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**Evaluation**

**Management response to the evaluation of the UNDP  
contribution to poverty reduction**

**Contents**

<i>Chapter</i>	<i>Page</i>
I. Context and background . . . . .	2
II. UNDP and poverty reduction . . . . .	3
III. Management response and evaluation findings and recommendations . . . . .	4
IV. Conclusion . . . . .	13
<b>Annex</b>	
Key recommendations and management response . . . . .	15



## I. Context and background

1. This report summarizes the response of UNDP management to the evaluation of the organization's contribution to poverty reduction. The evaluation, mandated by the Executive Board in its decision 2009/11,<sup>1</sup> was conducted in late 2011 and early 2012.

2. Poverty is a complex human development challenge with many faces. For most of history, poverty had been accepted as inevitable. Traditional modes of production were insufficient in giving an entire population a comfortable standard of living. In the modern age, poverty has been increasingly seen as a morally unacceptable state of destitution, triggering intense concern, public policies, social protection and state investments trying to eradicate it or at least alleviate its cruellest impacts. Historic progress has been made in the past century and in recent years. The current generation has witnessed the most important improvement ever in the condition of the poor worldwide. However, no society can pride itself on having found the solution to the poverty problem; and the international community is certainly far from eradicating poverty from the face of the earth. Poverty manifests itself in various forms from *total destitution* (dispossession of everything), *absolute poverty* (life below certain deprivation thresholds), *relative poverty* (inequality, or relative needs of the poor compared to assets of the non-poor) and *vulnerability* (exposure to shocks and lack of resilience). Poverty has evolved from being generalized, except for the very few, to becoming the stigma of certain groups of people, sometimes very numerous, specific parts of a society and some areas of a country. Poverty literature notes poverty disparities between women and men, between old and young in the same household, between regions, between rural and urban habitats, and between isolated and connected parts of a territory. As opposed to mobile societies, where education and work allow for climbing the social ladder, *inter-generational poverty* has been described as deprivation transmitting itself from one generation to the next. Poverty is, by all means, *multidimensional*: it is not only inadequacy of income and wealth, but also deprivation in terms of health, knowledge, lack of security and non-participation. The poor enjoy less intensely, if at all, their human rights, their freedom and their human dignity, which are all diminished by their extreme needs.

3. Given the complexity of poverty, its history and the experience of combating it in different societies over time, it is now widely held that there is neither an easy nor a straightforward solution to it – there is no single solution or set of social policies that, if applied, will result in poverty reduction. It all depends on context, types of problems and priorities. One school of thought has defended the approach of *targeted interventions*, zooming in on the poor themselves, or even further, on the poorest of the poor, to provide the services, income or assistance they lack. Another social policy approach has advocated the creation of *enabling environments* for poverty reduction. There is consensus among social scientists that the multidimensionality of poverty requires a multidimensional intervention – on *direct poverty issues* such as deprivations in income, health, education and basic social services; but also on *non-poverty dimensions* such as security, participation, human rights, equality, non-discrimination, freedom and human dignity. In the final analysis, successful poverty interventions would have to be *transformational* – transforming lives of people and societies to attain higher human wellbeing. It

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<sup>1</sup> In its decision 2009/11, the Executive Board approved the programme of work of the Evaluation Office, which includes the evaluation of the UNDP contribution to poverty reduction.

would have to encompass measures to remove the obstacles that prevent the poor from leading a life they value, accessing services and having choices. There is general agreement that public policy interventions exclusively focused on mitigating the impacts of poverty may alleviate temporarily the suffering of societies' least privileged but they do not tend to offer a sustainable solution for the long term.

## II. UNDP and poverty reduction

4. UNDP work on poverty reduction focuses on transformational change through public policy interventions that help to modify the social, cultural and economic conditions that created poverty in the first place. In her foreword to the 2011 UNDP publication *Case Studies of Sustained and Successful Development Cooperation – Supporting Transformational Change*, the Administrator said, “Our goal is to support transformational change which brings about real improvements in people’s lives”. In the experience of UNDP, policies that have the greatest impact on poverty are not necessarily those that are the most narrowly pro-poor and targeted. In many cases, the focus on pro-poor policies has diverted attention from policies that have the most broad-based, sustainable effects against poverty. UNDP work on poverty reduction towards transformational change is based on a belief in universalism, universal rights, universal coverage and access to social services, which is anchored in a recognition of the complexity of the development process – the longer-term context of it (it is a marathon rather than a sprint), the whole-of-society type of intervention (it is a treatment for general wellbeing rather than micro-surgery). Gender equality, sustainability and the rights-based approach are its bedrock. As stated by the Administrator in the above-mentioned publication: “The human development perspective, the values of the Millennium Declaration and the result orientation of the Millennium Development Goals (MDGs) and other internationally agreed development goals shape our contribution to development”. Ultimately, empowerment of people and resilience of nations is the transformational goal that UNDP aims to achieve.

5. Towards the goal of transformational change in the context of poverty reduction, the UNDP *theory of change* represents a holistic, pragmatic and consistent approach that impacts the lives of people, particularly the most vulnerable. The theory of change presents an end-result of an empowered, resilient and equitable society. Some of its major building blocks are:

- Supporting policy work, programmes and projects in a strategically focused set of areas – *direct poverty-focused concerns* (MDGs), *poverty-related issues* (gender equality) and *non-poverty themes* (participation) that have the greatest impact where there is the greatest gap in terms of enjoyment of rights;
- Upstream policy work – contributing to creating an enabling environment and direct policy support at the country level;
- Supporting a combined approach of diagnosis, interventions and implementation to country-level poverty challenges;
- Scaling up successes from local-level interventions;
- Institutionalizing policies and programmes within national strategies to ensure national ownership and sustainability of results.

