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Evaluation

**Evaluation of UNDP support to poverty reduction in
the least developed countries**

Executive summary

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I. Background

1. The UNDP Independent Evaluation Office (IEO) carried out an evaluation of the UNDP contribution to poverty reduction in the least developed countries (LDCs). The evaluation is part of the IEO medium-term plan (DP/2018/4) approved by the Executive Board at the first regular session of 2018. The evaluation, presented to the Executive Board at the first regular session of 2019, will contribute to the development of corporate programme strategies on poverty reduction and sustainable development and strengthen the accountability of UNDP to global and national development partners, including the Executive Board.

2. As per the request of the Executive Board, this evaluation followed up the previous IEO evaluation of the UNDP contribution to poverty reduction carried out in 2013 (DP/2013/3). It also examined the programmatic response of UNDP to subsequent Executive Board deliberations and decisions on the follow-up to the 2013 evaluation. The present evaluation, however, focused on the LDCs, a key area of UNDP support, to allow a deeper analysis of countries in similar economic situations and where UNDP is a major provider of support, and to take into account factors related to the graduation of countries from LDC status. In addition, the IEO will be assessing UNDP programming in middle-income countries in 2019.

3. The evaluation assessed the contribution of country programmes and of global and regional programmes to reducing poverty across five streams of UNDP support, i.e., inclusive growth and employment; local economic development; sustainable livelihoods; early economic revitalization; and integration of the Millennium Development Goals/Sustainable Development Goals. The evaluation covered all LDCs in Africa, Asia and the Pacific, the Arab States and Haiti in the Caribbean. For a comparative analysis, programmes in the countries that have transitioned to middle-income status since 2010 were included.

4. The evaluation assessed UNDP country programmes and global and regional programmes and projects for the period 2014 to 2017. The assessment included the positioning of UNDP support to LDCs; the contribution of UNDP to national poverty reduction capacity development; its convening role vis-à-vis international cooperation and United Nations efforts for sustainable development outcomes; and the progress made by UNDP on its commitments to expand cooperation with the private sector.

II. UNDP programme scope and scale

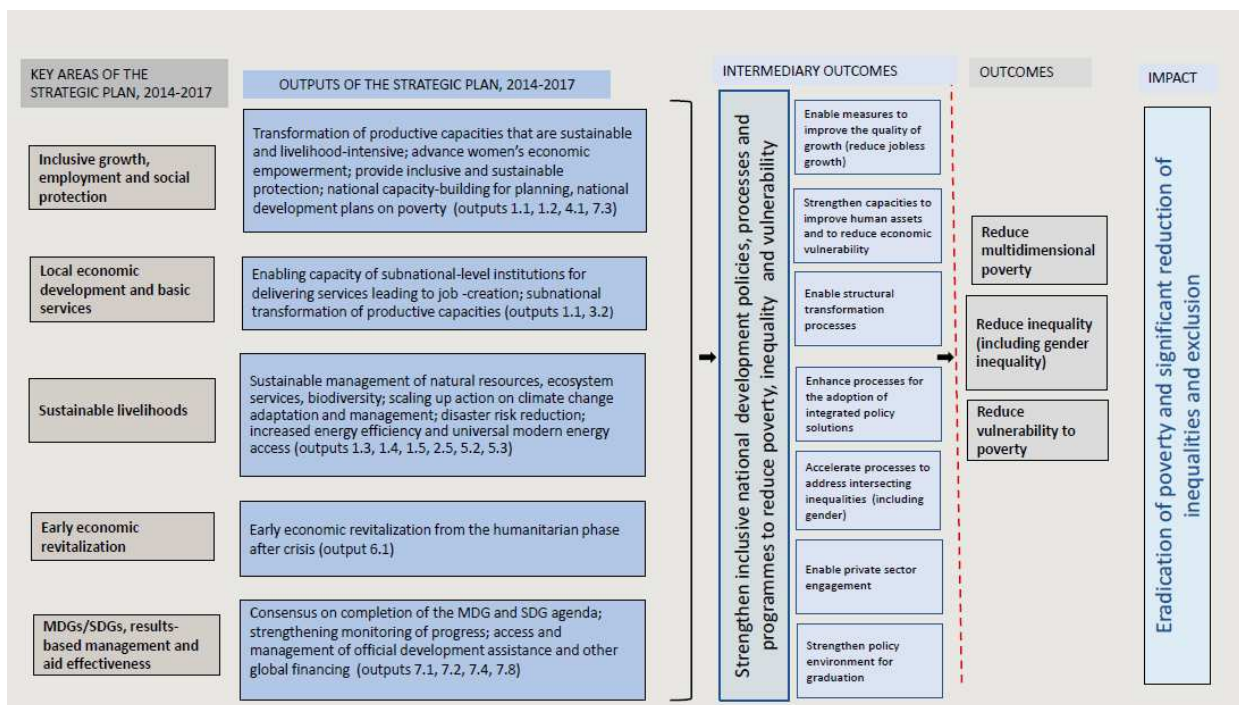
5. The Strategic Plan, 2014-2017 aimed to assist programme countries to design and implement development pathways that can tackle the connected issues of poverty, inequality and exclusion while transforming productive capacities, avoiding the irreversible depletion of social and natural capital and lowering risks arising from shocks.¹ One of the significant changes in corporate planning set out in that Strategic Plan was the linking two separate areas of work – poverty reduction and environmental protection – into a single area under sustainable development. While all initiatives in the plan were meant to be pro-poor and address inequality, the ‘sustainable development pathways’ programme area addressed this most comprehensively.

