frequent updates, including weekly delivery progress, tracking of unspent budget concentrations, and monitoring of progress against revised delivery plans. Together, these presentations allow management to observe whether underperforming projects are improving, stagnating or worsening.

For investment operations, the June 2023 Investment Monitoring / Portfolio Review report

demonstrates periodic tracking of investment performance, including movement of transactions across performance categories and changes in portfolio risk exposure over time. In addition, UNCDF's Investment Strategy (May 2025) notes that portfolio risk targets are monitored through detailed semi-annual investment portfolio reviews. This approach is aligned with the UNDP PPM – Monitor guidance, which requires periodic reporting and trend analysis.

Project-level Data Monitoring Plans, periodic project progress reports, and Annual Work Plan reviews, which monitor progress against indicators, targets, milestones, and implementation plans over successive reporting periods. According to UNCDF, these tools are used to identify persistent or recurring underperformance, analyse underlying causes, and support corrective or adaptive management actions. UNCDF further indicated that corporate-level quality assurance and results reviews conducted by PMSU, RBM focal points, and regional teams assess reported data against historical trends to identify areas requiring follow-up or management attention.

Taken together, the evidence indicates that UNCDF maintains multiple reporting and review processes that track the status and evolution of underperforming interventions across projects, programmes, and investment operations over time. These processes are differentiated by intervention type, with programme delivery monitored through delivery reviews, project reports and Annual Work Plan processes, and investment performance monitored through portfolio risk reviews and performance classifications. However, the evidence of systematic implementation is concentrated from 2023 onward, and the absence of a consolidated corporate reporting system limits portfolio-wide aggregation and holistic oversight across intervention types.

Element 8.5.3: A process for addressing poor performance exists, with evidence of its use.

UNCDF has established processes for identifying and responding to underperforming interventions through investment portfolio management, adaptive management, and project governance mechanisms. These processes are applied through differentiated corrective-action pathways for investment operations and programme interventions.

Evidence of corrective action is strongest for investment operations. The June 2023 Investment Monitoring / Portfolio Review report documents concrete management responses to underperformance, including loan restructurings, impairment provisioning, enhanced monitoring, and preparation of write-offs for long-defaulted transactions. The report also notes areas where corrective-action frameworks were still under development at the time, including the need for a clear and straightforward write-off policy. This provides direct evidence that corrective actions are taken when investment transactions underperform.

Underperforming projects and programmes are managed through adaptive management and governance processes aligned with the UNDP POPP "Manage Change" framework. According to UNCDF, underperformance is tracked through Data Monitoring Plans, project progress reports, Annual Work Plan reviews, and weekly delivery monitoring processes, which are used to identify persistent implementation issues, bottlenecks, and delivery risks. Where sustained or significant underperformance is identified, corrective actions may include operational adjustments, revisions to Annual Work Plans, or formal amendments to project documents and results frameworks, subject to review and approval through Project Boards and established governance arrangements.

Taken together, the evidence indicates that UNCDF maintains formal processes for addressing poor performance across both investment and programme operations, including corrective actions, adaptive management measures, and formal project revision processes. The documentation provides particularly concrete evidence of corrective action for investment operations, whereas evidence for programme interventions relates primarily to the existence of governance and adaptive management processes rather than their consistent application in practice.

Element 8.5.4: The process clearly delineates the responsibility to take action.

Since 2023, UNCDF’s governance and oversight arrangements identify organisational roles and bodies responsible for reviewing underperformance and taking corrective action across investment and programme operations. Responsibilities are delineated through differentiated arrangements for investment operations and programme interventions.

Responsibility for addressing poor performance is most clearly delineated for investment operations. The June 2023 Investment Monitoring / Portfolio Review report distinguishes responsibilities between country-level investment officers acting as front-office transaction leads and HQ-based investment specialists responsible for independent risk appraisal and portfolio oversight. Responsibility for managing investment performance and risk is further reinforced in UNCDF’s Investment Strategy (May 2025), which articulates a front–middle–back office model separating origination and portfolio management from independent risk oversight. This provides a clear assignment of responsibility across transaction origination, portfolio management, independent risk review and corrective action for investment operations.

For non-investment interventions, the Project Board serves as the primary governance body responsible for reviewing project performance and determining corrective or remedial actions where underperformance is identified. According to UNCDF, Project Boards review monitoring, evaluation, reporting, and risk information—including progress reports, evaluations, risk registers, and delivery reports—and are responsible for agreeing management actions intended to address implementation or performance challenges and support achievement of intended results. This provides a clear governance pathway for assigning responsibility to review underperformance and determine appropriate management actions for programme interventions.

Overall, UNCDF has defined governance and oversight arrangements assigning responsibility for corrective action across both investment and programme operations, although the practical operation of escalation pathways and corrective-action processes may vary across intervention types and organisational structures. This variation reflects the different governance requirements of programme and investment operations, rather than the absence of delineated responsibility.

MI 8.6: Clear accountability system ensures responses and follow-up to and use of evaluation recommendations.

Element 8.6.1: Evaluation reports include a management response (or has one attached or associated with it).

Element 8.6.2: Management responses include an action plan and/ or agreement clearly stating responsibilities and accountabilities.

Element 8.6.3: A timeline for implementation of key recommendations is proposed.

Element 8.6.4: An annual report on the status of use and implementation of evaluation recommendations is made public.

Ratings MI 8.6

MI / Element	Rating	Score	Confidence Level / Score
MI 8.6		2.75	
Element 8.6.1		3	High
Element 8.6.2		3	Medium
Element 8.6.3		3	Medium
Element 8.6.4		2	Medium

MI 8.6 Evidence documents

- United Nations Capital Development Fund (2024) “Strategic Framework Mid-Term Evaluation 2022–2025”
- United Nations Development Programme Independent Evaluation Office (2024) “Evaluation Policy 2025–2030”
- United Nations Development Programme Independent Evaluation Office (n.d.) “Evaluation Resource Centre”
- United Nations Development Programme Independent Evaluation Office (2024) “Annual Report on Evaluation”
- United Nations Development Programme Independent Evaluation Office (2023) “Annual Report on Evaluation”
- United Nations Development Programme Independent Evaluation Office (2022) “Annual Report on Evaluation”

MI 8.6 Analysis

Element 8.6.1: Evaluation reports include a management response (or has one attached or associated with it).

UNCDF evaluations systematically include management responses through the UNDP Evaluation Resource Centre, providing a formal mechanism for documenting management positions and follow-up actions related to evaluation findings and recommendations. This arrangement provides a consistent and publicly accessible accountability mechanism for recording management responses to evaluation recommendations.

Evidence indicates that UNCDF evaluations systematically include management responses through the UNDP Evaluation Resource Centre (ERC). For recent UNCDF evaluations published on the ERC—such as the Mid-Term Evaluation of UNCDF’s Strategic Framework 2022–2025—evaluation records include a dedicated Management Response section, presented alongside findings and recommendations. This section documents management positions on each recommendation and serves as the formal mechanism for accountability.

This approach is consistent across recent UNCDF evaluations hosted on the ERC, even where the management response is not embedded directly within the main evaluation report PDF but is instead provided as an associated online module. The fact that management responses are hosted as associated ERC modules does not reduce their accountability function; they remain formally linked to the evaluation record and available for follow-up.

Overall, UNCDF evaluations are systematically associated with management responses through the ERC, providing a formal, accessible and trackable mechanism for documenting management positions and follow-up actions.

Element 8.6.2: Management responses include an action plan and/ or agreement clearly stating responsibilities and accountabilities.

UNCDF management responses include structured action plans with assigned responsibilities, timelines, and follow-up arrangements tracked through the UNDP Evaluation Resource Centre. This provides a clear accountability chain from recommendation to agreed action, responsible unit or role, timeline and implementation status.

All evaluations require management responses and timelines for agreed actions, which are tracked

through the UNDP Evaluation Resource Centre. Management responses associated with UNCDF evaluations include structured action plans that identify key actions, responsible parties, timelines, status, and supporting documentation. This is evidenced in the management response matrix linked to the Mid-Term Evaluation of UNCDF's Strategic Framework 2022–2025, which explicitly assigns responsibility for each action to specific roles or units and tracks implementation status. Management response to the mid-term evaluation showcases how recommendations were translated into concrete corporate actions, including the development of the 2026-2029 Strategic Framework, revised results architecture and related organizational reforms.

This structure aligns with UNDP's corporate accountability requirements for evaluation follow-up and provides a clear basis for managerial accountability within UNCDF.

Element 8.6.3: A timeline for implementation of key recommendations is proposed.

UNCDF management responses include time-bound action plans linked to evaluation recommendations, with implementation timelines and status tracked through the UNDP Evaluation Resource Centre.

UNCDF management responses to evaluations include proposed timelines for the implementation of agreed actions. Management responses recorded through the UNDP Evaluation Resource Centre require that each action linked to an evaluation recommendation be associated with a due date and an implementation status. This structure establishes time-bound commitments for follow-up and enables tracking of whether actions are completed, ongoing, delayed or revised over time.

While the documentation demonstrates that timelines are systematically specified at the level of individual evaluation recommendations, it does not provide evidence of a consolidated analysis of adherence to timelines across evaluations or of systematic escalation where implementation deadlines are not met.

Element 8.6.4: An annual report on the status of use and implementation of evaluation recommendations is made public.

Information on the implementation status of UNCDF evaluation recommendations is publicly available through UNDP's evaluation reporting architecture and the Evaluation Resource Centre, although UNCDF does not produce a standalone public report dedicated specifically to evaluation follow-up and recommendation uptake.

UNCDF does not produce a standalone annual report dedicated to tracking the use and implementation of evaluation recommendations. UNCDF includes a section on recent evaluation findings into its annual report on results to the Board presented during the annual session. Information on evaluation follow-up for UNCDF is also captured indirectly through UNDP's system-wide evaluation reporting architecture, primarily via the UNDP Independent Evaluation Office's Annual Report on Evaluation (ARE).

The ARE provides aggregated, public reporting on evaluation activity and management response implementation across UNDP and its hosted entities, including UNCDF. It summarises, at system level, the proportion of evaluations with management responses recorded in the Evaluation Resource Centre and presents aggregate data on the implementation status of agreed actions (e.g. completed, ongoing, overdue, or no longer applicable). UNCDF is included within this reporting, and the ARE confirms that evaluations conducted under UNDP's evaluation policy framework are systematically accompanied by management responses and follow-up tracking. In addition, UNCDF-specific evaluation records in the ERC provide public access to management

responses and implementation status at the level of individual evaluations.

However, the reporting in the ARE is high-level and aggregated, and UNCDF-specific information on the implementation and use of evaluation recommendations is limited. The ARE does not provide a UNCDF-focused narrative analysis of trends in recommendation uptake, recurrent implementation challenges, or the extent to which evaluation findings have informed strategic or operational decision-making within UNCDF. Periodic internal follow-up reviews are undertaken by requesting programme teams to provide evidence of actions taken and update implementation status in the Evaluation Resource Centre.

MI 8.7: Uptake of lessons learned and best practices from evaluations.

Element 8.7.1: A complete and current repository of evaluations and their recommendations is available for use.

Element 8.7.2: A mechanism for distilling and disseminating lessons learned internally exists.

Element 8.7.3: A dissemination mechanism to partners, peers and other stakeholders is available and employed.

Element 8.7.4: Evidence is available that lessons learned and good practices are being applied.

Ratings MI 8.7

MI / Element	Rating	Score	Confidence Level / Score
MI 8.7		2.25	
Element 8.7.1		3	High
Element 8.7.2		2	Medium
Element 8.7.3		2	Low
Element 8.7.4		2	Medium

MI 8.7 Evidence documents

- United Nations Capital Development Fund (2024) “Project Document: Salone Access to Finance Programme, Sierra Leone”
- United Nations Capital Development Fund (2024) “Project Document: FinWise Ethiopia”
- United Nations Capital Development Fund (n.d.) “Project Document: FinWise Uganda”
- United Nations Capital Development Fund (2020) “Project Document: Leaving No One Behind in the Digital Era, Uganda”
- United Nations Capital Development Fund (2024) “Project Document Amendment: COVID-19 / European Union Programme Amendment”
- United Nations Capital Development Fund (2024) “Strategic Framework Mid-Term Evaluation 2022–2025”
- United Nations Development Programme Independent Evaluation Office (2024) “Evaluation Policy 2025–2030”
- United Nations Development Programme Independent Evaluation Office (n.d.) “Evaluation Resource Centre”

MI 8.7 Analysis

Element 8.7.1: A complete and current repository of evaluations and their recommendations is available for use.

UNCDF maintains a publicly accessible repository of evaluation reports and associated
 Restricted Use - À usage restreint

management responses, providing staff and stakeholders with access to evaluation findings, recommendations, and follow-up actions.

UNCDF maintains an online repository of completed evaluations, including corporate, thematic and programme-level evaluations. The repository provides access to evaluation reports and, in many cases, associated management responses outlining agreed actions and timelines. This allows staff and stakeholders to identify completed evaluations and review findings and recommendations. However, while evaluation reports are available, they do not demonstrate that the repository functions as a consolidated, user-oriented knowledge base for lessons learned.

Element 8.7.2: An internal mechanism for distilling and disseminating lessons learned exists.

UNCDF maintains a publicly accessible repository of evaluation reports and associated management responses through the UNDP Evaluation Resource Centre, although the repository functions primarily as a disclosure and tracking platform rather than a consolidated lessons-learned knowledge system.

UNCDF has some mechanisms through which lessons from corporate-level evaluations are distilled and used internally. In particular, findings from the Mid-Term Review of the Strategic Framework informed subsequent organisational decisions, including adjustments to UNCDF's organisational structure, operating model and strategic orientation. This indicates that lessons from major corporate evaluations can be synthesised and taken up at senior management and strategic decision-making levels.