6. UNDP comparative advantage in poverty reduction is grounded in its holistic, multidimensional and cross-practice approach, its track record in advocacy, policy,

programmatic and knowledge management work and its wider country-presence and credible broad-based partnership with multiple stakeholders. As a global development organization, the UNDP *differentiated advantage* and critical added value is its ability to bridge the gap between global agenda-setting and country realities. UNDP country-level work benefits from its global perspective and experience as well as its interregional dissemination of knowledge and lessons learned. Evidence gathered on the ground in turn facilitates consensus building on the global development agenda, which it influences bottom-up.

### **III. Management response to the evaluation findings and recommendations**

#### *Overview*

7. As UNDP embarks on the development of its next strategic plan 2014-2017, this evaluation and its management response will serve as important reference points for articulating poverty reduction priorities for the future. These priorities will consolidate on-going UNDP poverty work – direct-poverty focused, poverty-related and non-poverty themes with critical implications for human poverty. They will continue to be anchored in a broader perspective of human dignity, empowerment and resilience and embrace human development and human rights. They will aim at transformational change in the lives of people and nations with a clear identification of a theory of change and commitment to monitor, assess and evaluate results. The organization’s meaningful contributions to national partners’ achievements in poverty reduction and the MDGs across sectors, themes, institutions and practices will provide important lessons for the future, as will successful examples of scaling up pilot initiatives for greater scope and transformational change. At the same time, UNDP will incorporate into the thinking for the next strategic plan priorities related to challenges on how to better articulate pro-poor theories of change with national partners, establish stronger evidence bases from which to monitor progress, and ensure that all pilot initiatives supported by UNDP have built-in mechanisms to extract lessons in order to inform policy-makers and scale up.

8. UNDP management welcomes the evaluation and appreciates the lessons that it provides for continuous organizational improvements. Some recommendations of the evaluation are consistent with other thematic evaluations, such as those on the UNDP contribution to local governance and capacity development and the poverty-environment nexus. Therefore, implementation of management responses to other relevant evaluations is crucial for addressing some of the issues confirmed through this evaluation.

9. UNDP appreciates the sound methodology of the evaluation, combining evaluative evidence with country studies. The evaluation report is comprehensive. It has analysed the themes logically and presented the analysis, findings and recommendations in a structured way. The discussion on the global poverty context and the analysis of the UNDP strategic response in a historical perspective provide important context to the report’s assessments and recommendations.

10. UNDP management is encouraged by some of the report’s findings, which are consistent with the organization’s own understanding of a pragmatic, flexible approach to: (a) advancing the poverty reduction agenda by adapting to country-specific contexts; (b) effectively influencing the poverty reduction agenda from the multidimensional perspective of human development in national fora on

socio-economic development, increasing the chance of sustainability of poverty reduction results; and (c) effectively supporting national efforts aimed at developing capacity for evidence-based, pro-poor policy-making. One main finding of the report is that UNDP is a pioneer in providing national societies, regional alliances of nations and the international community (especially through its global, regional and national human development reports) with analytical capacity to better understand the phenomenon of poverty and thereby with sharper tools to develop public policies to combat it, monitor the impact of interventions and evaluate its relative success in alleviating the plight of the poor.

11. UNDP management recognizes the importance of tracing the proposed theory of change in the context of poverty reduction (as elaborated in paragraph five) through proper empirical evidence and assessment. This requires using the appropriate monitoring and evaluation framework, creation and identification of baselines and targets, mobilizing quantitative and qualitative data and ultimately using all of these for assessing the effectiveness of UNDP contributions to national results. UNDP management takes note of these issues and commits itself to address them in a better and constructive way in future UNDP work on poverty and in developing its strategic plan.

#### *Targeted versus holistic*

12. A central thesis that runs through the evaluation report is that a pro-poor approach is what is needed for addressing the issue of poverty. This has several critical implications. First, it represents a thesis of targeting, which proposes a very narrow approach to a hugely complex problem (mainly targeted interventions for the poor and, within them, the poorest of the poor). Second, it suggests that a solution to poverty reduction (a recipe that has proven to work) exists, but has not been sufficiently used by UNDP. Third, it fails to recognize that, apart from *direct poverty-focused work*, both *poverty-related* and *non-poverty streams* of work may also have very powerful impact on poverty reduction, particularly when a multidimensional view of poverty is taken. UNDP considers it vital to work directly with the poorest segments of society and for them. It defines this kind of work as a necessary but insufficient condition to poverty eradication. But more importantly, it considers that targeted policies make better sense and are more effective in the context of a broader universal social rights anti-poverty strategy. A narrowly understood targeting thesis suggests that pro-poor labelling of every initiative is a must in order to have impact on poverty reduction; it ignores the broader comprehensive approach that combines direct poverty-focused initiatives with non-poverty sustainable human development initiatives. The evaluation detects a problem that UNDP understands and acknowledges: the frustrating lack of impact of some anti-poverty policies over the short term. But while this diagnostic may be accurate, the attribution of the causes fails to fully appreciate that comprehensive social change is needed to change the fate of the poor, not only policies addressed to reduce their sufferings. This more integrated approach is what guides the work of UNDP. Perhaps the larger point is whether, in its documented assumptions (as part of the theory of change) at the country level, UNDP articulates the pro-poor elements of its work. Equally important is how UNDP works with national counterparts to monitor the effectiveness of their approaches, even when UNDP is not working directly 'through the poverty lens'.