6. The Strategic Plan noted that the vision, outcomes and areas of work were relevant for all programme countries where UNDP works, though in different combinations and with varying degrees of emphasis. Therefore, programme areas designed as a ‘global offer’ also

¹ DP/2013/40.

enable UNDP to adopt an issues-based rather than a practice-based approach to development needs and priorities. UNDP has programmes in all 47 LDCs (both development and conflict-affected countries) and does not consider it essential to have an explicit strategy for the LDCs as the country programmes respond to national contexts and priorities. The ongoing Istanbul Programme of Action has outlined specific tasks for some United Nations agencies, including UNDP, and most of these tasks coincide with UNDP areas of support.

Figure. The UNDP programmatic approach to poverty reduction: a theory of change



7. Across the seven outcomes of the Strategic Plan, 2014-2017, the key streams of UNDP poverty reduction and sustainable livelihoods programmes are the following (see the figure for illustration of the key programme streams):

- Inclusive growth, employment and social protection: the UNDP strategy aimed to support the transformation of productive capacities for income generation by strengthening human capital, reducing economic vulnerability and building safety nets for resilience against economic and social shocks. It aimed at phased progress towards universal access to social protection; more transparent and lower-cost delivery systems; improved targeting of non-universal benefits schemes; and better coverage, quality and cost of social services;
- Sustainable livelihoods: programmes to protect the environment, for natural resource management and climate change adaptation under the sustainable development pathways include a significant focus on livelihoods;
- Local economic development: while part of the local economic development initiatives were under the inclusive and effective democratic governance programmes, as part of the local government institutions support, there were also sizable programmes on this theme under the sustainable development pathways area;
- Economic revitalization in crisis contexts: UNDP post-conflict and post-disaster recovery and reconstruction initiatives for economic revitalization aimed to improve livelihood opportunities at the household and community levels and build stronger links between crisis recovery and transition to development;

(e) Mainstreaming the Millennium Development Goals/Sustainable Development Goals: support to national development plans, macroeconomic policies, measurement and monitoring of country-level development and poverty, and aid effectiveness programmes complement poverty reduction efforts. Given its mandate to support mainstreaming of both sets of goals and reporting on progress has been an area of engagement of UNDP.

8. UNDP has allocated a significant proportion of its regular resources to the LDCs. Of the \$1.5 billion in regular resources received by UNDP in the past four years, 60 per cent was assigned to the LDCs, of which 51 per cent was allocated to poverty reduction.

9. Over the period 2014-2017, UNDP programme expenditure averaged \$4.3 billion a year with an increase to \$4.5 billion in 2017. Expenditure on poverty reduction in LDCs in the same period was \$2.17 billion, which accounted for 41 per cent of the overall LDC portfolio (\$474 million in regular resources and \$1,698 million in other resources). In terms of regional distribution, Africa had the highest expenditure (62 per cent of the \$2.17 billion), followed by Asia and the Pacific (24 per cent) and the Arab States (12 per cent).

10. Of the five programme streams assessed, economic revitalization in conflict-affected countries is the largest area of poverty reduction followed by sustainable livelihoods stream (see table). It needs to be pointed out that in the case of the Global Environment Facility (GEF) and Green Climate Fund (GCF), the evaluation included only projects that had a strong livelihood component.

Table. Expenditure by key streams of poverty reduction support (In millions of United States dollars)						
Key streams of poverty reduction programmes	2014	2015	2016	2017	Total	% exp.
Inclusive growth, employment, and social protection	82	84	78	80	324	15%
Local economic development and basic services	55	65	93	195	408	19%
Sustainable livelihoods (as a component of environment, common country assessments, disaster risk reduction, energy programmes)	142	139	158	182	620	29%
Early economic revitalization	161	192	135	210	697	32%
Millennium Development Goals/Sustainable Development Goals, aid effectiveness, results-based management (RBM)	37	40	26	21	123	6%
Total	478	520	488	687	2 172	
Note: Local economic development and service delivery include community development projects in Myanmar, Nepal, Senegal and Togo as well as an urban poverty project in Bangladesh. The Goals, aid effectiveness and RBM stream does not include expenditures related to national development strategies and policy support.						

III. Key findings

11. This section presents a summary of the evaluation's findings across the programme themes assessed.

A. Support to LDC graduation

12. Although UNDP does not have a dedicated strategy around the Istanbul Programme of Action, the thematic areas of the Strategic Plan, 2014-2017 collectively seek to address the key drivers of poverty and inequality and are relevant across programme countries, including LDCs. UNDP has programmes in all 47 LDCs (31 in Africa, 12 in Asia and the Pacific, 3 in the Arab States and 1 in the Caribbean). UNDP country programmes demonstrate contributions to the deliverables of the Programme of Action, such as crisis mitigation and resilience-building strategies, climate change adaptation, resource

mobilization for the GCF, good governance and gender equality and empowerment of women.

B. Policy formulation and institutional capacity development

13. UNDP support for policy analysis in several LDCs enabled formulation of appropriate strategies underpinned by people and an inclusive livelihood-centred approach. Policy engagement covered a broad span of policies, plans and strategies directed towards pro-poor enhancement of productive capacities and structural transformation. The UNDP contribution is more evident in creating apex institutions and strengthening institutional capacities to bridge critical functioning gaps. Government counterparts valued the ability of UNDP to respond effectively to a wide array of institutional capacity support needs, sourcing specialist international expertise to augment staff capacities, mobilizing multi-year donor funding for operations and commissioning analytical studies. There are several examples where UNDP contributed to the capacity development of key institutions having direct roles in shaping pro-poor policies and actions.

14. The results from policy support are difficult to establish in isolation, as their success depended on complementing sector action plans and resource allocations to give effect to policies, which was often beyond the scope of UNDP support. While UNDP policy engagement was demand-driven and often determined by the extent of the absorption capacity of national institutions, there are areas where UNDP could have been more proactive in informing national policies by drawing from its community projects.