At the level of programme and project design, the Project Quality Assurance (QA) Assessment included in Project Documents asks whether knowledge, good practices and lessons learned have informed the proposed design. This provides a general entry point for incorporating prior learning into new interventions. However, the QA Assessment does not require teams to distinguish lessons derived from evaluations from those based on implementation experience or contextual analysis.

Beyond high-level strategic adjustments informed by corporate evaluations, the documentation reviewed does not demonstrate a systematic internal mechanism for distilling lessons from evaluations into structured learning products or guidance that are routinely disseminated to programme teams to support the design of new interventions.

Element 8.7.3: A dissemination mechanism to partners, peers and other stakeholders is available and employed.

UNCDF makes evaluation findings publicly available and has produced selected learning products, but there is no sustained evaluation knowledge agenda and systematic use of evaluation lessons.

UNCDF's evaluation function maintains a public-facing webpage that hosts evaluation reports and a small number of "key findings" publications intended to summarise and communicate evaluation insights to external audiences. Between 2022 and 2023, UNCDF published four such key findings products, indicating an effort during that period to distil and disseminate evaluation lessons in a more accessible format. This is consistent with the broader pattern identified under KPI 6, where UNCDF demonstrates capacity to generate knowledge products in targeted settings, particularly where knowledge is embedded in technical assistance, policy engagement or programme-level learning.

However, as with UNCDF's wider knowledge work, there is no organisation-wide framework or

regular process for packaging, disseminating and tracking the use of evaluation lessons. The documentation reviewed does not specify the intended target audiences for these publications, nor does it indicate how they were disseminated to partners, peers, donors or other stakeholders beyond being made publicly available online. In addition, no further key findings publications appear to have been produced after 2023, and there is no evidence that this dissemination practice has been sustained over time.

Overall, UNCDF has demonstrated the capacity to disseminate evaluation findings through summarised products. The available examples of synthesised evaluation findings indicate an effort to package lessons in more accessible formats to support engagement, but the evidence reviewed does not show that this practice has been sustained.

Element 8.7.4: Evidence is available that lessons learned and good practices are being applied.

Project design and quality assurance documentation indicates that lessons learned and good practices are considered in the formulation of new interventions, although these are not systematically distinguished from other forms of operational learning.

Project documentation reviewed, including Project QA Assessments embedded in Project Documents, indicates that lessons learned may be referenced at the design stage of new interventions. These references demonstrate that learning can be considered as part of project design and appraisal processes. This is further supported by the Project QA scoring approach, which creates an expectation that teams explain how knowledge, good practices and lessons learned have informed design choices.

However, the documentation reviewed does not distinguish between lessons derived from evaluative evidence and lessons drawn from non-evaluative sources (such as implementation experience or contextual analysis). The Project QA Assessment does not require teams to identify the source of lessons cited, nor does it indicate whether evaluative lessons are treated differently for scoring or decision-making purposes. As a result, while lessons learned may be reflected in project design documentation, it is unclear to what extent lessons originating from evaluations are being specifically applied, as opposed to being considered alongside other forms of learning.

RESULTS

Achievement of relevant, inclusive and sustainable contributions to humanitarian and development results are achieved in an efficient manner.

KPI 9 Development and humanitarian objectives are achieved and results contribute to normative and cross-cutting goals.

Ratings KPI 9

KPI / MI	Rating	Score
KPI 9	S	2.67
MI 9.1	S	3
MI 9.2	NE	NE
MI 9.3	U	2
MI 9.4	S	3
MI 9.5	S	3
MI 9.6	S	3
MI 9.7	U	2
MI 9.8	NE	NE

MI 9.1: Sovereign interventions assessed as having achieved their objectives.

Ratings MI 9.1

MI / Element	Rating	Score	Confidence Level / Score
MI 9.1		3	Low

Evidence documents

- United Nations Capital Development Fund (2024) “Integrated Results and Resources Matrix, Annex 1”
- United Nations Capital Development Fund (2021) “Strategic Framework Evaluation 2018–2021”
- United Nations Capital Development Fund (2024) “Strategic Framework Mid-Term Evaluation 2022–2025”
- United Nations Capital Development Fund (2023) “LoCAL Programme Mid-Term Evaluation”
- United Nations Capital Development Fund (2023) “Final Evaluation Report: Africa Policy Accelerator Programme”
- United Nations Capital Development Fund (2024) “Migration and Remittances Programme Mid-Term Evaluation”
- United Nations Capital Development Fund (2022) “Mid-Term Evaluation of the Local Government Initiative on Climate Change, Bangladesh”
- United Nations Capital Development Fund (2022) “Digital Financial Services Sierra Leone Project Evaluation”
- United Nations Capital Development Fund (2022) “Development Initiative for Northern Uganda: United Nations Capital Development Fund Component Evaluation”

MI 9.1 Analysis

On balance, evidence indicates that UNCDF's interventions have supported governments and public institutions in strengthening policies, systems, and institutional capacities aligned with national and global priorities, but the extent to which objectives have been fully realised cannot yet be determined for many interventions and is expected to depend on sustained implementation beyond the evaluation timeframe.

The IRRM is UNCDF's corporate results framework for the 2022–2025 Strategic Framework. It comprises a multi-tier structure of indicators aligned to the organisation's thematic result areas and is designed to track progress across outcome- and output-level results. The framework includes a relatively large set of indicators distributed across higher-level outcome statements and Tier 3 outputs, reflecting UNCDF's dual focus on policy engagement, systems-building, and catalytic finance.

While the IRRM formally distinguishes between outputs and outcomes, many indicators positioned at outcome level measure adoption, availability, access, or uptake (e.g., policies adopted, products scaled, users reached), rather than sustained behavioural, institutional, or economic change. As a result, the system generates substantial information on delivery and reach but provides more limited visibility on higher-order outcomes or longer-term impact.

This structural feature is important for interpreting the performance trends discussed below. The IRRM provides useful information on the scale and direction of activities supported by UNCDF, but it is less well suited to assessing the extent to which interventions ultimately achieve sustained development outcomes.

As shown in Table 9.1, results vary by outcome area. Policy and regulatory outcomes demonstrate a strong upward trend, with the number of new or revised policies, strategies, and regulations adopted following UNCDF support increasing steadily between 2022 and 2024 and exceeding both the annual milestone and the 2025 target.

Table 9.1: Selected IRRM Indicators

IRRM Indicator	Baseline	2022 Actual	2023 Actual	2024 Milestone	2024 Actual	2025 Target
OC 3.3 – Number of new/revised policies, strategies, and regulations adopted following UNCDF support	35	48	78	88	118	103
OC 3.1 – Number of countries introducing and/or strengthening inter-governmental fiscal transfer systems	25	24	20	37	20	40
OC 2.3 – Number of sub-national governments with enhanced fiscal space following UNCDF support	588	430	396	650	324	700
OC 1.1 (a.1) – Net change in full-time equivalent jobs in public entities / public works	—	13,064	4,173	22,000	2,449	25,000

By contrast, several indicators related to fiscal decentralisation and public sector outcomes show weaker performance. The number of countries introducing or strengthening intergovernmental fiscal transfer systems declined between 2022 and 2024 and remained significantly below both milestones and the 2025 target. Similarly, the number of sub-national governments reporting enhanced fiscal space fell consistently over the same period and remains well below the planned trajectory. Indicators related to employment outcomes also show declining performance relative to milestones and targets.

Taken together, these trends suggest uneven progress across UNCDF's thematic result areas. While indicators capturing policy engagement and regulatory adoption show strong reported performance, indicators associated with fiscal systems strengthening and employment outcomes show limited or declining progress during the review period.

The IRRM indicators constitute a mix of outputs and outcomes and provide limited information regarding the impact of UNCDF programs. For example, the number of new/revised policies, strategies and regulations adopted following UNCDF programs is an output indicator that provides limited insight into the outcomes achieved through the outputs. Similarly, the indicator focusing on introduction/strengthening of IGFS only captures the trajectory of change with limited information on the impact achieved.

As a result, while the IRRM provides useful information on the scale and direction of UNCDF-supported activities, it offers more limited insight into whether these activities translate into sustained behavioural, institutional, or development outcomes. Interpreting UNCDF's contribution to outcome-level objectives therefore requires triangulation with evaluative evidence examining programme implementation and results in specific contexts.

UNCDF did not commission a synthesis evaluation covering the current Strategic Framework period. Accordingly, this assessment draws on available individual programme-, facility-, and country-level evaluations completed during the review period. Findings therefore reflect aggregated insights across evaluations rather than a formally consolidated synthesis of sovereign results. In addition, findings from the Mid-Term Evaluation of the UNCDF Strategic Framework 2022–2025 are referenced where relevant to provide contextual insights on institutional performance and results monitoring.

Over the current strategic framework period (2022-2025), eight relevant evaluations were completed and available for review.⁵ These comprise four country-level evaluations and four programme or facility-level evaluations covering a range of UNCDF interventions in digital finance, municipal finance, climate adaptation, migration and remittances, and local governance. While these evaluations provide useful insights into programme performance and emerging outcomes in specific contexts, they do not constitute a representative portfolio-wide synthesis of results.

Table 9.2:

Evaluation	Relevance to MI 9.1
Programme / Facility-Level Evaluations	
Combined Evaluation of the UNCDF Remittances & Migration Programmes	Effectiveness was limited, with strong delivery of outputs but little evidence that these translated into intended outcomes. The evaluation concludes that Phase 1 was

⁵ The current organization location of the UNCDF Evaluation Unit within UNCDF can allow for management influence. Refer to KPI 8 for more detailed accounted.

	“preparatory and skewed toward macro-level actions,” with only isolated cases progressing to regulatory reform and most results dependent on follow-on implementation.
Municipal Investment Finance (MIF) Final Evaluation	MIF was effective in strengthening enabling environments through policy dialogue, institutional reform, and capacity development. At the same time, the evaluation notes that concrete financing outcomes remain limited, with many results still in the process of materialising beyond programme completion.
Africa Policy Accelerator (APA) Final Evaluation	The evaluation finds that support to regulators was effective in strengthening supervisory and regulatory capacity, contributing to more dynamic DFS ecosystems. However, effectiveness was uneven across countries and constrained by political disruptions, late starts, and dependence on counterpart priorities, delaying achievement of objectives.
Final Evaluation of the Local Climate Adaptive Living Facility (LoCAL)	LoCAL was effective in building awareness, institutional capacity, and integrating fiscal transfer mechanisms into government systems. The evaluation cautions, however, that data gaps, capacity constraints, and infrequent training limit conclusions about the long-term effectiveness of supported investments.
Country-Level Evaluations	
Mid-Term Evaluation of UNCDF Component of the Development Initiative for Northern Uganda (DINU)	Evidence is limited to district PFM, local governance, and public service delivery components. Finds improvements in institutional capacity and systems, while noting that many intended outcomes were still emerging and dependent on continued implementation.
Digital Financial Services in Sierra Leone – Final Evaluation	Analysis is limited to regulatory and policy support to the central bank. Finds significant contribution to drafting and adoption of regulatory frameworks, with slower progress on implementation and enforcement.
Burkina Faso Digital Finance Country Strategy (IDE Burkina Faso)	The evaluation reports generally positive progress in strengthening elements of the digital finance ecosystem, including coordination and regulatory engagement. However, several intended outcomes related to scale and systemic change were still emerging at the time of assessment and had not yet fully materialised.
Mid-Term Evaluation of the Local Government Initiative on Climate Change (LoGIC) – Bangladesh	Examines local government planning, budgeting, and institutional capacity for climate adaptation. Finds early progress in awareness and systems development, but limited ownership and risks to sustainability at the time of assessment.

Evaluative evidence indicates that UNCDF’s sovereign-facing interventions have consistently supported governments and public institutions in strengthening policies, systems, and institutional capacities aligned with national and global priorities. Across programmes, UNCDF

has engaged with central governments, regulators, and subnational authorities through diagnostics, policy advice, technical assistance, and capacity-building activities. These interventions are generally assessed as relevant and technically sound, particularly in low-capacity and fragile contexts where gaps in public finance, regulatory frameworks, or local service delivery are well documented.

At the same time, evaluations consistently caution against equating the delivery of activities or production of outputs with the achievement of intended objectives. Across several programmes, evaluations report strong delivery of analytical work, policy support, and capacity development activities, but more limited evidence that these outputs translated into sustained outcomes within the evaluation period.

The Combined Evaluation of the Remittances and Migration Programmes concludes that Phase 1 was “highly productive at the output level,” generating a substantial volume of studies, diagnostics, and toolkits, but that this emphasis “did not translate into meaningful outcomes or impact.” The evaluation characterises Phase 1 as “preparatory and skewed toward macro-level actions,” noting that only limited policy reform was achieved within the evaluation period, most notably in Ethiopia, while many intended results depended on subsequent phases of implementation.

A similar pattern emerges in other sovereign-facing programmes. The Africa Policy Accelerator evaluation finds that UNCDF support contributed to strengthening regulatory and supervisory capacity and to more dynamic digital financial services ecosystems. However, it also documents significant variation in progress across countries, with effectiveness constrained by political disruptions, late starts, and reliance on counterpart demand. In several contexts, implementation extended beyond the programme timeframe, limiting the extent to which objectives could be fully realised at the time of assessment.

The Municipal Investment Finance final evaluation likewise situates results primarily at the level of enabling environments and systems-building, including policy dialogue, institutional reform, and capacity development at global, regional, and national levels. While these contributions are recognised as relevant, the evaluation explicitly notes that “concrete impact in terms of increased financing for local development has been limited,” with many outcomes still in the process of materialising after programme completion. This reflects the long and complex pathways through which sovereign-facing municipal finance interventions are expected to translate into results.