13. While many UNDP poverty programmes and projects are geared towards micro-level interventions for poor people and poor places, the major rationale is to scale them up and/or bring their experiences and lessons learned to the macro-level in

order to inform and influence policies. At the same time, *what works and why* in poverty reduction is not well established, particularly given the specificities of the national context. In suggesting that UNDP work should have a pro-poor focus, the evaluation report does not take stock of the organization's evolution in an array of technical assistance and development services that it offers to Member States. Having begun as a classic project-based development organization – a North-South financial resources transfer channel – it is today much more of a knowledge organization, a South-South development experience broker and an upstream policy advisor and macro-level designer. The evaluation's narrow understanding of how poverty reduction programmes should be offered might have led the report to the conclusion that knowledge about *what works and why* in poverty reduction is generally well established but is somehow missed by UNDP. In the same vein, the evaluation report indicates that because of the absence of a long-term vision, UNDP has focused more on processes and lacks an incentive structure for learning. The reality, however, is much more nuanced and complex. National circumstances and contexts matter; there are no one-size-fits-all solutions. UNDP sees the issue not as the absence of support to learning but rather as multi-fold challenges to translating or applying lessons learned from specific national contexts into others. With regard to long-term vision, the UNDP core human development paradigm – which is articulated regularly in global, regional and national human development reports (HDRs) and reflected in the organization's programmatic work – does indeed constitute such a vision and strategy that guide the UNDP programme to put people at the centre of development. The on-going challenge is to translate such a vision into initiatives that result in higher-level impact and sustainability that is owned and relevant for each country setting. This is the quintessential challenge for all development actors, and UNDP has its share of success and failure in this regard. However, UNDP continues to be seen by a large number of countries as a very trusted partner to make this transformation happen.

14. The broader approach UNDP pursues in the area of poverty reduction has solid analytical and policy grounding in the literature. The Stiglitz-Sen-Fitoussi Commission on the Measurement of Economic Performance and Social Progress emphasized that poverty is a multidimensional phenomenon that goes well beyond income, and effective poverty reduction efforts must look at a variety of functions.<sup>2</sup> Through their in-depth work, Akire and Foster (2009) reached that same conclusion.<sup>3</sup> Research by Ravallion and Chen (2007) and Thomas et al. (2000) have shown how the most effective poverty reduction policies go beyond service delivery and income support and why macro-level policies are critical to realize the transformational potential of poverty reduction.<sup>4</sup> The importance of institutions in the broader approach has been proved by the studies of Keefer and Knack (1996) and Kaufman (2003): there cannot be effective poverty reduction without capable,

<sup>2</sup> Stiglitz, J., Sen, A. and Fitoussi, J. P. (2009) "Report by the commission on the measurement of economic performance and social progress": [http://www.stiglitz-sen-fitoussi.fr/documents/rapport\\_anglais.pdf](http://www.stiglitz-sen-fitoussi.fr/documents/rapport_anglais.pdf).

<sup>3</sup> Alkire, S. and Foster, J. (2009) "Counting and multidimensional poverty measurement", *Journal of Public Economics*: <http://www.ophi.org.uk/wp-content/uploads/OPHI-wp32.pdf?cda6c1>.

<sup>4</sup> Ravallion, M. and Chen, S. (2007) "China's (uneven) progress against poverty" *Journal of Development Economics*, 82(1) 1-42, and Thomas, V, Dailami, M., Dhareshwar, A., Kaufmann, D., Kishor, N., López, R. and Wang, Y. (2000) *The Quality of Growth*, Oxford University Press.

inclusive and responsive institutions.<sup>5</sup> Mosse (2010), Hickey and Bracking (2005) and Moore (2001) have shown that individual agency matters: there cannot be effective poverty reduction without empowerment of people and a human rights-based approach.<sup>6</sup> On the other hand, while it is well recognized that a narrow targeted approach may benefit some groups of poor or vulnerable sections of a society or some disadvantaged areas, in many cases it keeps people at a low-level equilibrium trap just above the poverty line and fails to ensure further graduation, economic progression and social mobility. For example, the literature of micro-finance evaluations strongly points to such conclusions – for example, Murdoch and Haley (2002), Khandaker (2000) and Holcombe and et al. (1997).<sup>7</sup>

#### *Multidimensional transformational change*

15. To better illustrate how a broad multidimensional universal rights-based approach has achieved *transformational change* in poverty reduction, the UNDP results oriented annual report (ROAR) 2011 highlights two telling interventions. In Albania, targeting Roma and Egyptian communities who, as a result of long-standing social exclusion and marginalization, live in the vicious circle of poverty, UNDP supported the participation of Roma and Egyptians in: (a) developing local infrastructure and strengthening civil society organizations; (b) accessing rights through civil registration, employment skills, training and awareness raising in community policing and health-related issues; and (c) strengthening capacities of local and central institutions to implement and monitor programmes in support of vulnerable communities (National Action Plan of Roma Decade). Local level implementation of national programmes targeting vulnerable communities has been ensured through the revitalization of regional coordination committees that assess social needs and establish subordinated technical teams for Roma, initially in four regions. These inter-disciplinary teams are able to identify local needs of Roma and Egyptians, plan for public resources to address them, gather local information and statistics, and feed them to the Government. In turn, this helps the process of implementation and monitoring of measures envisaged in the National Strategy for Improving the Living Conditions of the Roma Minority and the Action Plan for the Decade of Roma. Building on this positive example, the Government expanded this model to six regions with a higher concentration of Roma communities.