C. Millennium Development Goals/Sustainable Development Goals

15. UNDP led the conceptualization of the mainstreaming, acceleration and policy support (MAPS) framework and its promotion as a United Nations system-wide tool. UNDP facilitated multi-agency MAPS missions in 26 countries, of which 11 are LDCs. The mainstreaming exercises focused on analysing the alignment of national development plans and sector strategies with the Sustainable Development Goals, integrating the Goals in national development planning frameworks and examining policy areas and sectors with the greatest multiplier effects. Diagnostics were carried out to inform policy options on the national response to the Goals, with renewed poverty eradication commitments and targets. An issue that needs to be addressed in the conduct of the MAPS is providing context-specific expert solutions, rather than an array of options. Plans in which the Goals have been mainstreamed have led to improved financial assessments and budgetary allocations indexed to national targets for the Goals. Sufficient thrust on MAPS will be critical to maintain the momentum of integrating the Goals. Adequate technical composition, engagement of relevant United Nations agencies and other development actors will be critical in providing solutions that can be adopted by countries.

16. Over the years, the development and promotion of indices highlighting human development and multidimensional poverty at the global and country levels have contributed to policy processes. UNDP has played an important role in advocating a multidimensional approach to poverty at the country level, facilitating discussions on the Multidimensional Poverty Index (MPI). Decreasing UNDP engagement in the computation of national MPIs contrasts with its continued assistance to Governments for national human development reports and compilation of national- and subnational-level human development indices. A key issue is that UNDP engagement in the national MPI is critical for ensuring the credibility of the MPI and follow-up with the Government. UNDP positioning on indices at the country level is also critical for its support related to the Goals. UNDP has not consolidated its work on global indices built over the years, at times conceding its work in this area. These indices assume further importance in the Sustainable Development Goal programming context. Adequate efforts are needed for consolidating UNDP work on indices.

D. Inclusive growth and employment generation

Inclusive business and markets

17. UNDP has shown a strong commitment to fostering transformative partnerships with the private sector. UNDP engagement has evolved from providing ad hoc support to the private sector (small and medium-sized enterprises) in value chains and supplier development, to a more systematic partnership strategy to harness the private sector's potential for inclusive and sustainable growth initiatives. UNDP engagement in policy support, programme implementation, institutional entry points, country presence, networks and convening power have been key elements and a formidable value proposition in attracting the private sector into inclusive market development initiatives. UNDP not only facilitated public-private connections but also brought in complementary resources to address policy and institutional bottlenecks to value enhancement for private actors while ensuring inclusion and the beneficial participation of poorer sections of the society. These are investments that private sector actors would not undertake on their own and represented significant and tangible benefits of partnering with UNDP.

18. Inclusive business and markets were prioritized to integrate bottom-of-pyramid segments of the population as consumers, suppliers, employees and business holders in value chains and markets. However, UNDP has yet to use its comparative advantage of country presence and credibility to scale up work in this area. UNDP value chain interventions that are scattered and small in scale face challenges in balancing micro, meso and macro aspects and achieve limited results. Inclusive market development initiatives need to operate at the micro (small-scale producers); meso (value chain linkages) and macro (policy, infrastructure and incentives) levels. Also, micro, meso and macro interventions cannot be pursued in isolation or in parallel and need to be sequenced properly to have results. These are best addressed under well-formulated and resourced sector-level strategies and action plans. Linking its interventions to a well-coordinated strategy spanning the full range of value chain has been difficult for UNDP in large measure due to the crowded space with multiple donors and numerous implementation arrangements.

19. Although trade support is not a major aspect of its service offering to LDCs, UNDP has contributed to LDC efforts to build and sustain external market access. UNDP has channelled its trade-related support primarily through the Enhanced Integrated Framework, the principal multilateral mechanism for trade-related technical assistance exclusively for LDCs, as one of the six core implementing partner agencies. Deprioritization of trade-related support in UNDP since 2013 and absence of joint approaches and insufficient efforts to build partnerships reduced the UNDP contribution to trade-related efforts in LDCs. Lack of engagement in trade-related issues is a missed opportunity as LDCs are seeking assistance to become more competitive and further integrated into regional and global markets. Governments want more hands-on support which is not possible for non-resident agencies, although they may be supporting countries in some areas.

20. UNDP piloted several initiatives on financial inclusion and access to finance, with some degree of success in integrating them into national programmes. Access to financial services is one of the keys to alleviating poverty and achieving sustainable economic growth, and a powerful instrument for self-empowerment by enabling the poor, especially women, to become economic agents of change. The UNDP livelihood portfolio includes several interventions related to financial inclusion and access in diverse LDC settings. The main interventions have been in the establishment and strengthening of micro-finance sectors and institutional mechanisms. Establishing linkages with ongoing government programmes and policies is not only key to the success of community-level access to finance initiatives but also a requirement. UNDP was less successful in this regard in

several other countries, and even initiatives with good project-level outputs were not scaled up, partly due to poor programme design or lack of government willingness.

Private finance and impact investments

21. UNDP is developing impact investment instruments and modalities with the private sector but requires a faster pace of expansion of this area. In the LDCs, alternative and impact financing from the private sector, although conceptually relevant, is still on the fringe and nascent in its prospects. While there are some ongoing initiatives in the LDCs, private sector financing successes are mostly in non-LDCs given their more mature financial sectors and capital markets. Unlike traditional development finance, especially grant finance, private sector-led impact investment (also termed blended finance, as it involves a combination of debt, equity, collateral guarantees and other forms of financial support) seeks triple-bottom-line returns and is predicated on commercial viability besides social and environmental outcomes. While blended finance models have found traction in member countries of the Organisation for Economic Co-operation and Development and in Central Asia and Latin America, with well-developed financial sectors and capital markets, they are evolving slowly in other regions, especially LDCs. The trend is changing in Asia, but more so in middle-income countries. UNDP is pursuing a self-sustaining model more appropriate to LDCs, especially the use of challenge funds as incentives to de-risk private sector investment. Despite such initiatives, at present UNDP neither has appropriate mechanisms to manage such instruments nor is ready to embark on new and potentially risky terrain. Nevertheless, impact investment remains a key area to address development finance constraints in LDCs and needs further engagement, and UNDP organizational investment in this area is important.