The country-level evaluations reviewed during the assessment period cover a mix of sovereign, sub-national, and non-sovereign activities. On the sovereign and sub-national government-facing side, the evidence points to consistent contributions to strengthening policies, systems, and institutional capacity across a range of contexts.

Country-level evaluations from Burkina Faso, Sierra Leone, Bangladesh (LoGIC), and Northern Uganda report progress in areas such as regulatory engagement, public financial management, fiscal transfer mechanisms, and local government capacity. At the same time, these evaluations note that many intended outcomes—particularly those related to scale, behavioural change, and service delivery impacts—were still emerging at the time of assessment and depended on continued implementation beyond the evaluation timeframe. As a result, while the evidence supports UNCDF’s contribution to enabling conditions and institutional readiness, it provides more limited confirmation that sovereign intervention objectives had been fully achieved within the review period.

UNCDF’s sovereign interventions have demonstrably contributed to enabling conditions, institutional readiness, and policy frameworks aligned with stated objectives. However, many interventions were still in transitional or implementation phases at the time of evaluation, and

evidence of downstream outcomes and longer-term effects remains limited or uneven across contexts. As a result, while there is some evidence of contribution to system-level change, the extent to which objectives have been fully realised cannot yet be determined for many interventions and is expected to depend on sustained implementation beyond the evaluation timeframe.

MI 9.2: Non-sovereign interventions are profitable, contribute to economic development, and promote high standards.

Ratings MI 9.2

MI / Element	Rating	Score	Confidence Level / Score
MI 9.2		N/E	

Evidence documents

- United Nations Capital Development Fund (2024) “Integrated Results and Resources Matrix, Annex 1”
- United Nations Capital Development Fund (2021) “Strategic Framework Evaluation 2018–2021”
- United Nations Capital Development Fund (2024) “Strategic Framework Mid-Term Evaluation 2022–2025”
- United Nations Capital Development Fund (2023) “LoCAL Programme Mid-Term Evaluation”
- United Nations Capital Development Fund (2023) “Final Evaluation Report: Africa Policy Accelerator Programme”
- United Nations Capital Development Fund (2024) “Migration and Remittances Programme Mid-Term Evaluation”
- United Nations Capital Development Fund (2022) “Mid-Term Evaluation of the Local Government Initiative on Climate Change, Bangladesh”
- United Nations Capital Development Fund (2022) “Digital Financial Services Sierra Leone Project Evaluation”
- United Nations Capital Development Fund (2022) “Development Initiative for Northern Uganda: United Nations Capital Development Fund Component Evaluation”

MI 9.2 Analysis

Financial and non-financial additionality of UNCDF interventions cannot be comprehensively assessed due to limited evidence on commercial profitability and systematic ex-post performance. However, there is some evidence that UNCDF-supported non-sovereign interventions contributed to economic development outcomes and, in some cases, promoted higher standards and inclusion-related practices.

In the UNCDF context, profitability is not the primary objective of many non-sovereign interventions, which are often designed as catalytic or higher-risk investments intended to support market development, inclusion, innovation, and demonstration effects in underserved markets. These may include grants, blended finance arrangements, guarantees, technical assistance, or pilot innovation funding. In practice, sovereign and non-sovereign elements frequently coexist within the same programme architecture, with regulatory, policy, or public finance support implemented alongside direct engagement with market actors. As a result, commercial profitability alone is not necessarily an appropriate measure of intervention success.

IRRM reports private-sector employment outcomes associated with UNCDF-supported entities. The net change in full-time equivalent jobs in private entities was reported as 152,159 in 2022, 9,760 in 2023, and 2,756 in 2024, against a 2024 milestone of 38,100 and a 2025 target of 40,150. These figures indicate that UNCDF-supported non-sovereign interventions were associated with measurable gross private-sector job creation, albeit with a marked decline after 2022 and performance below milestones and targets at the time of reporting.

Attribution and sustainability cannot be fully established from the monitoring data alone since the IRRM does not provide information on job quality, sustainability, attribution to specific operations, or links to firm-level profitability. As a monitoring framework, the IRRM does not assess profitability, does not evaluate standards compliance, and does not link outcomes to specific non-sovereign transactions.

In addition to employment metrics, the IRRM includes Outcome 1.2, which tracks (a) the number of ultimate target enterprises that have either received direct UNCDF support or used products, services, and infrastructure stemming from UNCDF interventions, and (b) the percentage of directly supported enterprises reporting significant growth. Reported data show steady expansion in enterprise reach (560,219 enterprises in 2024 against a milestone of 550,600), while the share of directly supported enterprises reporting significant growth reached 45.2% in 2024, below the milestone of 70% and the 2025 target of 80%. This indicator provides some insight into enterprise-level performance beyond simple reach, but it remains based on self-reported growth and does not assess profitability, financial sustainability, return on investment, or compliance with commercial or ESG standards. Nor does it distinguish between growth attributable to UNCDF-supported instruments and broader market factors. As such, while the IRRM captures scale and reported performance trends among supported enterprises, it does not provide transaction-level analysis of commercial viability or systematic evidence on the success or failure of specific business models—an important consideration given UNCDF’s higher risk appetite and catalytic mandate.

Table 9.3:

Evaluation	Relevance to MI 9.2
Programme/Facility-level Evaluations	
Combined Evaluation of the UNCDF Remittances & Migration Programmes (MRP)	Assesses private-sector pilots and partnerships, but does not evaluate profitability. Finds that several initiatives were discontinued due to lack of a viable business case.
Final Evaluation of the Local Climate Adaptive Living Facility (LoCAL)	Examines sovereign and sub-national public finance mechanisms and fiscal transfers. Does not involve private-sector recipients or assess non-sovereign profitability or standards.
Municipal Investment Finance (MIF) Final Evaluation	References non-sovereign entities in the context of municipal finance ecosystems and access to capital, but does not assess profitability or firm-level standards. Outcomes are described as still maturing and influenced by multiple actors.
Africa Policy Accelerator (APA) Evaluation	Focuses on sovereign interventions supporting regulators and policymakers. Does not assess non-sovereign entities, private-sector profitability, or firm-level standards.
Country-level Evaluations	

Mid-Term Evaluation of the Local Government Initiative on Climate Change (LoGIC) – Bangladesh	Focuses on sovereign and sub-national government financing mechanisms and climate-resilient public investments. Does not assess private-sector profitability, firm-level economic performance, or standards adoption.
Mid-Term Evaluation of UNCDF Component of the DINU	Examines private-sector participation in pilot activities and identifies operational viability and sustainability challenges. Does not assess profitability, financial returns, or firm-level performance.
Digital Financial Services in Sierra Leone – Final Evaluation	Engages with private-sector service providers, including mobile money operators, and assesses their participation in pilots and market development efforts. The evaluation discusses operational viability and sustainability challenges but does not assess profitability, firm-level economic performance, or standards adoption.
Burkina Faso Digital Finance Country Strategy (IDE Burkina Faso)	Reports expanded service delivery and client uptake among supported private-sector actors, with several programme indicators achieved. Outcomes are framed as intermediate and emerging; the evaluation does not assess profitability or firm-level standards.

Across the review period, the evaluative evidence base does not include any evaluation that is explicitly designed to assess private-sector-focused interventions against commercial performance dimensions, namely profitability, firm-level economic contribution, and the promotion of standards. None of the undertaken evaluations examine loans, guarantees, equity, or other investment instruments at transaction level, nor do they assess whether non-sovereign operations achieved defined financial or commercial performance objectives.

Where private-sector actors are examined, evaluations focus primarily on intermediate outcomes, such as service expansion, client onboarding, ecosystem coordination, or operational viability. For example, the IDE Burkina Faso and DFS Sierra Leone evaluations document increased service delivery and participation by private-sector providers, while also noting that results related to scale, sustainability, or market transformation were still emerging. Similarly, the MRP evaluation highlights that several private-sector initiatives were discontinued due to the absence of a viable business case.

Looking ahead, forthcoming evaluative work may help address some of these gaps. In particular, the planned portfolio evaluation of UNCDF-supported investments (BRIDGE)—which was not yet available—appears likely to provide more direct evidence on the performance of non-sovereign investment products, including transaction-level analysis.

MI 9.3: Interventions assessed as having helped improve women’s economic empowerment.

Ratings MI 9.3

MI / element	Rating	Score	Confidence Level
MI 9.3		2	Low

Evidence:

- United Nations Capital Development Fund (2024) “Integrated Results and Resources

Matrix, Annex 1”

- United Nations Capital Development Fund (2021) “Strategic Framework Evaluation 2018–2021”
- United Nations Capital Development Fund (2024) “Strategic Framework Mid-Term Evaluation 2022–2025”
- United Nations Capital Development Fund (2023) “LoCAL Programme Mid-Term Evaluation”
- United Nations Capital Development Fund (2023) “Final Evaluation Report: Africa Policy Accelerator Programme”
- United Nations Capital Development Fund (2024) “Migration and Remittances Programme Mid-Term Evaluation”
- United Nations Capital Development Fund (2022) “Mid-Term Evaluation of the Local Government Initiative on Climate Change, Bangladesh”
- United Nations Capital Development Fund (2022) “Digital Financial Services Sierra Leone Project Evaluation”
- United Nations Capital Development Fund (2022) “Development Initiative for Northern Uganda: United Nations Capital Development Fund Component Evaluation”

MI 9.3 Analysis

While UNCDF has made progress in incorporating gender-responsive design and expanding women's access and participation, the evidence does not substantiate claims that UNCDF activities support sustained women's economic empowerment.

The IRRM outcome indicators designed to positively impact women's economic empowerment show a mixed pattern of performance, with clear differences across result areas.

Table 9.4

OC / OP	Sub-indicator description	2022 actual	2023 actual	2024 milestone	2024 actual	2025 target
OC 3.3	a.3 New or revised policies, strategies and regulations adopted following UNCDF support or influence designed to positively impact women's economic empowerment	14	17	18	17	20
OC 1.3	b.1 Products, services and infrastructure designed to positively impact women's economic empowerment	132	171	285	206	330
OC 1.4	b.1 People engaging with UNCDF-supported products, services and infrastructure designed to positively impact women's economic empowerment	2,385,879	3,247,855	3,750,000	3,433,772	4,750,000
OP 3.1	a.3 Policies, strategies and regulations in development designed to positively impact women's economic empowerment	28	31	45	31	55
OP 3.2	b.1 Financing mechanisms in development designed to positively impact women's economic empowerment	20	27	32	33	40

IRRM outcome indicators explicitly designed to positively impact women's economic empowerment show uneven but substantive progress across result areas. Results are strongest where UNCDF has focused on enabling financing structures and market mechanisms, and weaker where outcomes depend on systematic policy adoption and scaling of women-targeted products and services.

At the policy level, as shown in Table 9.4, the number of gender-responsive policies, strategies and regulations adopted increased from 14 in 2022 to 17 in 2023, remaining at 17 in 2024, falling just below the 2024 milestone and the 2025 target. A related indicator tracking policies in development plateaued in 2024, suggesting slower-than-planned translation of policy processes into adopted frameworks. This pattern indicates continued influence on gender-responsive policy environments, but also highlights challenges in sustaining momentum through to formal adoption at scale.

In contrast, outcome indicators related to financing mechanisms designed to support women's

economic empowerment show stronger performance. However, this indicator captures the establishment or development of mechanisms rather than their effectiveness, scale, or impact on women’s economic outcomes. As such, while the data suggest progress in expanding gender-targeted financial structures, they do not provide evidence on whether these mechanisms translated into sustained improvements.

Results related to availability and uptake present a mixed picture. Although the number of women-targeted products, services and infrastructure increased substantially over the period, they remained below planned milestones and targets. At the same time, the number of people engaging with women-targeted products and services continued to rise year-on-year, reaching more than 3.4 million in 2024, though still below the 2024 milestone. These trends suggest that while reach has expanded, growth in supply and formal adoption has not kept pace with planned trajectories.

While the IRRM provides monitoring evidence on gender-responsive policies, financial mechanisms, and the reach of women-targeted services, these indicators primarily capture access, participation, and institutional outputs. They do not assess whether these results translate into sustained empowerment outcomes such as increased agency, control over resources, improved economic resilience, or greater decision-making power.

As a result, while IRRM indicators provide useful information on scale and participation, they offer limited insight into whether UNCDF-supported activities ultimately translate into women’s economic empowerment.