16. Another example of transformational change pursuing a broader approach is the UNDP Programme of Assistance to the Palestinian People (PAPP). According to the ROAR 2011, PAPP launched the second phase of the Deprived Families Economic Empowerment Programme (DEEP), based on the past three-year intervention that graduated approximately 7,000 families by the end of 2011 from deep poverty into

<sup>5</sup> Knack, S. and Keefer, P. (1995) "Institutions and economic performance: cross-country tests using alternative institutional measures." *Economics and Politics* 7:3, 207-27, and Kaufmann, D. (2003) "Rethinking governance: empirical lessons challenge orthodoxy. Available at SSRN 386904.

<sup>6</sup> Mosse, D. (2010) "A relational approach to durable poverty, inequality and power", *The Journal of Development Studies*, 46(7), 1156-1178, and Hickey, S. and Bracking, S. (2005) "Exploring the politics of chronic poverty: from representation to a politics of justice?" *World Development* 33(6), 851-865. Moore, M. (2001) "Empowerment at last?" *Journal of International Development*, 13(3), 321-329.

<sup>7</sup> Murdoch, J. and Haley, B. (2002) "Analysis of the effects of microfinance on poverty reduction", Working Paper no. 1014, New York University, Wagner Graduate School of Public Service, New York; and Khandaker, S. (2000) "Effectiveness of microfinance for poverty reduction – the case of Bangladesh" (mimeo); and Holcombe, S., and Xu Zianmei (1997) "Microfinance and poverty alleviation: UN collaboration with Chinese experiments" (mimeo).

economic self-reliance. The second phase offers microfinance and seed capital schemes for 12,000 micro enterprises owned by youth, women and people with disabilities. On a strategic and regional level, DEEP was recognized in 2011 by the Organization for Islamic Countries as a successful model to be replicated in neighbouring countries.

17. Even for UNDP work in direct poverty-focused areas, its MDG Acceleration Framework (MAF) initiative represents a broader tripodal approach combining diagnosis, interventions and implementation to face country-level human poverty challenges. Endorsed by the United Nations system, MAF is a flexible, agile framework for identifying constraints, selecting needed interventions from those empirically proven to work and rolling out necessary actions, resulting in national MDG action plans. Five aspects need to be highlighted – *first*, the initiative is nationally owned and anchored in national development priorities and plans (for example, Lao People’s Democratic Republic); *second*, rolled out in 44 countries in all developing regions, its identified bottlenecks, priorities and entry points range from poverty and hunger (Togo) to maternal mortality rate (Uganda) to women’s empowerment (Cambodia) to housing (Belize), to HIV/AIDS (Ukraine) to youth employment (Bhutan) to energy (Ghana) and disabilities (Costa Rica); *third*, MAF has also been rolled out in small island states (Tuvalu) as well as at sub-national levels (Colombia, Ethiopia and the Philippines); *fourth*, countries have provided their own resources in support of implementation of the MDG action plan (Niger has allocated \$35 million domestic resources); and *fifth*, countries are implementing MDG action plans. A recent review of joint programmes supported by the MDG Achievement Fund, in which UNDP has been significantly engaged, shows that they have directly contributed, at medium or high levels, to 342 policy instruments, including policies, legislation and action plans. Three out of four of these instruments are national in scope and contribute to the scalability of development interventions and increasing coverage of services.

18. MAF work is also a concrete example of a coordinated United Nations system-wide support to countries, in contrast to the lack of such coordination raised as a concern in the evaluation report. Depending on MAF focus, the lead is taken by the organization with the mandate and capacity. For example, in Uganda, as the focus is maternal mortality rate, the lead is provided by the United Nations Children’s Fund (UNICEF) and the World Health Organization (WHO), while in Belize the lead is provided by the United Nations Human Settlements Programme (UNHABITAT) as the acceleration priority is in housing. MAF also provided a platform for combining various UNDP focus areas into country-level action. For example, MAF work in Ukraine is a joint intervention supported by the poverty and the HIV/AIDS practices and MAF work in the Lao People’s Democratic Republic is developed by poverty and democratic governance experts.

19. MAF experience directly mitigates the potential for dichotomy that the evaluation report perceives in UNDP policy work between *contributing to the policy environment* and *direct support*. In fact, MAF, and many other experiences, including UNDP work in HIV/AIDS, biodiversity, gender and post-crisis recovery, confirm the relative effectiveness of combined policy and direct support. UNDP trade work is also effective in providing direct policy support. For example, in Mali, the mango export business is crucial for the country’s economy and for empowerment of poor women, since a large number of them work in mango orchards. But insect-plagued harvests prevented Mali from exporting its commodity to European markets and maximizing earnings. UNDP provided policy advice on measures needed to meet international export standards. Because of this direct

support, mango exports from Mali reached 12,676 tons in 2008, up from 2,915 tons in 2005, and generated \$30 million in additional revenue, securing a significant benefit for poor women in Mali.