Social protection

22. There remain inconsistencies between aspirations versus resource investments in social protection programming, reducing the role and contribution of UNDP in this area. For LDCs, the key challenge lies in the design and implementation of national social protection systems that can be financed sustainably through an enabling fiscal space, besides highly targeted external capital. The UNDP comparative advantage in social protection support, as perceived by development actors at the country level, is its ability to address social protection at a cross-sectoral level compared to the sectoral focus of other United Nations agencies such as the International Labour Organization, which has the lead mandate in this area. With well-established institutional networks in multiple ministries and its convening role in post-crisis and conflict settings, UNDP is well positioned to engage in this area. Such cross-sectoral social protection efforts are not evident in the LDCs where they are most needed.

Youth economic empowerment

23. Youth-related support at the country level consisted largely of stand-alone initiatives and was not well integrated with the diverse employment and livelihood initiatives of UNDP. Barring a few exceptions, most youth-focused interventions remained fragmented without sufficient integration with sectoral strategies and plans. Lack of post-programme follow-up and feedback mechanisms led to the ineffective tracking of programme outcomes and constraints.

24. UNDP work in youth economic empowerment is predominantly at the national level through upstream support to national policy formulation, strategies promoting youth employment, and strengthening information and networking platforms for youth engagement. UNDP has piloted youth-led social enterprises funded by impact investments such as the Youth Leadership, Innovation and Entrepreneurship project (Youth Co:Lab). However, downstream engagements were often small in scale and lacked integrated interventions combining policy aspects and downstream demand-supply interventions in

specific sectors or value chains. Linking youth to short-term income-generating activities has been easier in economic recovery and rehabilitation contexts given the availability of humanitarian funding.

25. A large share of the youth economic empowerment portfolio consists of skills development initiatives that delivered livelihood skills training to hundreds of youth beneficiaries. Going beyond the scale of such initiatives, the approach that was followed needs to be revisited, particularly in terms of enabling linkages with sectoral initiatives. The absence of collateral, a crucial gap in bankability and financing of youth enterprise initiatives, has not been systematically addressed. There is scope for exploring collaboration with large regional youth-based programmes of the international financial institutions.

Women's economic empowerment

26. UNDP interventions included a mix of policy support for gender-responsive frameworks and women-targeted interventions to address the expansion of income opportunities and access to finance. The inclusion of women beneficiaries is ensured in all income-generation, employment and sustainable livelihood programmes, in line with UNDP gender equality policies and practices. It is hard to discern if joint United Nations initiatives in which UNDP participated improved the capacities of the government staff in carrying out sound gender analysis, or to use gender-disaggregated data to develop or implementing gender-sensitive policies and budgeting processes.

27. There is minimal impact gained from one-off, small-scale initiatives targeted at women, especially when carried out in a disconnected fashion, without linkages to upstream policy processes or government scaling up, and apart from other development assistance programmes. In the absence of enabling policy processes, even successful projects targeting women had limited outcomes.

E. Local development

28. UNDP has contributed to a more holistic strategic framework for local governance and local development (LGLD) support which addresses poverty reduction and the 2030 Agenda for Sustainable Development. The overall impact at national and local levels cannot yet be assessed. The UNDP role in urban poverty reduction support still needs to be clarified. In recent years UNDP has launched several new joint strategic frameworks and global partnerships with the United Nations Capital Development Fund and United Nations Volunteers programme, which establish a combined, updated framework for support to local development facilitated by local government.

29. The integrated framework to support LGLD is one such long-term endeavour that is expected to evolve according to national contexts and the scaling up of local pilots. This and other new global strategies build on national-level engagements in local development and poverty reduction and are relevant for generating joint responses with partner United Nations agencies and other key actors. The new framework will take time to inform country-level responses and it is too early to see strategic footprints at the national and subnational levels. Most of the outcomes from these global LGLD initiatives are focused on localizing the Sustainable Development Goals at the subnational level, as significant international support has been promised for translating the 2030 Agenda into national and local objectives and activities.

30. Instead of pursuing comprehensive engagement, UNDP often gravitates to one-off engagements that are readily funded. This issue needs to be addressed, as it potentially diverts the attention away from more strategic urban LGLD engagements in the LDCs.

31. Where LGLD support achieved the most impact, mutual partnerships enhanced intervention models and efforts for scaling up. Further partnership engagements can

improve the effectiveness, sustainability and impact of LGLD support and strengthen the UNDP strategic role in local government reforms and poverty reduction. UNDP played a key role in the implementation of national projects contributing to local economic development and the capacities of local government institutions.

F. Sustainable livelihoods

32. Integrated livelihood approaches as part of the environment, energy, and climate change adaptation initiatives at the community level had tangible outcomes. Community-level livelihood initiatives have been an effective tool for mainstreaming environment within community systems, demonstrating linkages to reducing poverty; creating awareness and empowering communities; and providing models that can be replicated. UNDP community-level interventions had concrete outcomes in enabling adoption of sustainable agriculture and livestock practices, integrated water resources management, improved biodiversity and climate-resilient livelihoods and risk management. Addressing the unsustainable use of natural resources causing widespread degradation of ecosystems, which is primarily linked to rural poverty, has been central to most interventions. Rehabilitation of small-scale infrastructures such as tertiary canals, other watersheds and small dams, enabled farmers to produce two and in a few cases even three crops (for example, in Cambodia).

33. Improvements in livelihoods and resource bases and capacities to manage climate-related risks are factors that retained the interest of participating communities. Integrated interventions by UNDP also contributed to local administrative capacities in land and forest management and biodiversity and ecosystems management. Mechanisms to improve common resources and governance at the community level and enabling policy environment was key to maintaining the momentum in LDCs where such initiatives are taking root.