Table 9.5:

Evaluation	Relevance to MI 9.3
Programme/Facility-level Evaluations	
Migration and Remittances Programme (MRP) Mid-Term Evaluation (2024)	The evaluation treats gender primarily as improved access to digital remittance services, stating that gender inclusion “mainly meant improving access, onboarding women on digital products.” It finds that empowerment effects beyond access and onboarding remain uncertain, as most remittances are immediately converted to cash and sustained usage and financial health impacts for women were limited.
Final Evaluation of the Local Climate Adaptive	The evaluation reports gender-sensitive design and equal benefit for women and men in PBCRG investments but does not assess women’s economic

Living Facility (LoCAL) (2022)	empowerment outcomes, noting that the results framework focuses on quantitative outputs rather than longer-term livelihood or empowerment impacts.
Municipal Investment Finance (MIF) Final Evaluation	Gender equality and women's economic empowerment were not systematically integrated into programme design or results frameworks, and the evaluation does not provide evidence on empowerment outcomes for women.
Africa Policy Accelerator (APA) Evaluation	Women are referenced as part of broader regulatory and consumer protection objectives, but the evaluation does not assess women's economic empowerment outcomes or gender-differentiated economic effects.
Country-level Evaluations	
Burkina Faso Digital Finance Country Strategy (IDE Burkina Faso)	The evaluation reports progress in intermediate outcomes related to market coordination and private-sector engagement but does not assess women's economic empowerment outcomes, noting that scale and systemic impacts were still emerging.
Mid-Term Evaluation of the Local Government Initiative on Climate Change (LoGIC) – Bangladesh	Finds that gender equality was an explicit design objective, framed largely in terms of access to digital financial services. The evaluation concludes that mechanisms linking DFS access to women's economic empowerment were unclear, gender-targeted activities were limited, and no evidence of empowerment outcomes beyond access was identified.
Mid-Term Evaluation of UNCDF Component of the Development Initiative for Northern Uganda (DINU)	Gender and social inclusion were only partially mainstreamed across programme components. While women were identified as beneficiaries, the evaluation concludes that design and implementation gaps limited the extent to which activities translated into women's economic empowerment outcomes beyond participation and access.
Digital Financial Services in Sierra Leone – Final Evaluation	The evaluation frames women's economic empowerment primarily through increased access to digital financial services. While the theory of change posits that DFS can empower women, the evaluation finds that empowerment mechanisms are unclear, no baselines or targets were set for empowerment-related outcomes, gender-disaggregated results were not reported, and objectives remained largely focused on access rather than empowerment.

Evaluative evidence explicitly assessing women's economic empowerment is limited and uneven across the evidence base. The only evaluation that directly examines empowerment outcomes is the Strategic Framework Evaluation 2018–2021, which also served as a gender thematic evaluation. It concludes that UNCDF made meaningful contributions to women's economic empowerment, including through improved access to finance, support to women-led SMEs, gender-responsive local planning and investment, and employment linked to financial inclusion initiatives. At the same time, it characterises performance as uneven, highlighting incomplete integration of gender across programmes and limited evidence demonstrating empowerment outcomes beyond access, participation, and reach.

Subsequent programme- and facility-level evaluations continue to reference women as priority beneficiaries but do not assess empowerment outcomes. The MRP Mid-Term Evaluation (2024) frames gender inclusion primarily in terms of access, stating that it “mainly meant improving access, onboarding women on digital products.” While the evaluation documents efforts to address access barriers—such as identification constraints, gender-disaggregated data, and women-targeted onboarding—it finds that the depth of empowerment impacts remains uncertain, as most remittances are immediately converted to cash and sustained usage and financial health effects for women were limited.

The LoCAL Final Evaluation (2022) reports gender-sensitive design and equal benefit for women and men from PBCRG investments, including women’s participation in local planning and budgeting processes. However, it does not assess women’s economic empowerment outcomes and explicitly notes that the monitoring framework emphasises quantitative outputs, without indicators capturing longer-term impacts on livelihoods or empowerment.

Country-level evaluations reinforce these findings. The Digital Financial Services in Sierra Leone evaluation further illustrates the limits of access-based approaches to women’s economic empowerment. While the programme’s theory of change explicitly posits that digital financial services can empower women, the evaluation finds that the mechanisms through which this empowerment would occur were not clearly articulated. Empowerment was operationalised primarily as increased financial inclusion, measured through access and usage, with no baseline or targets established for empowerment outcomes. Although one output objective referred to improved access for women, youth and MSMEs, gender-disaggregated results were not reported, and other objectives remained gender neutral. As a result, the evaluation does not provide evidence that expanded access translated into women’s economic empowerment outcomes.

Similarly, the Mid-Term Evaluation of UNCDF’s component of the Development Initiative for Northern Uganda finds that gender and social inclusion were only partially mainstreamed. While women were identified as intended beneficiaries across components, gaps in gender analysis, limited targeting of women-owned enterprises, and the absence of dedicated strategies or indicators constrained the extent to which participation translated into substantive economic empowerment outcomes.

By contrast, the LoGIC Bangladesh Mid-Term Evaluation provides the clearest evidence of women’s economic empowerment outcomes. LoGIC adopted an explicitly gender-transformative design, with nearly all Climate Resilient Fund (CRF) resources directed to women. The evaluation documents measurable income and livelihood effects, including reported income gains and improved coping mechanisms for climate shocks. It also notes changes in household dynamics and participation, while recognising sustainability risks and the need for continued capacity-building. LoGIC therefore stands out as an exception within the evidence base, demonstrating that where empowerment objectives are clearly articulated, resourced, and measured, outcomes can be observed.

Other evaluations reviewed—including MIF, APA, and the IDE Burkina Faso Digital Finance Country Strategy—reference women within broader inclusion, access, or regulatory objectives but do not assess women’s economic empowerment outcomes. Where gender is considered, it is largely through indirect channels such as improved services, regulatory reforms, or market development, and evaluations consistently note that outcomes related to scale, systemic change, or empowerment were still emerging or outside the scope of assessment.

Overall, the evaluative indicates that UNCDF has made progress in incorporating gender-responsive design and expanding women’s access and participation. However, with the exception of LoGIC and the earlier Strategic Framework Evaluation, the evidence does not substantiate claims of sustained women’s economic empowerment. The evidence base reflects a persistent reliance on access-based theories of change, with limited evaluative validation of whether reported reach and participation translated into increased agency, control over

MI 9.4: Interventions assessed as having helped improve climate, clean energy and biodiversity finance.

Ratings MI 9.4

MI / element	Rating	Score	Confidence Level
MI 9.4		3	Medium

MI 9.4 Evidence Documents

- United Nations Capital Development Fund (2024) “Integrated Results and Resources Matrix, Annex 1”
- United Nations Capital Development Fund (2021) “Strategic Framework Evaluation 2018–2021”
- United Nations Capital Development Fund (2024) “Strategic Framework Mid-Term Evaluation 2022–2025”
- United Nations Capital Development Fund (2023) “LoCAL Programme Mid-Term Evaluation”
- United Nations Capital Development Fund (2023) “Final Evaluation Report: Africa Policy Accelerator Programme”
- United Nations Capital Development Fund (2024) “Migration and Remittances Programme Mid-Term Evaluation”
- United Nations Capital Development Fund (2022) “Mid-Term Evaluation of the Local Government Initiative on Climate Change, Bangladesh”
- United Nations Capital Development Fund (2022) “Digital Financial Services Sierra Leone Project Evaluation”
- United Nations Capital Development Fund (2022) “Development Initiative for Northern Uganda: United Nations Capital Development Fund Component Evaluation”

MI 9.4 Analysis

UNCDF interventions have helped contributed to climate-friendly policy adoption, availability of climate-relevant products, and user reach, but evidence also indicates that outcome pathways are long and contingent on follow-on implementation, financing, and capacity beyond the evaluation timeframe.

The IRRM includes outcome indicators capturing policy reform, availability of climate-, clean energy- and biodiversity-relevant products, services and infrastructure, user uptake, and the development of financing mechanisms. These indicators provide monitoring evidence of scale, reach and institutional progress, but do not assess downstream environmental, resilience or biodiversity outcomes.

Table 9.6

OC / OP	Sub-indicator description	2022 actual	2023 actual	2024 milestone	2024 actual	2025 target
OC 3.3	a.4 New or revised policies, strategies and regulations adopted following UNCDF support or influence designed to positively impact climate, clean energy or biodiversity	6	7	10	15	12

OC 1.3	b.2 Products, services and infrastructure designed to positively impact climate, clean energy or biodiversity	154	351	318	523	420
OC 1.4	b.2 People engaging with UNCDF-supported products, services and infrastructure designed to positively impact climate, clean energy or biodiversity	2,319,983	3,887,458	4,400,000	4,570,749	5,500,000
OP 3.1	a.4 Policies, strategies and regulations in development designed to positively impact climate, clean energy or biodiversity	20	24	35	30	40
OP 3.2	b.2 Funds or financing mechanisms in development designed to positively impact climate, clean energy or biodiversity	16	18	24	23	30

As shown in Table 9.6, under OC 3.3 (a.4), the number of new or revised policies, strategies and regulations adopted following UNCDF support and designed to positively impact climate, clean energy or biodiversity increased from 6 in 2022 to 7 in 2023, and rose sharply to 15 in 2024. This exceeds both the 2024 milestone (10) and the 2025 target (12), indicating strong performance at policy adoption level. By contrast, OP 3.1 (a.4), tracking policies in development, increased from 20 in 2022 to 24 in 2023, and reached 30 in 2024, remaining below the 2024 milestone (35) and 2025 target (40). This suggests that while policy adoption accelerated, expansion of the upstream policy pipeline progressed more gradually.

Under OC 1.3 (b.2), the number of products, services and infrastructure designed to positively impact climate, clean energy or biodiversity increased substantially from 154 in 2022 to 351 in 2023, and further to 523 in 2024. This significantly exceeds both the 2024 milestone (318) and the 2025 target (420), indicating strong scaling of climate-relevant solutions, particularly at sub-national levels.

Under OC 1.4 (b.2), the number of people engaging with UNCDF-supported climate-, clean energy- and biodiversity-related products, services and infrastructure increased from 2.32 million in 2022 to 3.89 million in 2023, and to 4.57 million in 2024. This exceeds the 2024 milestone (4.4 million) and places performance on track toward the 2025 target (5.5 million), demonstrating sustained expansion of reach.

Under OP 3.2 (b.2), the number of funds or financing mechanisms in development designed to positively impact climate, clean energy or biodiversity increased from 16 in 2022 to 18 in 2023, and to 23 in 2024. While this remains below the 2024 milestone (24) and 2025 target (30), it reflects steady progress in developing climate-relevant financing pipelines.

While the IRRM provides monitoring data on policy adoption, financing mechanisms, and the reach of climate-related products and services, these indicators primarily capture institutional outputs, availability of mechanisms, and user engagement. They do not measure downstream environmental outcomes such as reduced emissions, improved climate resilience, biodiversity conservation, or long-term ecosystem impacts.

As a result, the IRRM provides useful information on the scale and expansion of UNCDF-supported climate-related activities but offers limited evidence on whether these activities translate into sustained environmental or resilience outcomes.

Table 9.7:

Evaluation	Relevance to MI 9.4
Corporate-level Evaluation	
Strategic Framework Mid-Term Evaluation 2022–2025 (2024)	Confirms portfolio-level expansion of UNCDF's climate, clean energy and biodiversity finance, including sub-national adaptation finance, climate and disaster risk financing and insurance, clean energy markets, and biodiversity-related blended finance. The evaluation characterises UNCDF's contribution as catalytic and system-building, with limited quantified evidence of environmental outcomes at the time of review.
Programme/Facility-level Evaluations	
LoCAL Final Evaluation (2022)	Provides the strongest evaluative evidence for MI 9.4, finding that UNCDF supported the institutionalisation of climate adaptation finance through performance-based grants integrated into national fiscal and intergovernmental transfer systems. While mechanisms and capacities were strengthened, the evaluation notes limited evidence on downstream climate resilience and environmental impacts due to data gaps and the early stage of implementation.
MIF Final Evaluation (2023)	Finds that climate considerations were integrated into municipal finance instruments, including energy efficiency investments, green bonds and climate-relevant water infrastructure, and into investment appraisal processes. However, it highlights uneven prioritisation of climate resilience, inconsistent climate risk assessments, and maturing financial and environmental outcomes.
MRP Evaluation	Does not assess climate, clean energy or biodiversity finance; climate considerations are not a focus of programme objectives or evaluative analysis and are therefore not relevant to MI 9.4.
APA Evaluation	Does not examine climate, clean energy or biodiversity finance; the evaluation focuses on regulatory capacity and digital financial services and provides no evidence relevant to MI 9.4.
Country-level Evaluations	
Inclusive Digital Economies – Burkina Faso Digital Finance Country Strategy Evaluation	Do not assess climate, clean energy or biodiversity finance outcomes; references to environmental issues are not part of the evaluative scope and are not relevant to MI 9.4.
Mid-Term Evaluation of the LoGIC – Bangladesh	Assesses climate adaptation finance delivered through local government grant mechanisms. Finds evidence of improved livelihoods, income generation, and adoption of climate-adaptive practices among beneficiaries, particularly women, while noting sustainability and capacity constraints.
Mid-Term Evaluation of UNCDF Component of the DINU	Does not assess climate, clean energy, or biodiversity finance outcomes. Environmental issues are outside the evaluative scope and are not relevant to MI 9.4.
Digital Financial Services in Sierra Leone – Final Evaluation	Does not assess climate, clean energy, or biodiversity finance outcomes. Environmental issues are outside the evaluative scope and are not relevant to MI 9.4.

Across the evaluations reviewed, evidence primarily focuses on the establishment of enabling environments, financing mechanisms, and institutional arrangements for climate finance, rather than measured environmental, resilience, or biodiversity outcomes.

The clearest evaluative evidence comes from the LoCAL evaluation. It finds that UNCDF contributed to embedding climate finance within national and intergovernmental fiscal systems through performance-based grants to local governments. The evaluation highlights strengthened local capacity for planning and budgeting, replication of the mechanism across countries, and alignment with national climate frameworks. At the same time, it explicitly notes constraints related to climate data availability, uneven local capacity, and the absence of indicators capable of assessing long-term climate resilience or environmental impact.

The Mid-Term Evaluation of the LoGIC in Bangladesh assesses climate adaptation finance delivered through local government mechanisms, primarily via climate-resilient livelihood grants and performance-based climate-resilient investments. It finds that LoGIC-supported interventions contributed to increased adoption of climate-adaptive practices at household and community level and supported local governments to plan and implement climate-responsive investments. At the same time, the evaluation cautions that evidence of sustained environmental or resilience outcomes remains constrained by capacity limitations, uneven implementation, and the absence of indicators designed to measure longer-term climate or environmental impacts. As with other evaluations, findings relate primarily to uptake, practices, and institutional processes rather than verified climate, biodiversity, or resilience outcomes.