20. Over time, in the area of poverty reduction and MDG achievement, UNDP has been significantly successful in *advocacy* – both programme and policy advocacy; *assessment* (both needs and progress assessments); *planning and policy formulation* (MDG-based national development strategies); *implementation for inclusive development*, and *building resilience*.<sup>8</sup> According to the UNDP Partners Survey 2009, 95 per cent of UNDP partners considered the organization a critical partner in contributing to the MDGs. In advocacy, UNDP has had global impact in policy advocacy (for example, the publication *What Will It Take to Achieve the Millennium Development Goals: An International Assessment*, which by bringing evidence to the global level informed and influenced the 2010 MDG review), regional policy advocacy (for example, the publication *Achieving the MDGs in an Era of Uncertainty: Asia-Pacific Regional Report 2009/10*) and country level advocacy. More than 400 MDG country reports have identified MDG achievements, gaps and disparities and influenced country-level policy formulation. Global, regional and national human development reports have also been effective instruments for advocacy purposes. For example, in the Lao People’s Democratic Republic, the fourth national human development report on employment and livelihoods guided the formulation of the country’s seventh five-year plan, focusing on job creation.

21. On assessment, planning and policy innovations, UNDP supported governments in Bangladesh, Bhutan and Mongolia in conducting MDG needs assessments for MDG-based national development plans. In China, UNDP made important contributions to poverty reduction by integrating the MDGs into the country’s vision and planning of a *Xiaokang* society<sup>9</sup> at national and local levels and by strengthening links between fiscal reforms and poverty reduction. By 2009, a national *Xiaokang* indicator system (including HIV and governance indicators) was finalized and tested in 15 provinces. The contributions of UNDP have not been limited to the MDGs at the national level but also extended significantly to localizing MDGs. In Mexico, the state of Chiapas enshrined the MDGs as the guide for social policy in their state constitution, which obliged local government and the state legislature to appropriate 33 per cent of the budget to the MDGs. This has resulted in effective pro-poor policies, investments that favour indigenous peoples and women, and sent a message across the country in favour of the MDGs as a focus of overall development efforts. In Egypt, UNDP helped with a monitoring and evaluation framework for poverty alleviation in the country’s 1,000 Village Initiative. In Jamaica, a highly-indebted country under considerable fiscal stress (even before the crisis), a government initiative supported by UNDP resulted in domestic debt restructuring that released \$479 million per year, for the next 10 years, for investment in human development outcomes.

22. On implementation for inclusive development, UNDP support to Chile contributed to the design of the country’s social protection strategy and UNDP played a pioneering role in implementing multifunctional platforms providing

<sup>8</sup> See document DP/2011/22 for the mid-term review of UNDP results on poverty reduction and MDG achievement under strategic plan 2008-2013.

<sup>9</sup> The vision of *Xiaokang* Society is one in which most people are moderately well off and enjoy a comfortable life. This Confucian concept, originated from *Classics of Poetry* about 2,500 years ago, has recently been revived as the development goal of China to be reached by 2020. It aims not only to achieve economic prosperity but also to ensure broad-based distribution of wealth among its people.

modern energy services to poor households in West Africa (Burkina Faso and Mali). In Bangladesh, UNDP implemented a pilot project over a three-year period (2008-2010), which has improved the lives of 24,000 women throughout the country and has lifted at least 12,000 people out of extreme poverty. The number of food shortage days has dropped from 119 to four per year and as much as 91 per cent of women are now able to send their children to school, compared with 57 per cent before their involvement in the project. Women's income levels have also increased 2.5 times while their savings have increased from 189 taka to over 7,500 taka. A total of 17.9 million workdays were generated through the programme resulting in 25,000 kilometres of improved roadways connecting isolated communities to vital services such as schools, markets and hospitals. The model has been recognized as one of the best examples of poverty alleviation in Bangladesh by a European Union mid-term evaluation.<sup>10</sup> As a result of the demonstrated success and a carefully crafted year-long advocacy effort, UNDP was able to achieve a major policy breakthrough. The Government is now formulating a comprehensive social safety net strategy and putting its own resources into scaling up the model nationwide in order to offer a safety ladder to women who need it the most. In India, UNDP supports government in the operationalization of the National Rural Employment Guarantee Act. Support includes communications, advocacy and social mobilization; social audit to ensure transparency and accountability; participatory planning for preparing needs-based projects; and monitoring and evaluation, including management information systems for enhancing efficiency and effectiveness.

23. While not all pilots lead to successful models, they should inform future policy decisions. At the same time, UNDP considers scaling up successful pilots one of the most important approaches for achieving transformational change. It can also be one of the more challenging. But UNDP is actively learning from examples and beginning to codify them. In India, for example, a pilot UNDP programme funded by the IKEA Foundation in 500 villages in the northern Indian state of Uttar Pradesh with a grant of \$7.5 million is successfully reaching approximately 50,000 women to strengthen their abilities to become catalysts of change. In order to scale up the women's empowerment model initiated from this pilot, recently the IKEA Foundation pledged approximately \$40 million to empower 2.2 million poor rural women across 20,000 villages in India. In Cambodia, the scaling up of effective pilots is built into the programme framework of the Cambodia Climate Change Alliance. The Alliance coordinates all climate change initiatives and provides an arena for sharing experiences and best practices among government, civil society and the broader community of practice.

24. The UNDP multidimensional approach to addressing poverty is evident in the organization's approach to gender, democratic governance, biodiversity and crisis. While under-assessed in the evaluation, UNDP has a solid track record in programming with a gender lens. Gender equality is intrinsically and inherently valuable, and instrumentally important for the reduction of multidimensional poverty. For example, the *Asia-Pacific Human Development Report of 2010* provided a compelling case for accelerating women's empowerment to secure sustainable poverty reduction. In several countries, MDG action plans, developed through MAF, have focused on gender issues – women's empowerment (Cambodia), poverty among women (Togo), maternal mortality rate (Ghana and Uganda). In the

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<sup>10</sup> Landell Mills Ltd. (2010) "Mid-term evaluation of the Rural Employment Opportunities for Public Assets project", sponsored by the European Union, Dhaka.