34. UNDP assisted several LDCs to mobilize domestic finance for biodiversity conservation, which underpins rural economic development and livelihoods and proved to be transformative at the ecosystem level. Payments for ecosystem services under biodiversity initiatives contributed to tourism and economic development, positively impacting livelihoods at the household and community levels.

35. UNDP has yet to effectively leverage its community-level programmes to inform national approaches and policies on sustainable livelihoods. Fragmentation of projects with significant livelihood components under the vertical funds has undermined the ability of UNDP to play a greater policy role. Fragmentation of the UNDP initiatives in the environment and adaptation portfolio, implemented individually instead of pursuing a more programmatic approach to sustainable environment and livelihoods, undermined the potential of the UNDP contribution to government strategies. While individual environment and adaptation projects are part of the sustainable development framework, there is limited interface between various projects. While the requirements of the vertical funds need a more project-based approach, UNDP did not walk the extra mile to build on these initiatives to engage in public policy processes on sustainable livelihoods.

36. While there are organizational policies conducive to promoting resilience, intersecting elements of crises and their linkages have yet to be prioritized in implementation. The LDCs have experienced natural and climate-related disasters (both rapid-onset disasters and droughts), health pandemics and conflict. At any given point in 10 to 12 LDCs, UNDP programmes are implemented in the context of multiple fragilities. UNDP has programmes in the areas of climate-resilient agriculture and livelihoods, inclusive growth and income-generation initiatives, economic revitalization and peacebuilding; and is also progressively adopting ways to improve resilient development. Given this range of support, opportunities were not used in enabling an integrated approach to address intersecting linkages between drought and poverty or drought,

conflict and poverty. The project-driven approach reduced the opportunities to advocate for recognizing and addressing such linkages in government efforts as well as in international support.

G. Economic recovery and revitalization

37. Community-driven programmes have played a significant role in providing employment and quick economic recovery in post-conflict contexts. However, short-term income-generation support, in the absence of continuity and linkages to long-term employment initiatives, had limited poverty reduction dividends. With exceptions, UNDP programmes have yet to transcend the humanitarian-development divide.

38. Economic recovery and revitalization initiatives in conflict settings were often short-term, quick-impact programmes meant to address widespread unemployment, and not designed for long-term sustainable employment creation. Cash for work, microfinance and small-scale enterprise support are among the most common elements in UNDP economic revitalization efforts. While such initiatives serve to boost community-level stability and restoration of peace conditions, they are not designed with long-term sustainable employment or enterprise creation in mind. In post-conflict situations characterized by a collapse or exit of financial services and market service providers, these ecosystems need to be revitalized as well. These issues, however, did not receive adequate attention or consideration for funding in humanitarian assistance contexts, leading to sustainability challenges of even successful short-term interventions.

39. In most post-conflict contexts, development support modalities are not possible until the country transitions to normal development assistance mode. However, as support in post-conflict contexts shows, there is increasingly a need to break the humanitarian-development divide as a combined approach is essential for longer-term development transition. Despite its organizational expertise, UNDP contributions to economic recovery often failed to take a long-term development perspective. While the 3x6 approach and New Way of Working addressed this limitation, the common challenge is that in most cases implementation of the 3x6 approach did not go beyond the first phase of stabilization. Whether it is the New Way of Working or 3x6 approach, partnerships and collective outcomes will be critical and the way forward. Programmes with a longer duration that address multiple intersecting areas and build on the comparative advantages of a diverse range of actors, are critical.

40. An evolving area of UNDP support is private sector engagement in post-conflict countries. While there have been some successes, the extent of private sector engagement does not correspond to the extensive UNDP presence and engagement in post-conflict contexts. UNDP, as well as other agencies, has been cautious about the opportunities and challenges engagement of the private sector can pose in post-conflict reconstruction, employment generation and local economic development. While there is a rationale for such caution, particularly for safeguarding local markets, the private sector is extensively present in conflict and post-conflict contexts, and agencies such as UNDP need well-thought-out programme models for engaging it in peacebuilding and economic revitalization with long-term development linkages.

H. Gender equality and women's empowerment

41. UNDP supported improvements in economic opportunities for women by assisting upstream policy reforms and promoting downstream microcredit schemes and employment opportunities. UNDP had more success when it worked on women-specific initiatives promoting access to finance, enterprise skills and markets. Opportunities for gender mainstreaming in programme design and implementation remain underutilized.

42. The evaluation finds that most of the results reported on gender pertain to gender mainstreaming rather than the impacts of mainstreaming on reducing gender inequality.

UNDP has included women in various poverty reduction initiatives promoting the integration of gender-responsive approaches to income generation and natural resources management in local planning processes. While there are stronger efforts to better mainstream gender considerations, gender-specific development support within interventions is not yet systematic and varies between projects mainly because gender analysis at the formulation stage is overlooked.

IV. Conclusions

43. The conclusions presented here focus on strategic issues and key dimensions of the UNDP role and contribution.

Conclusion 1. Poverty reduction programme approaches and areas prioritized by UNDP are highly relevant for the LDCs. Globally, the UNDP approach to addressing poverty has evolved, and new tools were introduced during the period of the Strategic Plan, 2014-2017. Inclusive growth initiatives combined with environment and climate resilience support provided greater opportunities for demonstrating income-generation and sustainable livelihood models. In some LDCs, UNDP has been an agency of choice both in policy and implementation support.

44. UNDP has responded and adapted to changing contexts in its poverty reduction programmes, which has brought about a progressive evolution of the conceptual understanding and approaches, especially those espousing multidimensional poverty reduction strategies and implementation of inclusive growth and sustainable livelihood approaches. There was a strong focus on rural poverty reduction and livelihoods. Support for integrated planning and macroeconomic frameworks, green growth, expansion of productive capacities and value chains, and local development has positively contributed to policy improvements. Community approaches to sustainable livelihoods, natural resource management and enhancing resilience to climate change are areas where UNDP engagement has helped to generate tangible local-level impacts. Women's economic empowerment received sufficient attention across programmes with contributions at the project level. Urban poverty is an evolving area of UNDP programme support that merits greater attention.