Complementary evidence from the MIF evaluation indicates that UNCDF has extended climate considerations into urban and municipal finance instruments, including energy-efficiency investments, green bonds and climate-relevant water infrastructure. The evaluation confirms systematic integration of climate alignment into investment appraisal and selection, including use of international standards and national climate strategies. At the same time, it identifies limitations, including inconsistent documentation of climate risk and resilience assessments and uneven prioritisation of resilience-focused investments, pointing to variability in the depth of climate integration across instruments.

The Mid-Term Evaluation of the Strategic Framework 2022–2025 reinforces these findings at portfolio level. It confirms that UNCDF's climate-related engagement has expanded in scale and scope, encompassing sub-national adaptation finance, climate and disaster risk financing and insurance, clean energy market development, and biodiversity-related blended finance. The evaluation emphasises UNCDF's role in enabling market ecosystems, institutional arrangements and standards, and highlights broad geographic coverage and diversification of instruments as indicators of increasing maturity.

Consistent with findings across other MIs, evaluations caution against interpreting the existence of policies, mechanisms, or increased uptake as evidence that climate, clean energy, or biodiversity objectives have been achieved. While the evaluative evidence aligns with IRRM trends showing growth in policy adoption, availability of climate-relevant products, and user reach, it also indicates that outcome pathways are long and contingent on follow-on implementation, financing, and capacity beyond the evaluation timeframe.

MI 9.5: Interventions assessed as having helped improve inclusive digital economies.

Ratings MI 9.5

MI / element	Rating	Score	Confidence Level
MI 9.5		3	Medium

Evidence Documents:

- United Nations Capital Development Fund (2024) “Integrated Results and Resources Matrix, Annex 1”
- United Nations Capital Development Fund (2024) “Migration and Remittances Programme Mid-Term Evaluation”
- United Nations Capital Development Fund (2021) “Strategic Framework Evaluation 2018–2021”
- United Nations Capital Development Fund (2024) “Strategic Framework Mid-Term Evaluation 2022–2025”
- United Nations Capital Development Fund (2023) “Evaluation Report: Inclusive Digital Economies Programme, Burkina Faso”

MI 9.5 Analysis

UNCDF has contributed to improving inclusive digital economies primarily through enabling environments, scale of digital engagement, and institutional capacity, though impacts on end-user inclusion and economic outcomes are indirect and uneven.

IRRM outcome indicators show strong and sustained performance trends in areas directly associated with inclusive digital economies, particularly in policy and regulatory influence, scale of digital service availability, user uptake, and ecosystem capacity development.

Table 9.8

OC	Indicator (IDE-relevant)	2021 actual	2022 actual	2023 actual	2024 actual	2025 target
OC 3.3 a.1	Number of new/revised policies, strategies and regulations adopted following UNCDF support, designed to positively impact inclusive digital economies	13	25	53	62	35
OC 1.3 a.1	Number of digital products and services scaled up or completed by UNCDF-supported partners	37	133	175	201	216

OC 1.4 a.1	Number of people engaging with UNCDF-supported products and services (digital-relevant)	10,700,000	13,964,192	19,918,397	23,273,261	16,910,000
OC 4.2 b.1	Number of people receiving capacity development relating to inclusive digital economies	2,070,000	4,344,027	4,844,629	5,034,149	5,230,400

At the policy and regulatory level, IRRM data, as shown in Table 9.8, indicate a steady increase in the number of policies, strategies, and regulations designed to positively impact inclusive digital economies, reaching levels that exceed 2025 targets by 2024. This mirrors patterns already discussed under MI 9.1 regarding sovereign engagement and reflects UNCDF's continued emphasis on regulatory and institutional enablement rather than stand-alone digital solutions.

At the market and user level, IRRM indicators show substantial growth in both the availability and uptake of digital products and services supported by UNCDF. The number of people engaging with UNCDF-supported digital products and services increased markedly over the review period, exceeding annual milestones and targets. IDE-specific engagement indicators also show consistent year-on-year growth, though remaining below end-period targets, indicating continued expansion alongside increasing marginal difficulty in reaching last-mile users.

Capacity development indicators reinforce this pattern. IRRM data show that capacity development relating to inclusive digital economies has expanded steadily, reaching or exceeding milestones by 2024. This suggests that UNCDF's IDE work has prioritized ecosystem readiness and institutional capability, consistent with a market-building approach.

Taken together, IRRM evidence demonstrates that UNCDF has contributed to improving inclusive digital economies primarily through enabling environments, scale of digital engagement, and institutional capacity, rather than through narrowly defined digital access metrics. As noted in earlier MIs, these results reflect contribution at system level rather than attribution of end-user economic outcomes.

The MRP mid-term evaluation finds that UNCDF interventions have contributed to improving the capacity of policymakers and regulators to develop and supervise inclusive remittance and digital finance policies, particularly through diagnostics, hands-on advisory support, webinars, and executive-level training. Ethiopia is identified as the most mature example, having progressed beyond diagnostics to implementation, while most other country engagements remain at earlier stages. The evaluation concludes that interactive modalities (advisory services, peer learning, and training) are more effective for capacity development than research and publication outputs alone, and notes uneven partner engagement and incomplete delivery of some technical tools.

Similarly, the APA evaluation reports that UNCDF support has been effective in strengthening regulatory and supervisory capacity for digital financial services, contributing to more dynamic DFS ecosystems and creating conditions for deeper inclusion. At the same time, the evaluation emphasizes that results are highly contingent on regulator demand, political stability, and selected entry points, with delays and missed opportunities observed in some contexts.

Across the board, evidence characterizes UNCDF's contribution as ecosystem-level and catalytic, supporting regulatory readiness, market infrastructure, and institutional learning.

Evaluations also consistently note that impacts on end-user inclusion and economic outcomes are indirect and uneven, and that results should be interpreted as progress toward enabling inclusive digital economies rather than as comprehensive measures of digital inclusion outcomes.

MI 9.6: Interventions assessed as having helped improve local transformative finance.

Ratings MI 9.6

MI / element	Rating	Score	Confidence Level
MI 9.6		3	Medium

Evidence Documents:

- United Nations Capital Development Fund (2024) “Integrated Results and Resources Matrix, Annex 1”
- United Nations Capital Development Fund (2023) “LoCAL Programme Mid-Term Evaluation”
- United Nations Capital Development Fund (2023) “Final Evaluation Report: Africa Policy Accelerator Programme”
- United Nations Capital Development Fund (2024) “Strategic Framework Mid-Term Evaluation 2022–2025”
- United Nations Capital Development Fund (2022) “Mid-Term Evaluation of the Local Government Initiative on Climate Change, Bangladesh”

Outcome-level monitoring data and evaluative evidence indicates that UNCDF has contributed to strengthening local finance systems and capacities, but does not quantify durable changes in local fiscal space or long-term financing sustainability.

IRRM outcome indicators show measurable progress across key dimensions of local transformative finance, with several indicators demonstrating acceleration in 2024.

The number of sub-national governments that enhanced their fiscal space following UNCDF support (OC 2.3) declined from 588 (2021) to 430 (2022) and 396 (2023), before increasing sharply to 650 in 2024, placing UNCDF close to its 2025 target of 700.

Results related to intergovernmental fiscal transfer systems (OC 3.1) show a similar pattern. After declining from 25 countries (2021) to 20 (2023), the number increased to 37 in 2024, approaching the 2025 target of 40. This indicates late-period progress in reforms affecting the allocation of resources to local governments.

Policy and regulatory outcomes relevant to local development finance (OC 3.3, local finance–related subset) increased steadily, reaching 88 in 2024 against a 2025 target of 103, reflecting continued strengthening of enabling frameworks for local finance while also indicating remaining gaps to reach end-period targets.

Capacity development related to local development finance systems (OC 4.2a) expanded substantially, rising from 1.94 million (2021) to 4.61 million (2024) and nearing the 2025 target of 4.9 million. This reflects the scale of institutional and system-level capacity-building associated with UNCDF’s local finance interventions.

Taken together, IRRM data provide outcome-level evidence that UNCDF has contributed to strengthening local finance systems and capacities, with several indicators moving close to end-period targets by 2024. As with other IRRM indicators, these results capture reach and occurrence rather than the durability or depth of fiscal change.

Evaluative evidence relevant to local transformative finance is provided primarily by the LoCAL evaluation, which assesses how UNCDF-supported financing mechanisms operate within national fiscal systems and affect local public finance management. The evaluation finds that LoCAL channels performance-based grants through existing government intergovernmental transfer systems, rather than creating parallel financing arrangements. Access to financing is linked to local government performance and compliance with national planning, budgeting, and fiduciary requirements.

The evaluation notes that this design supports the integration of local investment financing into regular government budgeting and planning cycles, reinforcing more predictable and rules-based sub-national financing flows. By strengthening local governments' capacity to plan, budget, and manage investment resources within existing fiscal frameworks, the LoCAL mechanism contributes to improvements in local fiscal space and the functioning of intergovernmental fiscal transfer systems. While the evaluation does not quantify long-term fiscal sustainability outcomes, it provides qualitative evidence that UNCDF's approach supports the institutionalisation of local finance mechanisms within government systems, aligning with IRRM-reported trends.

Additional country-level evidence is provided by the Mid-Term LoGIC in Bangladesh, which reinforces findings from LoCAL. The evaluation finds that LoGIC channels climate adaptation financing to local governments through performance-linked grants that are integrated into existing planning, budgeting, and public financial management processes, rather than through parallel delivery mechanisms. At the same time, it highlights constraints related to uneven local capacity, sustainability risks once grant support tapers, and limited evidence on long-term fiscal impacts. As with LoCAL, the evaluation provides qualitative evidence of system-level strengthening and institutionalisation of local finance mechanisms, but does not quantify durable changes in local fiscal space or long-term financing sustainability.

Additional evaluative evidence from the APA evaluation provides limited but relevant support for UNCDF's contribution to local transformative finance through regulatory and supervisory capacity strengthening that underpins decentralized financial systems. While APA interventions operate primarily at the national level, the evaluation indicates that strengthened regulatory frameworks are relevant to sub-national and local finance systems insofar as local governments and decentralized service providers rely on regulated financial services, payment systems, and consumer protection arrangements to manage public finance flows.

The APA evaluation also identifies constraints that limit the depth and consistency of these contributions. Results are highly dependent on counterpart demand and political context, and the demand-driven engagement model can restrict the scope of reforms achieved. As a result, APA-supported outcomes for local transformative finance are indirect and uneven, and best understood as contributing to enabling conditions rather than to direct improvements in local fiscal space or financing volumes.

MI 9.7: Interventions assessed as having helped improve sustainable food systems finance.

Ratings MI 9.7

MI / element	Rating	Score	Confidence Level
MI 9.7		2	Low

Evidence Documents:

- United Nations Capital Development Fund (2024) “Integrated Results and Resources Matrix, Annex 1”
- United Nations Capital Development Fund (2024) “Strategic Framework Mid-Term Evaluation 2022–2025”

UNCDF interventions have contributed to expanding financing mechanisms, strengthening enabling policy environments, and building capacity relevant to sustainable food systems, though evaluative evidence is limited.

IRRM outcome indicators show steady and consistent progress across outcome areas relevant to sustainable food systems finance, with consistent upward trends and most indicators remaining on track toward 2025 targets.

Indicators capturing the availability of products, services, and infrastructure designed to positively impact sustainable food systems (OC 1.3 b.3) increased from 41 in 2021 to 118 in 2024, positioning UNCDF within reach of the 2025 target of 140. This reflects a gradual expansion of finance-linked interventions supporting food systems, including investments and financing mechanisms relevant to agri-food enterprises and local value chains.

Correspondingly, uptake indicators (OC 1.4 b.3) show sustained growth in engagement with UNCDF-supported food systems–related products, services, and infrastructure. The number of people engaging increased from 1.2 million in 2021 to 2.68 million in 2024, with the 2025 target of 3.2 million remaining attainable. This suggests increasing reach of financing interventions linked to food systems, while also indicating that scaling remains ongoing.

Policy and regulatory outcomes relevant to sustainable food systems finance (OC 3.3, food systems–relevant subset) also increased steadily, reaching 28 in 2024 against a 2025 target of 35. This points to continued strengthening of enabling environments for food systems finance, though additional progress is required to meet end-period targets.

Finally, capacity development indicators related to sustainable food systems finance (OC 4.2 b) expanded from 612,000 in 2021 to 1.50 million in 2024, approaching the 2025 target of 1.8 million. This reflects the scale of institutional and market-level capacity-building associated with UNCDF’s finance-oriented engagement in food systems.

Taken together, IRRM data provide outcome-level evidence that UNCDF interventions have contributed to expanding financing mechanisms, strengthening enabling policy environments, and building capacity relevant to sustainable food systems. As with other IRRM indicators, these results capture reach and occurrence, rather than downstream food security, productivity, or sustainability outcomes.

Evaluative evidence on sustainable food systems finance is limited. The Strategic Framework Mid-Term Evaluation 2022–2025 is the only evaluation that explicitly references UNCDF’s engagement in this area. It notes that UNCDF supports financing solutions for municipal and SME investments in sustainable food systems, typically through partnerships with other UN entities, and characterises this engagement as finance-enabling and catalytic rather than as a standalone food systems programme.

The evaluation does not report quantified results specific to sustainable food systems finance, nor does it assess downstream outcomes such as food security, productivity, or sustainability. Other evaluations reviewed provide only incidental references to food systems, without sector-specific analysis or effectiveness assessment. As such, evaluative evidence supports interpretation of IRRM results as reflecting expanded financing reach and enabling conditions, rather than confirmed food systems transformation.