Indian state of Rajasthan, UNDP supported the state government to initiate gender-responsive budgeting, so that more resources are geared towards women's wellbeing. In Colombia and Rwanda, with UNDP assistance, gender equality policies were integrated into national development plans with a view to reduce human poverty. UNDP work on women and climate change has had impact on girls' school enrolment, sharing of domestic chores, protection of livelihoods through early warning and awareness and better household energy practices.

25. UNDP democratic governance work is geared towards human development and poverty reduction. For example, in Yemen, UNDP, jointly with the United Nations Capital Development Fund (UNCDF), has been supporting local government to implement effective decentralization reforms in the areas of planning, budgeting and basic service delivery with the objective of reducing human deprivation in poverty pockets while ensuring that the benefits go to girls and women. In Guatemala, the human rights approach has been used to improve basic health services available to poor people. Since 2009, a baseline survey was conducted to: identify capacity gap and other causes for the lack of health services in the communities of Chipajche and El Tumbador, reorient the health services to cater to the needs of the poor, and set up an accountability framework. The poverty focus of these initiatives is clear.

26. Another area with strong poverty-related results is biodiversity. Many of the world's 1.2 billion people living in severe poverty depend directly on biodiversity and healthy ecosystems. Nature's goods and services are the lifeline for their livelihoods and subsistence, and therefore the poor stand to suffer disproportionately from potential perturbations to fragile ecosystems. UNDP work in biodiversity has supported the modification of production practices in a range of sectors, including agriculture, fisheries and forestry (sectors that the poor are especially dependent on); managed investment and improved governance in protected areas, where 272 million hectares of protected areas have benefited from UNDP intervention; and helped sustainable forest management, affecting a total area of 1.1 million hectares. In addition, the \$700 million UNDP-Global Environment Facility (GEF) Adaptation Portfolio helps national governments secure adaptation finance and develop and implement adaptation strategies, including elements that are ecosystem-based. The GEF Small Grants Programme, implemented by UNDP, has successfully demonstrated that supporting communities (often indigenous) in their efforts to achieve more sustainable livelihoods is not only possible, but also extremely important for achieving global environmental benefits. In all these areas of work, poverty is affected in three important ways by: (a) maintaining and improving ecosystem services and improving access and benefit-sharing arising from the sustainable use of these services; (b) generating income through broader value-added opportunities (for example, a range of biodiversity products); and (c) creating jobs (for example, production of biodiversity-friendly products and tourism). A concrete example of the poverty focus of UNDP biodiversity work comes from Botswana where, through its project "Building Local Capacity for Sustainable Use of Biodiversity in the Okavango Delta", poor households have had access to natural resources and Okavango Delta households were able to supplement their incomes in-kind to an extent equivalent to about \$1,500 per year (in 2005 terms).

27. The evaluation asserts that "by far the larger part of the [environmental] portfolio fails to integrate successfully poverty concerns with the environmental ones" (page 64). UNDP management strongly feels that the evaluation failed to acknowledge the full range of UNDP projects that successfully address the poverty-environment nexus: water governance programmes, impacting access to water and water management policies and governance structures; work on chemicals and waste

which impacts on health; and a number of initiatives related to climate change. Programmes such as the Poverty Environment Initiative clearly link poverty reduction aims and environmental issues and are carried out in a cross-practice way, bringing together UNDP expertise from environment, poverty reduction, governance, gender and capacity development teams at the country, regional and global levels. The Integrated Drylands Development Programme also operates with the poverty-environment nexus at the centre of its approach. The work of the Montreal Protocol, of which UNDP is a main implementing organization, integrates environmental and equity concerns while promoting human development. Indeed, countries select UNDP as the GEF or MLF implementing agency primarily because of UNDP technical knowledge and experience in delivering multiple development benefits. UNDP work in the water sector is conspicuously absent in the evaluation report. For instance, the UNDP-GEF portfolio in water and ocean governance covers 100 countries representing an investment of over \$700 million, achieving multiple development benefits in addressing sustainable management of oceans, trans-boundary surface and ground waters, and integrated water resource management. This is not only a portfolio that supports water as a clean resource: it is an intervention that has the poor at its heart because they are the ones who least enjoy clean water and most need water resources to earn their income.

28. The evaluation suggests that climate change issues might overshadow other environmental problems that threaten the livelihoods of the poor more directly and immediately, and indicates that UNDP should give priority to the latter. UNDP disagrees with this assertion and is unsure on what source or evidence it is grounded. First, climate change actions are complementary to other environmental areas of work. Second, there are clear links between climate change adaptation and mitigation actions with poverty reduction. The impacts of climate change are already being experienced by the world's poor and constitute a concrete threat to development goals. Many climate change mitigation efforts have immediate benefits for communities that undertake them, such as the United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries (UN-REDD), which helps to protect forest-based livelihoods at the same time as storing emissions in forests. In a similar vein, renewable energy efforts provide sustainable solutions for local communities.