45. The institutional capacity-building and policy support provided by UNDP have contributed to national development efforts of LDCs to reduce poverty. UNDP was successful in providing policy support on a range of issues of importance to LDCs, including inclusive growth and livelihoods. UNDP has built a solid track record in raising financial resources for policy and institutional capacity development initiatives, and sourcing specialist expertise from its wide network.

46. UNDP was consistent in its support for the implementation of the Millennium Development Goals until the adoption of the Sustainable Development Goals. With the adoption of the latter, UNDP has championed the United Nations Development Group's MAPS approach, designed to assist countries in incorporating the Sustainable Development Goals into national planning and processes. There is momentum and rising demand for tools and technical assistance to formulate and implement plans to realize the Goals. UNDP, using its integrated approach and the multidimensional concept of poverty and inequality, is well positioned to support countries in their efforts to implement the Goals. UNDP can better leverage its work on indices, which complements Goal-related advocacy.

47. Despite Sustainable Development Goal plans prepared by the LDCs, an issue in the context of most countries is their slow implementation and alignment with national policies. Integration of the Goals has remained at a technocratic level and the operationalization of the transformative programming principles and interlinkages among

Goals is evolving slowly. MAPS created opportunities for Governments to take stock of existing policies and resources and to identify processes to address development gaps. The value addition of MAPS as a tool for facilitating planning at the national level and applying integrated solutions to poverty reduction depends largely on its ability to provide context-specific and implementable solutions, as opposed to generalized assessments. Also, the success of MAPS, like its predecessor – the Millennium Development Goal Acceleration Framework – will depend on establishing effective partnerships beyond United Nations agencies.

48. Efforts to consolidate the UNDP global policy space in poverty reduction are underemphasized. UNDP pioneered several indices on human development, inequality and multidimensional poverty, which have salience for measuring and reporting progress on the Goals and for advocating transformative principles of equality and inclusiveness in development processes. This work lacked necessary attention in UNDP programme and advocacy work at the global and country levels.

Conclusion 2. Recent efforts to partner with the private sector to harness market forces for positive social impact offer UNDP a potentially transformative way of working in the future. Some areas of private sector engagement (such as impact finance) are at a formative stage but hold potential to expand productive capacities and reduce poverty. The low scale of engagement by UNDP in this area and the slow pace of action are undermining its contribution to poverty reduction.

49. UNDP has played an important role in supporting resource mobilization in LDCs. It has made useful contributions in areas such as sustainable livelihoods, while potential in areas such as employment and private sector contributions remains to be further explored. Successful partnerships with the private sector are an essential part of UNDP resource mobilization support for fulfilment of the Goals in LDCs.

50. UNDP has a dedicated strategy for private sector engagement that recognizes the role and transformative potential of the private sector as a partner for development impact. Private sector engagement has broadened beyond small- and medium-sized enterprises and extended to conglomerates, impact finance providers and philanthropic foundations. The UNDP commitment to an inclusive business and market approach is demonstrated by the large share of regular resources invested to catalyse an inclusive private sector ecosystem for transformative effects on livelihood improvement and poverty reduction. But the scale of UNDP engagement continues to be low when compared to private sector engagement in the development sector. UNDP has the potential to bring to private sector partnerships its comparative advantage in policy development, programme implementation and on-the-ground convening power to complement the private sector's strengths. UNDP has yet to leverage its country support to scale up efforts to engage the private sector, particularly in the LDCs.

51. The enabling environment for private investment in LDCs is evolving and needs a more catalytic thrust to de-risk and troubleshoot efforts to blend local and foreign private capital with concessional funds. UNDP recognizes the importance of new and alternative financial instruments for facilitating development financing. But such instruments need to be fully supported by Governments in order to be successful. UNDP is well suited to facilitate greater private sector participation and galvanize key actors. It is critical that UNDP develop robust and appropriate tools to enable private sector engagement in the LDCs.

Conclusion 3. In conflict-affected and post-conflict countries, the UNDP role and contribution in economic revitalization have been important. Community-level income-generation initiatives played a vital role in enabling temporary benefits to affected populations. While early conflict recovery contexts are conducive to short-term, stop-gap job-creation activities, sustainable long-term poverty reduction required medium- and

longer-term income-generation efforts earlier in the crisis recovery cycle. Also, lack of adequate attention to the interlinking dimensions of multiple fragilities and the challenges of income-generation capacities and investments reduced the contribution to poverty reduction processes in fragile contexts.

52. For poverty reduction outcomes, economic revitalization efforts need a phased approach linked to longer-term efforts to address structural challenges of employment and income-generation capacities and investments. In the absence of such efforts, UNDP economic revitalization programmes in conflict-affected LDCs have paid only limited poverty reduction dividends.

53. There are strong linkages between multiple fragilities such as poverty, drought and conflict that exacerbate one another, calling for a more integrated response. UNDP supported each of these areas individually but did not address intersecting linkages among multiple fragilities. Instead of bringing attention to linkages among different fragilities in increasing poverty and conflict, UNDP was often co-opted into the funding mechanisms and their focus.

54. Fragmentation of funding sources and donor priorities posed challenges to the promotion of integrated initiatives and longer-term focus. Donors recognize the benefits of supporting programme strategies that are holistic and have a medium- to longer-term perspective in employment and livelihood creation. However, funding in post-conflict contexts continues to be dominated by humanitarian assistance. To better contribute to addressing poverty drivers of conflict, UNDP needs larger and more predictable programme budgets within more balanced humanitarian-development initiatives.