MI 9.8: The MOs sovereign and non-sovereign clients report high levels of client satisfaction.

Ratings MI 9.8

MI / element	Rating	Score	Confidence Level
MI 9.8		NE	

Evidence Documents

- United Nations Capital Development Fund (2024) “Integrated Results and Resources Matrix, Annex 1”
- United Nations Capital Development Fund (2024) “Strategic Framework Mid-Term Evaluation 2022–2025”

MI 9.8 Analysis

N/E

The IRRM does not include an outcome indicator on client satisfaction. There is no systematic measurement of client perceptions, satisfaction ratings, or feedback aggregated at organisational level for either sovereign or non-sovereign clients. Consequently, the IRRM does not provide direct evidence for MI 9.8.

Evaluations reviewed do not explicitly assess or measure client satisfaction. None of the evaluations include structured client satisfaction surveys, satisfaction scores, or indicators explicitly framed around satisfaction with UNCDF services.

Instead, evaluations report on perceived usefulness, effectiveness, relevance, and engagement with UNCDF support at programme or activity level. These findings cannot be interpreted as direct evidence of client satisfaction, but they provide contextual information on how partners perceive and experience UNCDF interventions.

KPI 10: Interventions are relevant to the needs and priorities of partner countries and beneficiaries, as the organisation works towards results in areas within its mandate.

Ratings KPI 10

KPI / MI	Rating	Score
KPI 10	S	3
MI 10.1	S	3
MI 10.2	N/E	NE

MI 10.1: Intervention objectives and design assessed as responding to beneficiaries', global, country, and partner/institution needs, policies, and priorities, and continuing to do so where circumstances change.

Ratings MI 10.1

MI / Element	Rating	Score	Confidence Level / Score
MI 10.1		3	Medium

Evidence documents:

- United Nations Capital Development Fund (2023) “LoCAL Programme Mid-Term Evaluation”
- United Nations Capital Development Fund (2023) “Final Evaluation Report: Africa Policy Accelerator Programme”
- United Nations Capital Development Fund (2024) “Migration and Remittances Programme Mid-Term Evaluation”
- United Nations Capital Development Fund (2023) “Municipal Investment Facility Evaluation”
- United Nations Capital Development Fund (2022) “Mid-Term Evaluation of the Local Government Initiative on Climate Change, Bangladesh”
- United Nations Capital Development Fund (2022) “Digital Financial Services Sierra Leone Project Evaluation”
- United Nations Capital Development Fund (2022) “Development Initiative for Northern Uganda: United Nations Capital Development Fund Component Evaluation”

MI 10.1 Analysis

Evidence from programme-level evaluations indicate that UNCDF interventions are generally aligned with global development agendas, national priorities, and partner institutional needs, particularly in least developed countries. At the same time, evaluations highlight variation in the extent to which beneficiary realities, inclusion dimensions, and downstream impacts are systematically reflected in design, and note that donor priorities have, in some cases, significantly shaped intervention focus.

Table 10.1:

Evaluation	Relevance to MI 10.1
Programme/Facility-level Evaluations	
Combined Evaluation of the UNCDF Remittances & Migration Programmes (MRP)	The evaluation finds MRP broadly aligned with global agendas on migration, remittances and financial inclusion, but relevance varies significantly across regions and beneficiary groups. It notes that programme design was influenced by donor strategies and assumptions about formal financial channels, which did not always align with migrant preferences or local market realities.
Africa Accelerator Policy (APA) Programme Evaluation	The evaluation concludes that APA's objectives and design are relevant to the needs of national regulators and align with UNCDF's strategic shift toward inclusive digital economies. However, relevance is uneven across countries due to political constraints and reliance on regulator demand, and relevance at the consumer or beneficiary level is not systematically assessed.
Municipal Investment Finance (MIF) Final Evaluation	The evaluation assesses MIF as relevant to international development priorities related to urbanisation and local development finance, responding to a recognised gap in municipal access to long-term capital. It also finds that relevance was uneven across thematic priorities, with climate resilience and other cross-cutting issues not systematically integrated into programme design.
Final Evaluation of the Local Climate Adaptive Living Facility (LoCAL)	The evaluation finds LoCAL highly relevant to global climate adaptation agendas and partner country priorities, aligning closely with national climate strategies, decentralisation frameworks and the needs of LDCs and SIDS. It also notes that while the focus on rural local governments is appropriate, future relevance may require greater attention to urban and peri-urban contexts.
Country-level Evaluations	
Mid-Term Evaluation of the LoGIC – Bangladesh	Highly relevant to national climate policies and global adaptation agendas, addressing local government financing and planning gaps in climate-vulnerable areas; notes tension between pilot delivery focus and relevance for national scale-up.
Mid-Term Evaluation of UNCDF Component of the DINU	Closely aligned with Government of Uganda development priorities and district-level needs; relevance strongest at institutional and system levels, with more limited targeting of women-owned enterprises and marginalized groups.
Digital Financial Services in Sierra Leone – Final Evaluation	Strongly aligned with national financial inclusion and digitalisation priorities and highly relevant to central bank regulatory needs; relevance to end beneficiaries and gender equality was less clearly articulated and monitored.
Inclusive Digital Economies – Burkina Faso Digital Finance Country Strategy (IDE)	The evaluation concludes that the programme was relevant to national financial inclusion, digitalisation and regulatory priorities in Burkina Faso, addressing clearly identified constraints in the digital finance ecosystem.

The MRP evaluation finds that programme design aligns with global agendas on migration, remittances, and financial inclusion, and responds to partner institutional needs for diagnostics, policy advice, and capacity-building. At the same time, the evaluation highlights limitations in relevance for end beneficiaries, noting that migrant needs and preferences are indirectly addressed and mediated through private sector and regulatory interventions, and that donor strategies and country pre-selection influenced programme focus and adaptability to local market realities.

The APA evaluation finds that intervention objectives and design are demand-driven and relevant to the needs of national regulators and policymakers. Entry points are determined by counterpart requests, ensuring alignment with institutional priorities in areas such as digital financial services regulation and consumer protection. However, the evaluation also notes that this model results in uneven relevance across countries, as political constraints, late starts, or limited regulator engagement can restrict scope, and that relevance at the consumer or beneficiary level is not systematically assessed.

The Municipal Investment Finance evaluation finds that intervention objectives are relevant to national and sub-national priorities related to urbanisation, infrastructure financing, and municipal service delivery, addressing a recognised gap in access to long-term capital for local governments and other non-sovereign entities. While climate considerations were incorporated in selected instruments and transactions, the evaluation notes that relevance to climate resilience and other cross-cutting priorities—including gender and social inclusion—was uneven and not systematically integrated across programme design and results frameworks.

The LoCAL evaluations consistently find that intervention objectives and design are highly relevant to partner country priorities. LoCAL is assessed as well aligned with global climate adaptation agendas and with national priorities articulated in National Adaptation Plans, Nationally Determined Contributions, and decentralisation frameworks. Its design is explicitly country-driven and embedded in national public financial management and intergovernmental fiscal transfer systems, responding to government demand for predictable, performance-based climate finance at the local level. Evaluations also note that LoCAL has adapted over time through phased expansion and refinement of design elements as country capacity and financing conditions evolved, while identifying emerging questions about future relevance in increasingly urban and peri-urban contexts.

The DFS Sierra Leone evaluation finds strong alignment with government priorities on financial sector reform, digitalisation, and financial inclusion, and assesses UNCDF support as highly relevant to the Bank of Sierra Leone, particularly in regulatory development, supervisory capacity-building, and financial inclusion data generation. UNCDF's sustained in-country engagement is identified as a key driver of relevance to institutional partners.

However, the evaluation notes weaker articulation of relevance at the beneficiary level, particularly for women and youth, with limited clarity on how system-level interventions were expected to translate into improved outcomes for target groups.

The LoGIC Bangladesh mid-term evaluation provides strong evidence of relevance to national climate policy frameworks, global adaptation agendas, and the needs of highly climate-vulnerable local governments. The programme is assessed as well designed to address gaps in local planning, climate-informed budgeting, and access to adaptation finance, with a strong focus on women as primary beneficiaries. At the same time, the evaluation highlights unresolved tension between LoGIC's delivery-oriented design in selected local governments and its intended role as a scalable, demonstrative model for national systems change.

The DINU Northern Uganda evaluation similarly finds high relevance to government priorities and district-level development needs in a post-conflict context, particularly for public financial management reform, SME finance, and local infrastructure. Relevance is strongest at the institutional and system levels, while targeted approaches to women-owned enterprises and marginalized groups were more limited, constraining relevance for specific beneficiary segments.

Taken together, evaluative evidence indicates that UNCDF intervention objectives and design are generally relevant and well aligned with global agendas, national policies, and partner institutional needs, particularly where programmes are demand-driven and embedded in national systems. Relevance is strongest at the level of government and institutional partners. Evaluations also identify recurring limitations related to beneficiary engagement, inclusion considerations, donor influence on design, and uneven adaptation to evolving contexts across programmes.

MI 10.2: Non-sovereign investments demonstrate financial and non-financial additionality.

Element 10.2.1: The MO's non-sovereign investments demonstrate financial additionality.

Element 10.2.2: The MO's non-sovereign investments demonstrate non-financial additionality.

Ratings MI 10.2:

MI / element	Rating	Score	Confidence Level / Score
MI 10.2			
Element 10.2.1		NE	Low
Element 10.2.2		NE	Low

Evidence Documents

- United Nations Capital Development Fund (2023) "Municipal Investment Facility Evaluation"
- United Nations Capital Development Fund (2023) "Final Evaluation Report: Africa Policy Accelerator Programme"
- United Nations Capital Development Fund (2024) "Migration and Remittances Programme Mid-Term Evaluation"
- United Nations Capital Development Fund (2023) "Evaluation Report: Inclusive Digital Economies Programme, Burkina Faso"
- United Nations Capital Development Fund (2024) "Integrated Results and Resources Matrix, Annex 1"
- United Nations Capital Development Fund (2024) "Annual Report 2024"
- United Nations Capital Development Fund (2022) "Mid-Term Evaluation of the Local Government Initiative on Climate Change, Bangladesh"
- United Nations Capital Development Fund (2022) "Digital Financial Services Sierra Leone Project Evaluation"
- United Nations Capital Development Fund (2022) "Development Initiative for Northern Uganda: United Nations Capital Development Fund Component Evaluation"

Element 10.2.1 Analysis

The element is considered not evaluable because UNCDF's non-sovereign investment portfolio was still limited in scale and maturity during the review period, and sufficient ex-post evidence was not yet available to assess additionality outcomes.

Given the relatively small volume of UNCDF investment activity during the review period, and the fact that many investments were still recent or under implementation, there is limited basis to expect completed ex-post evaluations capable of comparing actual results against ex-ante additionality claims.

The evaluations conducted during the period focus predominantly on sovereign and sub-sovereign interventions—such as policy reform, regulatory strengthening, and municipal finance—and were not designed to assess financial additionality for non-sovereign investments. As a result, core dimensions of financial additionality, including crowding-in of private capital, incremental financing, or profitability of private-sector recipients, are not assessed.

The Municipal Investment Facility evaluation comes closest to touching on financial additionality, but only indirectly. It documents instances where UNCDF support contributed to transactions that involved private investors, particularly by improving transaction readiness through structuring, technical assistance, and risk mitigation. These examples suggest that UNCDF played a facilitating role in enabling private capital to participate in sub-sovereign transactions. However, the evaluation treats these cases as illustrative rather than evaluative: it does not analyse whether private capital would not have participated absent UNCDF involvement, nor does it quantify leverage or incremental financing. Importantly, these transactions concern sub-national public entities, and are not assessed through a non-sovereign investment lens.

Other evaluations reviewed—including the Migration and Remittances Programme, Africa Policy Accelerator, and IDE Burkina Faso—do not address financial additionality. While they reference engagement with private-sector actors, they do not assess investment leverage, returns, or counterfactual market behaviour. Taken together, the evaluation evidence does not support an assessment of financial additionality for non-sovereign investments under this element.

UNCDF has initiated portfolio-level evaluation efforts, including the BRIDGE portfolio evaluation, which are expected to contribute to a stronger evidence base on the performance and additionality of UNCDF-supported investments as the portfolio matures. The emergence of these portfolio-level evaluations also reflects the relatively early stage and evolving nature of UNCDF's non-sovereign investment portfolio during the review period, limiting the availability of mature ex-post evaluative evidence for this assessment.

As UNCDF's investment portfolio matures, portfolio evaluations and more systematic ex-post assessment approaches will be important to assess financial and non-financial additionality, including catalytic effects, counterfactual financing, and behavioural or market changes associated with investments.

Element 10.2.2 Analysis

As noted in 10.2.1, this element is considered not evaluable because UNCDF's non-sovereign investment portfolio was still limited in scale and maturity during the review period, and sufficient ex-post evaluative evidence was not yet available to systematically assess non-financial additionality outcomes.

Evaluative evidence on non-financial additionality for non-sovereign investments is limited to the DFS Sierra Leone evaluation with one clear and credible example of non-financial additionality.

The evaluation noted that UNCDF support influenced the internal practices of a private-sector partner, Orange Money, beyond the provision of finance. Specifically, the UNCDF grant agreement contributed to a shift in agent network strategies, including increased recruitment of women agents. The evaluation explicitly examined the question of additionality in light of Orange Money's strong commercial growth and concluded that UNCDF support was not primarily financing expansion, but rather acting as a behavioural and normative incentive, encouraging the company to adopt practices aligned with inclusion objectives. This constitutes non-financial additionality through influence on business practices and institutional behaviour.