#### *The issue of scaling up*

29. With regard to the evaluation's comments regarding the effectiveness of UNDP downstream work and scaling-up, UNDP has recognized that its codification and learning practices, and aspects of the funding and project model, have led to uneven performance in building durability into project results, including scaling up. This is one reason why these areas were added to the strategic development effectiveness results matrix of the strategic plan at the mid-term review and are being acted on and monitored more closely to ensure they are more explicitly included in the next strategic plan. At the same time, it should be noted that the organization's support to many local-level initiatives has led to significant results for poverty reduction. The ROAR 2011 reports that in Mongolia the microfinance initiative supported by UNDP and UNCDF has served more than 64,000 borrowers, 87 per cent of whom are poor or near poor and 53 per cent of whom are women. In Mali, multifunctional platforms (a UNDP-supported innovation for providing modern energy services to poor women in rural areas) have served 5.5 million individuals who had scarce if any access to the power grid. The MDG Achievement Fund supported a culture and development programme in Turkey, based in one of the poorest provinces, which

combines formulating a tourism plan with developing the capacity of local entrepreneurs – a good example of upstream support combined with downstream action. United Nations Volunteers (UNV) is another key partner in local level poverty reduction initiatives with 1,700 volunteers involved in UNDP poverty projects, combining social volunteerism and poverty reduction expertise.

30. On scaling-up, three concrete examples are worth citing. In China, the UNDP-supported Agriculture Extension Special Task Force (AESTF) programme uses demand-driven, market-oriented mechanisms to link farmers directly to improved technology, new business models and product markets. Based on local innovation in the southern part of China in 1998, with UNDP support for scaling-up since 2006, it has grown to cover over 1,800 counties, benefiting over 60 per cent of its large rural population. By 2009, the average annual income of farmers benefiting from AESTF services increased by 67 per cent compared to their income levels in 2006 – a 24 per cent higher increase than the national increase. In Nepal, the UNDP Rural Energy Development Programme (REDP) is extending access to renewable energy in rural areas by helping to build supporting policies, institutions and capabilities at the national, district and community levels. Initiated as a local pilot in 1996, it has since been replicated in all districts of Nepal through a decentralized, community-based approach. The success of the REDP model had a large influence on the Government's 2006 rural energy policy, stressing the importance of involving local people in planning and developing rural energy schemes. The project has subsequently supported the Government's Alternative Energy Promotion Centre (AEPCC) to implement the policy with rural energy development sections and units established nationwide.

31. In the Philippines, UNDP, through a joint United Nations programme, supported mainstreaming climate risk reduction into national and local development, planning and regulatory processes and the testing of six integrated adaptation approaches with the potential for scaling up. Since its launch in 2008, the programme has produced vulnerability and adaptation assessments of 43 provinces through the Philippines Meteorological Bureau that have led to: (a) development of a national framework for action to respond to climate change-related health challenges; (b) integrating climate change into the Philippine Development Plan, with environment and climate change identified as one of five priority areas for budgeting and a new cabinet cluster within the Office of the President on integrity of the environment and climate change adaptation and mitigation; and (c) established 70 climate change adaptation facilities to address agricultural adaptation options. The Government is now scaling up innovative practices from the United Nations joint programme and as a result climate projections undertaken in 69 provinces and crop insurance schemes that take account of climate change are expanding beyond the original municipalities.

## IV. Conclusion

32. UNDP management takes note of the evaluation's conclusions and recommendations, and will follow up in a way that informs the future direction of the organization's poverty work. Experiences have shown that relatively easy policy wins in tackling poverty are being exhausted – those focused on ensuring sound macroeconomic management and improving the allocation of resources for investment. Complexity, stress and risk come together to confront countries with the task of understanding fully their options for development and making their own difficult policy choices, often under constrained circumstances, for poverty

reduction. There are two vital dimensions, among others, to this task. *First*, there is the technical ability and institutional depth to assess, clarify and articulate policy choices, not least of all the social, economic and environmental costs, benefits and trade-offs that are inevitable in a world of scarce resources. *Second*, there is the need to engage with and win the support of the public for policy change, especially the tough reforms essential to combat corruption, raise efficiency and secure inclusion – a job made easier or more intractable depending on whether or not a country possesses the social, political and institutional capital essential to forging agreement and navigating perilous transitions without serious social disruption.

33. Taking the long-term view, planning and investing accordingly, with an eye not just on economic dimensions but also on social, political and environmental dimensions, will be central to the achievement of sustainable human development. But it will be tough to accomplish. Institutional lag is increasingly becoming a hard constraint to development. The shortfall is most acute in government, especially further down the management chain and tiers of administration, although specifics vary depending on country context. Institutions need to modernize to get ahead of the curve rather than fall further behind. All these shape the future challenge for UNDP poverty work, to which UNDP is fully committed and for which it is getting prepared.

34. The annex on the following pages outlines the key actions proposed in response to the evaluation's main recommendations, complementing actions already proposed in responses to the other relevant evaluations.