Conclusion 4. Inclusive growth and employment projects in LDCs could not generate scalable and transformative solutions for enhancing productive capacities. Interventions such as micro-enterprise and value chain development necessitate multi-pronged initiatives, spanning from support to community-level enterprise development to market linkages to integration and scaling up. Most initiatives did not combine and integrate these multiple aspects, resulting in limited country-level outcomes.

55. UNDP programmes addressed pro-poor inclusive growth issues and targeted the most backward development regions in its programme support. UNDP was more successful in enabling short-term employment generation at the community level. However, establishing linkages between successful community-level work and upstream policy and programme processes was more challenging, reducing the sustainability of the outcomes achieved. Initiatives that are a small component of a set of initiatives needed for promoting employment opportunities or productive capacities have proved to have limited outcomes. UNDP has yet to utilize its cross-country experience, community-level insights and close partnership with government for a more strategic engagement in enabling sustainable income-generation solutions.

56. While UNDP resources are not sufficient to address the full range of issues, these were not supplemented by forging partnerships at the formative stage of programmes. UNDP was more successful when the appropriate programmatic partnerships were established to anchor the programme models in national or donor programmes. In their absence, even strong programme models remained one-off initiatives.

Conclusion 5. The UNDP contribution to sustainable livelihoods is often insufficient to make a visible difference in many LDCs, due to the small scale of its work in relation to the magnitude of the problems. Also, UNDP did not pay sufficient attention to consolidating its community-level sustainable livelihood activities in the environment and climate change adaptation areas. Although the UNDP integrated sustainable development approach, which brings together different elements of poverty reduction, is a well-thought-through strategy, it has to be fully translated into practice.

57. In UNDP, while there is greater recognition of the criticality of a programmatic approach addressing intersecting dimensions of sustainable development, this has yet to manifest into programming in the LDCs, particularly specific efforts to leverage the synergies between complementary areas of poverty reduction. Three years into the Sustainable Development Goal period, initiatives under various themes of the sustainable development pathways area remain fragmented. UNDP did not build on its comparative advantage of having simultaneous and complementary programmes in inclusive growth and sustainable livelihoods to better position itself to inform national policies or other large donor initiatives. Siloed approaches are undermining the UNDP contribution to and potential for greater policy influence. The emphasis on interlinking and transformative elements of the signature solutions in the ongoing Strategic Plan, 2018-2021 seeks to address this limitation. However, country offices need practical programme models that would enable them to build on the synergies among different programme areas.

Conclusion 6. A huge gap is often found between UNDP corporate policy intent and actual programming and resources. Lack of selectivity in programme choices with regard to regular resources, inadequate resource mobilization to close programme funding gaps, and insufficient strategic programmatic partnerships have undermined the UNDP contribution. Domain expertise is critical for attracting other (non-core) resources for programming, but UNDP has yet to make choices of areas in which it needs to strengthen its technical depth.

58. Since its mandate is broad, UNDP has programmes in a number of poverty reduction areas, a role dependent on the availability of adequate and consistent funding. Current regular resources do not support such a role. Although UNDP supported a range of areas, its efforts have had poor traction due to the fragmentation of its initiatives and engaging in low-end activities rather than a comprehensive response to address structural poverty reduction issues.

59. To enable sustainable solutions, it is critical to identify emerging areas where UNDP can be well positioned to support national efforts. UNDP has yet to go beyond broad areas it has identified to develop well-thought-through income-generation and sustainable livelihood solutions that can be applied with necessary country-specific adaptation. By responding to national needs and priorities in an open-ended way, UNDP is inadvertently conveying its lack of focus and specialization. The generalist image is undermining the contribution and thought leadership of UNDP. The repositioning of UNDP in the Strategic Plan, 2018-2021 to address structural challenges to poverty reduction and provide transformative solutions provides opportunities to further harness the organization's country-level role and retool its technical capacities.

Conclusion 7. Resource investment towards gender equality and women's empowerment has been significantly reduced. This can undermine the effectiveness of UNDP contributions to promote and enable gender equality in poverty reduction and sustainable development in the LDCs, particularly in Africa.

60. Over the years UNDP has expressed the intention to strengthen gender equality and empowerment of women in programme strategies and planning, but the implementation is limited. Its two-pronged strategy of targeted initiatives and mainstreaming gender across programme areas, while important, remains underresourced. In LDCs, emphasis on mainstreaming gender equality across programme areas in practice did not translate into gender-informed programming. Having women as beneficiaries in UNDP programmes often is considered a substitute for a contribution to gender equality. Given the severity of employment and income-generation challenges for women in the LDCs, there is more scope to inform gender-sensitive national programmes that address the barriers women face in engaging in productive activities and labour markets.

Conclusion 8. UNDP support to LDC graduation issues tends to be reactive and based on specific demands. Given the uneven prioritization of graduation-related development issues, there is considerable need for policy support and advocacy, especially in addressing non-income dimensions of graduation.

61. UNDP has provided poverty-related support to LDCs, which has contributed to their graduation efforts, and technical support to United Nations Secretariat units tasked with assisting LDCs in their transition to middle-income status. Nevertheless, UNDP has yet to play a more structured role in supporting the smooth and sustainable transition of graduating LDCs to middle-income status. It is not evident that UNDP was able to leverage its country programme presence to provide strategic support that accelerated graduation processes. As the LDC graduation process continues to accelerate, there is a need for policy support and advocacy, especially in addressing non-income dimensions of graduation.

62. Countries approaching graduation or in the post-graduation transitional stages have special needs which require further attention in country programmes. Loss of market access preferences calls for competitive progression and diversification of sectors and maintaining the growth trajectory without market preferences. Graduating LDCs need support for enhancing their productive capacities in employment and livelihood creation and mobilizing adequate resources to compensate for the withdrawal of concessional finance.

V. Recommendations

63. The recommendations presented here are in keeping with the vision and expectations set out in the UNDP Strategic Plan, 2018-2021.