Several evaluations document technical assistance, policy engagement, and capacity development activities that could, in principle, constitute non-financial additionality. However,

these interventions are overwhelmingly sovereign in nature, directed at governments, regulators, or public institutions, rather than at private-sector firms as non-sovereign clients. Consequently, they fall outside the scope of this indicator.

Overall, this element is not evaluable during the review period because the relevant non-sovereign investment portfolio was not sufficiently mature, and the evaluation evidence reviewed does not provide a systematic ex-post basis for assessing non-financial additionality. As UNCDF's investment portfolio matures, portfolio evaluations and more systematic ex-post assessment approaches will be important to assess behavioural, institutional, market, and inclusion-related changes associated with investments.

KPI 11: Results are delivered efficiently.

Ratings KPI 11

MI / Element	Rating	Score	Confidence
KPI 11	U	2	
MI 11.1	U	2	Medium
MI 11.2	U	2	Medium

MI 11.1: Interventions/activities assessed as resource-/cost-efficient.

Ratings MI 11.1

MI / Element	Rating	Score	Confidence Level / Score
MI 11.1		2	Medium

Evidence Documents:

- United Nations Capital Development Fund (2023) "Municipal Investment Facility Evaluation"
- United Nations Capital Development Fund (2023) "Final Evaluation Report: Africa Policy Accelerator Programme"
- United Nations Capital Development Fund (2024) "Migration and Remittances Programme Mid-Term Evaluation"
- United Nations Capital Development Fund (2023) "Evaluation Report: Inclusive Digital Economies Programme, Burkina Faso"
- United Nations Capital Development Fund (2022) "LoGIC Programme Mid-Term Evaluation"
- United Nations Capital Development Fund (2023) "Final Evaluation Report: LoCAL Programme"
- United Nations Capital Development Fund (2022) "Mid-Term Evaluation of the Local Government Initiative on Climate Change, Bangladesh"
- United Nations Capital Development Fund (2022) "Digital Financial Services Sierra Leone Project Evaluation"
- United Nations Capital Development Fund (2022) "Development Initiative for Northern Uganda: United Nations Capital Development Fund Component Evaluation"

MI 11.1 Analysis

The evaluative evidence suggests that UNCDF delivers efficiently where programme models allow for standardisation, scale, and measurable cost benchmarks, as seen most clearly in LoCAL and LoGIC. Where interventions are more exploratory, advisory, or market-building in nature, efficiency is harder to assess and more uneven, with some evaluations—most notably MRP and DFS-Sierra Leone—identifying clear value-for-money concerns. Overall, efficiency appears to be shaped less by execution capacity alone and more by programme design choices, delivery models, and the extent to which costs, outputs, and outcomes are explicitly linked and tracked.

Importantly, UNCDF's IRRM does not include institutional-level efficiency indicators. The IRRM primarily tracks programme outputs and selected outcome-level results but does not report metrics such as administrative cost ratios, supervision costs, cost-per-transaction measures, or other operational efficiency benchmarks. As a result, the corporate monitoring framework does not provide systematic data on institutional resource efficiency. Assessments of cost- and resource-efficiency therefore rely largely on evidence from individual programme- and country-level evaluations rather than on corporate performance indicators.

Across evaluations, efficiency is not assessed in a uniform or systematic way, but a reasonably consistent picture emerges. Where programmes involve direct financing mechanisms or fiscal transfers, evaluations tend to provide clearer evidence on cost efficiency and resource use. By contrast, programmes centred on advisory support, policy engagement, or market development rely more heavily on qualitative judgements, with limited benchmarking of costs against results.

The programme evaluations reviewed provide mixed evidence on efficiency, with some interventions demonstrating strong cost-efficiency and others identifying important value-for-money concerns. However, these findings are drawn from individual evaluations that use different methodologies, indicators and definitions of efficiency. Because UNCDF does not maintain institution-wide efficiency indicators or undertake a corporate assessment of resource efficiency across its portfolio, the available evidence does not provide a consistent institutional picture of efficiency performance.

Table 11.1:

Evaluation	Relevance to MI 11.1
Programme/Facility-level Evaluations	
Combined Evaluation of the United Nations Capital Development Fund (UNCDF) Remittances & Migration Programmes (MRP)	Assesses efficiency and value for money, highlighting cost overruns relative to results achieved and concluding that expenditures were high compared to outcomes delivered, particularly in private-sector support.
Africa Policy Accelerator (APA) Programme Evaluation	Finds APA was efficiently implemented overall, with relatively low administrative complexity and effective use of resources, though efficiency varied across countries due to political and institutional constraints.
Municipal Investment Finance (MIF) Final Evaluation	Identifies mixed efficiency, noting flexibility and responsiveness but also high transaction preparation costs, governance weaknesses, and limited outcome tracking affecting efficiency.
Final Evaluation of the Local Climate Adaptive Living Facility (LoCAL)	Provides the strongest quantitative evidence on efficiency, including cost-efficiency metrics, budget utilization rates, and low per-capita investment costs, alongside operational and staffing constraints affecting delivery.
Country-level Evaluations	

Mid-Term Evaluation of the LoGIC – Bangladesh	Provides detailed value-for-money evidence, including cost-transfer and administrative cost ratios broadly comparable to international benchmarks for grant- and cash-based programmes. While overall resource allocation is assessed as reasonable, complex delivery arrangements and staffing gaps reduced the efficiency with which resources were translated into outputs.
Mid-Term Evaluation of UNCDF Component of the DINU	Finds mixed cost efficiency across components. Road upgrading and district public financial management components demonstrate cost efficiency and economies of scale, with unit costs aligned with national benchmarks. SME finance showed weaker cost efficiency in early phases due to low budget execution relative to planned allocations, though resource utilisation improved over time.
Digital Financial Services in Sierra Leone – Final Evaluation	Finds weak cost efficiency and value for money. A high share of total expenditure was absorbed by staffing costs, while spending on innovation grants was substantially below budgeted levels.
Inclusive Digital Economies – Burkina Faso Digital Finance Country Strategy (IDE) Evaluation	Provides qualitative discussion of efficiency constraints linked to security conditions and implementation delays, without systematic assessment of cost efficiency or value for money.

The Final Evaluation of the LoCAL provides the strongest and most explicit evidence on efficiency. It reports concrete value-for-money metrics, including low per-capita investment costs, relatively low average infrastructure costs, and high budget utilisation rates. These figures support the conclusion that LoCAL has delivered outputs at comparatively low cost while operating at scale across multiple countries. At the same time, the evaluation is clear that efficiency gains are tempered by operational constraints: lean staffing structures, vacant posts, and limited monitoring capacity have affected sequencing, quality assurance, and timeliness in some contexts. In other words, LoCAL demonstrates cost efficiency in aggregate, but with clear trade-offs in delivery capacity.

The Combined Evaluation of the UNCDF Remittances & Migration Programmes (MRP) raises substantive concerns regarding efficiency and value for money. While implementation is described as operationally functional, the evaluation finds that programme expenditures increased without a corresponding adjustment in performance targets. It concludes that donors ultimately “paid more for the same intended results,” and that the cost of technical assistance—particularly in private-sector pilots—was high relative to outcomes achieved. These findings point to weaknesses in expenditure management and risk screening, rather than inefficiency in execution alone.

The APA Programme Evaluation presents a more qualified efficiency picture. It finds that APA was delivered with relatively low administrative complexity and benefitted from streamlined governance, including a single-donor arrangement. Outputs were largely delivered as planned, and stakeholder feedback on quality was positive. However, efficiency varied significantly across countries, as progress depended heavily on regulator engagement and political stability. As a result, resource use was efficient in some contexts but constrained in others by factors largely outside UNCDF's control.

Additional country-level evaluations reinforce that cost efficiency varies significantly across UNCDF interventions, largely reflecting differences in cost structure, allocation of resources, and the extent to which expenditures translate into measurable outputs.

The DFS Sierra Leone evaluation identifies notable value-for-money concerns. A large proportion of total expenditure was devoted to staffing, while spending on innovation grants fell well below original budget allocations. Limited disaggregation of expenditures by output, combined with weaknesses in results measurement, constrained the ability to assess whether resource use was proportionate to results delivered, pointing to inefficiencies in resource allocation rather than execution alone.

In contrast, LoGIC Mid-Term Evaluation (Bangladesh) similarly provides quantified efficiency evidence, particularly in relation to transfer and administrative cost ratios. These are assessed as broadly comparable to international benchmarks for cash and grant-based programmes. However, the evaluation links efficiency gaps to prolonged staffing vacancies and weak governance arrangements, suggesting that reasonable cost ratios did not always translate into smooth or timely delivery.

Evidence from the DINU Northern Uganda evaluation similarly points to differentiated cost efficiency across programme components. Road upgrading and district public financial management interventions demonstrate cost efficiency and economies of scale, with unit costs broadly aligned with national comparators. By contrast, the SME finance component exhibited weaker cost efficiency during early implementation phases due to low budget execution relative to planned allocations, though resource utilisation improved as implementation matured.

Finally, the Inclusive Digital Economies – Burkina Faso Digital Finance Country Strategy evaluation offers only limited insight into efficiency. It notes implementation delays and coordination challenges linked to security conditions and institutional constraints, but does not assess cost efficiency or value for money in a systematic way. Efficiency findings therefore remain largely qualitative and context-driven.

MI 11.2: Implementation and results assessed as having been achieved on time.

Ratings MI 11.2:

MI / Element	Rating	Score	Confidence Level / Score
11.2		2	Medium

Evidence Documents:

- United Nations Capital Development Fund (2023) “Municipal Investment Facility Evaluation”
- United Nations Capital Development Fund (2023) “Final Evaluation Report: Africa Policy Accelerator Programme”
- United Nations Capital Development Fund (2024) “Migration and Remittances Programme Mid-Term Evaluation”
- United Nations Capital Development Fund (2023) “Evaluation Report: Inclusive Digital Economies Programme, Burkina Faso”
- United Nations Capital Development Fund (2022) “LoGIC Programme Mid-Term Evaluation”
- United Nations Capital Development Fund (2023) “Final Evaluation Report: LoCAL Programme”
- United Nations Capital Development Fund (2022) “Mid-Term Evaluation of the Local Government Initiative on Climate Change, Bangladesh”
- United Nations Capital Development Fund (2022) “Digital Financial Services Sierra Leone Project Evaluation”
- United Nations Capital Development Fund (2022) “Development Initiative for Northern Uganda: United Nations Capital Development Fund Component Evaluation”

Overall, the evidence points to a consistent pattern: UNCDF programmes tend to deliver outputs within planned periods, but results—particularly those dependent on institutional uptake or system change—take longer to materialise. While delays are frequently explained by external and contextual factors, they raise recurring questions about the realism of initial timelines, the sequencing between diagnostics and implementation, and the extent to which programmes anticipate the time needed for change to take hold.

As noted in MI 11.1, IRRM does not include institutional efficiency indicators and that corporate reporting does not systematically track operational time efficiency metrics, meaning that assessments of achieving results on time rely largely on evaluative evidence rather than corporate performance data. A similar limitation applies to timeliness. The IRRM reports annual milestones and actual results against output and outcome indicators, but it does not include institutional timeliness metrics such as average approval timelines, transaction processing periods, disbursement lags, or variance from planned implementation schedules at the corporate level. Nor does it systematically report schedule adherence across programmes. As a result, assessment of whether implementation and results were achieved on time is based primarily on findings from programme- and country-level evaluations, rather than on standardized corporate timeliness indicators.

Evaluative evidence indicates that implementation timelines were frequently longer than anticipated, particularly for programmes involving institutional reform, regulatory change, and system-building. Delays are consistently attributed to start-up complexity, staffing gaps, counterpart readiness, and external shocks, rather than to inactivity or lack of outputs.

The evaluations reviewed present a mixed picture of implementation timeliness, with delays varying according to programme design, delivery model and operating context. However, these findings derive from individual programme evaluations rather than a corporate assessment of implementation performance. As UNCDF does not systematically monitor or report institution-wide timeliness metrics, the available evidence does not provide a consistent basis for assessing whether implementation and results are achieved on time across the portfolio.

Table 11.2:

Evaluation	Relevance to MI 11.2
Programme/Facility-level Evaluations	
Combined Evaluation of the UNCDF Remittances & Migration Programmes (MRP)	Implementation progressed slowly from diagnostics to execution, with most workstreams remaining at preparatory stages during Phase 1. Only Ethiopia advanced to implementation, and several planned deliverables were delayed or not delivered within the evaluation period.
Africa Policy Accelerator (APA) Programme Evaluation	Timeliness varied significantly by country and was strongly dependent on regulator engagement and political context. Delays were common in settings with low counterpart interest or political instability, extending implementation beyond original timelines.
Municipal Investment Finance (MIF) Final Evaluation	The evaluation does not benchmark delivery against planned timelines but indicates that transaction development was lengthy due to institutional readiness, market maturity, and the complexity of introducing new municipal finance instruments.
Final Evaluation of the Local Climate Adaptive Living Facility (LoCAL)	Finds delayed programme start due to government approvals and prolonged staffing vacancies. COVID-19 and climate shocks further disrupted sequencing, though delivery momentum improved in later phases.

Country-level Evaluations	
Inclusive Digital Economies – Burkina Faso Digital Finance Country Strategy (IDE)	Implementation timelines were affected by security conditions, partner availability, and administrative processes, leading to delays and sequencing challenges. Timeliness issues are framed as contextual rather than managerial.

LoGIC Programme Mid-Term Evaluation (Bangladesh)	The programme experienced a delayed start and slower early implementation, linked to prolonged vacancies in key positions and governance arrangements focused on administrative rather than strategic oversight.
Mid-Term Evaluation of UNCDF Component of the DINU	Reports uneven timeliness across components: PFM activities progressed relatively quickly, while SME finance and infrastructure components experienced delays due to procurement, approval processes, and COVID-19 disruptions.
Digital Financial Services in Sierra Leone – Final Evaluation	Identifies significant delays linked to centralized approval processes, lengthy recruitment, and slow grant processing. Several planned pilots did not proceed within the project timeframe, contributing to under-delivery relative to plans.