## Annex

## Key recommendations and management response

<b>Recommendation 1. UNDP should forge stronger links with national stakeholders, especially civil society and academia, to ensure the ideas and lessons it propagates through its flagship documents, such as national human development reports (NHDRs) and MDG reports, may influence the national policy agenda.</b>				
<b>Management response.</b> Engaging civil society and academia has been normal UNDP practice in its substantive work and programmatic exercises at the country level. For example, NHDRs have systematically involved academia and research institutions at the national and sub-national levels. In India, the <i>Human Development Report for West Bengal</i> was led by academics in Jawaharlal Nehru University. The country MDG reports engage civil society and the private sector. In programmatic activities such as MAF at the country level, involvement of multi-stakeholders in the roll-out is a pre-requisite. UNDP result-oriented annual reports have recently introduced requests to country offices to report on partnerships and engagement profiles, which include civil society and academia. UNDP will take further actions to ensure systematic engagement of multi-stakeholders in the processes of its substantive and programmatic work.				
Key action(s)	Timeframe	Responsible unit(s)	Tracking*	
			Comments	Status
1.1 Include engagement of civil society and academia as a critical step in knowledge product quality assurance procedures.	By second quarter 2013	BDP, regional bureaus, country offices, HDRO		
1.2 Report on partnership and engagement with civil society and academia in result-oriented annual reports.	On-going	Country offices, regional bureaus, Bureau for Development Policy (BDP), Operations Support Group (OSG), Bureau of External Relations and Advocacy (BERA)		
1.3 Support countries develop over 40 'third generation' MDG reports serving as evidence to inform the post-2015 development agenda, with guidance on engaging civil society and academia.	2013-2014	BDP and regional bureaus		
<b>Recommendation 2. Programmes and projects undertaken by UNDP should be designed with explicit pro-poor bias, always trying to add specific elements, which would enhance the likelihood that the poor will benefit more than they otherwise would through general development interventions. Activities where it is impossible to introduce such an explicit pro-poor focus should be kept to a bare minimum and should only be taken up under strict guidelines with the strategic objective of leveraging resources and ensuring goodwill, which UNDP will need in order to advance its mission of poverty reduction.</b>				

<b>Management response.</b> With organizational commitment to human development, dedication to poverty elimination and concrete actions ensuring poverty focus in thematic areas, UNDP has been on track. The challenges are three-fold: (a) consolidation of the above approach; (b) broad-based integration of a poverty focus across areas and in more country programmes; and (c) developing country-level staff capacity to ensure such integration. More concerted actions will be undertaken on diagnostic assessment tools, methodologies and frameworks, guidance notes, practice tool kits, and dissemination of lessons learnt from real programme. Through dialogue with national counterparts and by reflecting national priorities, a more deliberate, evidence-based approach to programming will be developed that emphasizes a policy-based, broader poverty reduction approach and focused poverty interventions. Developing national capacities and promoting more deliberate, concrete, evidence-based programming, with appropriate monitoring and assessment, will help to inform policies and contribute to scaling up policies and results. This theory of change will help to conceptualize and design appropriate poverty-focused initiatives in different focus areas, developing required implementation plans and rolling out necessary monitoring and evaluation exercises.				
Key action(s)	Timeframe	Responsible unit(s)	Tracking	
			Comments	Status
2.1 Develop guidelines and a practical tool kit with project examples of how to design pro-poor programme in the area of democratic governance, energy and environment, HIV and AIDS, and crisis prevention and recovery.	By fourth quarter 2013	BDP, Bureau for Crisis Prevention and Recovery (BCPR), Learning Resource Centre (LRC) together with country offices		
2.2 a. Ensure designated capacity (or focal points) in poverty clusters (teams) in the country offices, regional service centres and headquarters to advise and support other practices to design, monitor, implement and evaluate programmes with explicit pro-poor bias. b. Provide training to poverty teams in crises countries and in regional service centres on UNDP programming in crises response with a focus on livelihoods and economic recovery programming, including linkages with other practice areas such as crises governance and conflict prevention.	By fourth quarter 2013  By fourth quarter 2013	Country offices, regional bureaus, BDP, BCPR  BCPR, country offices, regional bureaus, BDP		
2.3 Include pro-poorness and environmental sustainability as one of the criteria in the project appraisal committee checklist.	By third quarter 2013	OSG, Regional Bureaus, Country Offices		



ii. jointly designing and implementing (crisis prevention and recovery and poverty reduction clusters) sustainable livelihoods and economic recovery programmes.				
<p><b>Recommendation 4. Downstream activities should mostly be undertaken with the explicit strategic objective of contributing to something bigger than what those activities can deliver on their own – by way of learning lessons for scaling up or feeding into upstream policy advice relevant for poverty reduction. UNDP should incorporate into its system of performance evaluation, for both staff and activities, specific provisions that explicitly spell out the means and incentives for institutionalized learning so that lessons learnt from successes and failures in each of its activities can feed into everything that UNDP does – both across portfolios and over time.</b></p>				
<p><b>Management response.</b> UNDP has undertaken concerted efforts in scaling up and micro-macro linkages. The organization will further consolidate it in focus areas and processes. The organization has recently strengthened the knowledge base in promoting the scaling-up agenda, aiming at feeding lessons learnt into upstream policy advice. On the second issue, UNDP has been working on an integrated resources results framework, including financial and human resources and measurable quantitative and tangible qualitative results. Incentive mechanisms with a clear transparency and accountability framework are also being addressed. Measures will be taken to develop capacities in country offices, make a cultural shift in attitude and work-culture in order to provide effective support to countries and help them formulate real-time data and monitoring to ensure development effectiveness.</p>				
Key action(s)	Timeframe	Responsible unit(s)	Tracking	
			Comments	Status
4.1 Roll-out guidance on scaling up development programmes for transformational change to over 20 countries covering all regions.	By fourth quarter 2014	Regional bureaus, BDP, BCPR		
4.2 Launch and disseminate e-learning platform on scaling-up with practical guidance and relevant examples from all practices.	By fourth quarter 2013	BDP, BCPR, LRC		
4.3 Design and implement incentives linked with resource allocation and result recognition to support country office learning culture.	By second quarter 2013	Regional bureaus		
4.4 Establish in at least three crises countries innovative approaches of real-time monitoring systems for UNDP recovery initiatives in order to improve accountability to crises-affected populations and effective capturing and sharing of lessons learned to inform policies.	By third quarter 2013	Country offices, regional bureaus, BDP, BCPR		