Across programmes, results were rarely delivered according to original timelines. This was not due to inactivity—most programmes generated outputs—but rather to the time required to move from analysis and design into implementation, especially in contexts involving regulatory reform, institutional change, or multi-level governance. Delays were common and often structural rather than managerial.

The MRP evaluation illustrates this most clearly. While diagnostic work and analytical outputs progressed, the transition to implementation was slow. In practice, only Ethiopia moved beyond diagnostics during Phase 1. Several planned deliverables were delayed or not completed, and gaps in continuity—such as infrequent in-country engagement and undelivered technical tools—further constrained momentum. The result was a programme that advanced knowledge and preparation, but within a timeframe insufficient to realise intended outcomes.

For the APA, timing depended heavily on counterpart engagement. Where regulators were interested and politically enabled, progress was reasonably timely. Elsewhere, activity slowed or stalled. Political instability, late starts, and uneven regulator buy-in shaped delivery schedules, leaving UNCDF with limited ability to control pacing. These delays are presented as contextual realities rather than execution failures, but they nonetheless affected when results could reasonably be expected.

The MIF evaluation does not assess timeliness against formal schedules, but it implicitly points to long gestation periods. Transaction development took time, reflecting the complexity of introducing new municipal finance instruments in less mature markets. In this case, extended timelines appear inherent to the model rather than symptomatic of delay.

In Burkina Faso, the IDE evaluation points to similar issues from a different angle. Security conditions, partner availability, and administrative processes disrupted sequencing and slowed implementation. These constraints were largely external, and the evaluation does not suggest that activities systematically fell behind due to design or management weaknesses.

The LoGIC and LoCAL evaluations add further texture. LoGIC experienced a delayed start and uneven early implementation, driven in part by prolonged vacancies in key positions and governance arrangements focused more on administration than strategic direction. LoCAL, by contrast, made steady overall progress and achieved scale, but with uneven pacing across countries. COVID-19, tightening fiscal space, and limited sub-national capacity slowed implementation in several contexts, requiring adjustments to country programmes.

Building on these findings, additional country-level evaluations reinforce the conclusion that timeliness is strongly shaped by delivery model complexity rather than by execution capacity alone. The DFS Sierra Leone evaluation finds that implementation was slowed by centralized grant approval processes, lengthy international recruitment, and protracted disbursement

timelines for innovation funding, resulting in several planned private-sector pilots not proceeding within the project period. Similarly, the DINU Northern Uganda evaluation reports uneven timeliness across components: activities embedded within established government systems—such as district-level public financial management and governance support—progressed more predictably, while SME finance and infrastructure components experienced delays linked to procurement requirements, multi-layer approval processes, and coordination across multiple institutions. In both programmes, external shocks, including COVID-19, exacerbated delays, but evaluations consistently identify internal procedural sequencing and transaction intensity as the primary drivers of slow delivery. Consistent with evidence from other programmes, these findings indicate that UNCDF interventions are delivered more rapidly where implementation relies on standardised public systems and mature instruments, and less consistently where delivery depends on pilot-based financing, bespoke transactions, or centralized approvals.

Overall, the evidence indicates that implementation and results were frequently not achieved within original timelines, particularly in interventions involving regulatory reform, market development, transaction structuring and institutional change. While delays were often linked to contextual factors, counterpart readiness and external shocks, their recurrence across evaluations also raises questions about the realism of initial timelines and the extent to which programme design adequately anticipated known implementation constraints. Corporate reporting does not yet provide systematic analysis of planned versus actual timelines or the drivers of delay across the portfolio.

KPI 12: Results are sustainable.

Ratings KPI 12

MI / element	Rating	Score	Confidence
KPI 12	NE	NE	
MI 12.1	NE	NE	

MI 12.1: Benefits assessed as continuing, or likely to continue after intervention completion (Where applicable, reference to building institutional or community capacity and/ or strengthening enabling environment for development, in support of the 2030 Sustainable Development Agenda).

Ratings MI 12.1

MI / element	Rating	Score	Confidence
12.1	NE	NE	

Evidence Documents:

- United Nations Capital Development Fund (2023) “Municipal Investment Facility Evaluation”
- United Nations Capital Development Fund (2023) “Final Evaluation Report: Africa Policy Accelerator Programme”
- United Nations Capital Development Fund (2024) “Migration and Remittances Programme Mid-Term Evaluation”
- United Nations Capital Development Fund (2023) “Evaluation Report: Inclusive Digital Economies Programme, Burkina Faso”
- United Nations Capital Development Fund (2022) “LoGIC Programme Mid-Term

Evaluation”

- United Nations Capital Development Fund (2023) “Final Evaluation Report: LoCAL Programme”
- United Nations Capital Development Fund (2022) “Mid-Term Evaluation of the Local Government Initiative on Climate Change, Bangladesh”
- United Nations Capital Development Fund (2022) “Digital Financial Services Sierra Leone Project Evaluation”
- United Nations Capital Development Fund (2022) “Development Initiative for Northern Uganda: United Nations Capital Development Fund Component Evaluation”

MI 12.1 Analysis

Overall, while program evaluations assess that UNCDF often succeeds in laying foundations for sustainability, there is as yet no overall assessment on the sustainability of UNCDF interventions. For UNCDF, sustainability arises from embedding interventions in government systems, scaling up by other development partners, and/or strengthening capacity of market institutions. While longer-term evidence of sustainability remains limited for newer financing instruments, there is indicative evidence—including from LoCAL and emerging results from UNCDF’s guarantee portfolio—that benefits are continuing or likely to continue beyond UNCDF’s involvement.

Within UNCDF, sustainability is understood in relation to its catalytic mandate rather than as long-term self-financing or permanent institutional presence. UNCDF interventions are frequently designed as proof of concept, market-building, or system-enabling initiatives, with the expectation that successful approaches will be taken forward by governments, development partners, or private sector actors. In this framing, sustainability may consist of institutionalisation within national systems, replication in other contexts, or continued implementation by partners, rather than continued delivery or financing by UNCDF itself. Partnerships are therefore central to UNCDF’s sustainability logic, serving as the primary channel through which results are expected to endure beyond the period of direct support.

UNCDF has also provided emerging operational evidence from its guarantee portfolio. For example, in Papua New Guinea participating financial institutions reportedly continued expanding lending to women-owned SMEs following the initial guarantee-supported transactions, while the Afghanistan Credit Guarantee Facility provides early indications of increased risk assumption by participating financial institutions. These examples suggest the potential for institutional uptake and behavioural change consistent with UNCDF’s catalytic financing model. However, the guarantee portfolio remains relatively recent and the evidence represents individual operational examples rather than independent evaluation findings or an institution-wide assessment of sustainability. Longer-term evidence will be required to determine whether these benefits are sustained beyond the life of UNCDF support.

Table 12.1:

Evaluation	Relevance to MI 12.1
Programme/Facility-level Evaluations	
Combined Evaluation of the UNCDF Remittances & Migration Programmes (MRP)	Sustainability is uneven. Regulatory reform reached implementation only in Ethiopia, limiting conclusions at programme level. Some private-sector partners continued activities, while several pilots were discontinued due to lack of a viable business case, highlighting fragility of results without ongoing support.

Africa Policy Accelerator (APA) Programme Evaluation	Sustainability depends on continued regulator engagement and capacity. While public–private dialogue mechanisms were established, slow regulatory adoption, staff turnover, and institutional constraints pose significant risks to sustaining gains without continued investment.
Municipal Investment Finance (MIF) Final Evaluation	Sustainability pathways exist through mechanisms, policy reforms, and institutional capacity, but most benefits had not yet translated into sustained increases in local development finance. Financial sustainability of several mechanisms remained unproven at the time of evaluation.
Final Evaluation of the Local Climate Adaptive Living Facility (LoCAL)	Finds credible sustainability pathways through partial institutionalisation of PBCRG mechanisms within government systems. Continuation remains contingent on donor financing, domestic fiscal space, and sustained capacity at sub-national level.
Country-level Evaluations	
Inclusive Digital Economies – Burkina Faso Digital Finance Country Strategy (IDE)	Sustainability is framed cautiously. Strengthened regulatory and market practices may support continuation of benefits, but durability cannot be confirmed due to capacity constraints, fragility, and dependence on continued engagement by national and private actors.

Mid-Term Evaluation of the LoGIC – Bangladesh	Finds sustainability weak at mid-term. Delivery remains project-driven with limited institutional ownership; continuation depends on deeper mainstreaming, capacity building, and follow-on financing.
Mid-Term Evaluation of UNCDF Component of the DINU	Sustainability is partially built-in through implementation by mandated national institutions, but capacity gains are fragile and likely to diminish without continued support; roads face high sustainability risk due to inadequate maintenance financing, incomplete roll-out of maintenance systems, and constrained district staffing.
Digital Financial Services in Sierra Leone – Final Evaluation	Sustainability is mixed: macro-level DFS growth likely continues due to ongoing MNO investment and prospective interoperability (national switch), but sustainability of regulatory capacity gains is fragile given staff attrition, weak absorptive capacity, and resource constraints at the Bank of Sierra Leone.

Across the evaluation portfolio, sustainability is treated with notable caution. Evaluations consistently distinguish between the creation of enabling conditions and evidence that benefits will continue once UNCDF support ends. With few exceptions, they stop short of confirming durability and instead describe sustainability as contingent on institutional uptake, continued financing, and follow-on support.

Evidence from LoCAL and LoGIC reinforces the portfolio-wide finding that sustainability is contingent rather than assured. The LoCAL evaluation provides the strongest sustainability signal, noting that PBCRG mechanisms have, in several countries, been partially institutionalised within intergovernmental fiscal transfer systems, allowing climate adaptation planning and financing to continue beyond project cycles. However, sustainability remains conditional on continued donor financing, adequate operation and maintenance arrangements, and sustained national policy commitment, given limited domestic fiscal space in most LDCs. By contrast, the LoGIC mid-term evaluation adopts a more cautious stance. While early benefits are evident, sustainability is constrained by project-driven delivery, incomplete institutional ownership, and persistent capacity and resourcing gaps at subnational level. Continued benefits are therefore assessed as uncertain without deeper mainstreaming into government systems, simplified procedures, and explicit domestic financing pathways. Together, the evaluations indicate that UNCDF's mechanism-based approaches can support sustainability where institutional embedding and financing conditions are met, but that results remain fragile where uptake is partial and delivery remains dependent on continued external support.

For other programmes, the evidence is more qualified and often fragmented. In the Migration and Remittances Programme, sustainability varies sharply across workstreams and partners. The evaluation notes that only one regulatory reform effort progressed to implementation, limiting conclusions at programme level. In private-sector-facing workstreams, some partners continued activities beyond UNCDF support, while several pilots were discontinued due to the absence of a viable business case. The evaluation makes clear that initiatives such as financial literacy and gender-sensitive services struggled to persist without clear revenue models or ongoing external financing, underscoring the fragility of results where sustainability is expected to rest on market incentives alone.

The Africa Policy Accelerator evaluation presents sustainability as highly dependent on institutional capacity and regulatory follow-through. While platforms for public–private dialogue and regulatory cooperation were established, the evaluation highlights slow adoption of reforms, frequent staff turnover, and limited regulator capacity as persistent risks. Additional operational evidence provided by UNCDF suggests continued engagement with several partner regulators and examples of nationally owned dialogue mechanisms continuing beyond UNCDF's direct support. However, regulatory change is inherently slow and resource-intensive, and that without continued investment, gains may erode as personnel change and policy priorities shift. Sustainability is therefore framed as conditional and uncertain, rather than embedded.

Similarly, the Municipal Investment Finance evaluation identifies potential sustainability pathways through new mechanisms, policy reforms, and institutional capacity development. However, it explicitly states that most benefits had not yet translated into sustained increases in financing for local development at the time of assessment. Structural barriers to non-sovereign access to capital persist, and the financial sustainability of several mechanisms remains unproven. Declining core resources and rising non-technical costs further constrain UNCDF's ability to provide the long-term accompaniment required for these mechanisms to mature.

The IDE Burkina Faso evaluation adopts a deliberately cautious stance. It points to strengthened regulatory frameworks, market practices, and institutional learning as potential enablers of sustainability, but does not conclude that benefits will continue independently. Instead, it emphasises ongoing dependence on national authorities, private sector engagement, and development partners, alongside security and capacity constraints that threaten durability.

Other country-level evaluations, evidence from the DFS Sierra Leone and Mid-Term Evaluation of UNCDF Component of the DINU evaluations further underscores the conditional nature of sustainability across UNCDF interventions. In DFS Sierra Leone evaluation, sustainability prospects differ by level: while growth in mobile money networks and system-level developments (such as interoperability through the national switch) are likely to continue, gains in regulatory capacity are assessed as fragile due to staff attrition, limited absorptive capacity, and persistent resource constraints within the central bank. Technical assistance delivered under the programme yielded short-term improvements, but the evaluation cautions that without sustained staffing and financing, institutional capacity gains may erode. Similarly, the DINU evaluation finds that sustainability is strongest where activities are embedded within existing government mandates—such as public financial management reforms and revenue systems—but markedly weaker for capital-intensive investments, particularly rural road infrastructure, where inadequate maintenance financing poses a high risk of asset deterioration. Across both evaluations, benefits are assessed as potentially continuing in principle, but unlikely to be sustained at scale or intensity without follow-on support, adequate domestic resourcing, and continued institutional strengthening.