Recommendation 1. UNDP should consider a more consistent engagement in a set of poverty reduction subthemes. While engaging different types of programme support, UNDP country programmes should make a distinction between demand-driven services and programmatic engagement, with adequate emphasis on the latter.

64. At the corporate and country levels, over the years UNDP has engaged in a range of poverty reduction areas and approaches, some of which lacked consistency in prioritization and engagement. In the LDCs, country programmes should seek opportunities for more substantive programmatic engagement on poverty reduction, developing more realistic medium- to long-term frameworks for inclusive growth and employment. UNDP should undertake an analysis of areas that should receive priority for medium to long-term engagement. Country offices should emphasize more substantive programmatic engagement with scaling potential.

65. Moving forward, UNDP should clarify its focus in the LDCs and outline LDC-specific pro-poor solutions, particularly in Africa where the rate of poverty reduction has been the slowest. In the coming years, since most LDCs will be in Africa, UNDP needs a deliberate programme prioritization for its engagement on key inclusive growth and sustainable livelihood issues.

Recommendation 2. UNDP should better define for government counterparts the poverty reduction areas where it intends to stake out a strong technical support role and detail the substantive tools and solutions towards sustainable income generation and livelihoods it can provide.

66. The poverty signature solution and emphasis on intersecting dimensions provide much-needed impetus towards integrated programming. However, poverty reduction is a vast and complex area of support and UNDP needs to be more specific about the solutions with intersecting elements it can provide, particularly those specific to LDC contexts.

Country offices need concrete and simplified integrated signature solutions for implementation and buy-in by Governments.

67. Programme areas such as inclusive business and markets, private finance and impact investments, which enable structural transformation in income generation and employment, require UNDP to retain in-house technical proficiency. UNDP should accelerate the pace of action in these areas to enhance its role and contribution to poverty reduction.

Recommendation 3. UNDP should demonstrate global leadership in the development and use of multi-dimensional poverty indices.

68. UNDP has pioneered several indices on human development, inequality and multi-dimensional poverty. Efforts should be made to further strengthen the work on indices at global and country levels, given their salience for measuring and reporting progress on the Sustainable Development Goals and advocating transformative principles of equality and human development. A related area, critical for Goal monitoring and reporting, is national statistics; UNDP should consider more engagement for improving statistical capacities in countries considered to have low statistical capacity, especially in Africa.

69. There has been a reduction in the publication of national human development reports. UNDP should renew its emphasis on these reports as a policy tool on critical Sustainable Development Goal themes. Country offices should be provided adequate guidance on coverage of Goal-related themes and principles.

Recommendation 4. UNDP should increase the pace and thrust of its support to private sector development and impact investment in LDCs. Given the structural constraints in harnessing market opportunities, innovative private sector finance tools should be improvised and promoted in LDC contexts.

70. UNDP has shown strong commitment to supporting private sector development and impact investment. LDCs require flexible tools that are fit for purpose and can maximize the impacts of partnership in less enabling policy environments. UNDP should take concrete measures to adapt its tested private sector development and impact investment practices to LDC contexts, capacities and regulatory environments.

71. Instead of leaving it open-ended, UNDP should ideate private sector development that targets specific gaps in inclusive growth and employment in sectors most prevalent in LDCs, for example, agriculture and related sectors. With the commencement of the country-level integrator platforms, UNDP should use a mix of tools, both financial and non-financial, to engage the private sector for poverty reduction. The potential of the private sector needs to be harnessed in crisis contexts as well. Sufficient measures are needed to engage investments to support reconstruction and long-term development, to create sustainable opportunities for livelihood and employment.

72. UNDP should partner with financial intermediaries that are expanding their businesses in areas of UNDP support. UNDP should strategize to use its United Nations integrator role at the country level to facilitate impact investment.

Recommendation 5. Further emphasis is needed to enable linkages between UNDP community-level sustainable livelihood programmes and rural poverty alleviation policies in LDCs. While fulfilling respective funding stream commitments, synergies between various sustainable livelihood interventions under the GEF and GCF in country programmes need to be strengthened. UNDP should take measures to leverage this important area of its work to better inform government policies and programmes.

73. UNDP should take sufficient measures to build synergies between its initiatives in the environment portfolio to better inform national policy processes. Opportunities to build on these initiatives are immense and currently underutilized. UNDP needs to walk

the extra mile to build on these initiatives to engage in public policy processes on sustainable livelihoods.

Recommendation 6. Bridging the humanitarian and development divide for more sustainable poverty reduction should be systematically pursued in crisis and post-crisis contexts. UNDP should also pay sufficient attention to intersecting vulnerabilities that reverse poverty reduction outcomes.

74. For sustainable poverty reduction dividends, UNDP should systematize the New Way of Working in its post-conflict economic revitalization support to bridge the humanitarian and development divide.

75. Many post-conflict LDC contexts include fragilities such as droughts, floods and other recurring natural disasters, in addition to conflict, significant regional disparities, poverty and underdevelopment. These intersecting vulnerabilities in the context of multiple crises and fragilities must inform UNDP poverty reduction and post-conflict programming.

Recommendation 7. Partnerships for poverty reduction at the global and country levels should be pursued as a strategic programming option. UNDP should expand promising partnerships with United Nations and other development agencies that substantively and practically enhance its poverty-related programming in LDCs, especially to scale up pilot and community-level initiatives.

76. Across UNDP programme areas there are examples of partnerships with United Nations agencies at the global and country levels, at times guided by a formal agreement. There is, however, considerable scope for strengthening programmatic partnerships with United Nations agencies in areas such as value chain support and food security. In work on productive capacities and value chains, it is critical to work with partners because unless all areas of the value chain (production to marketing) are covered, the outcomes for sustainable income generation will be limited.

77. UNDP should proactively seek programmatic partnerships with bilateral donors in areas where it can complement their poverty reduction support. Similarly, where possible UNDP should expand its efforts to forge partnerships with the World Bank and regional banks in areas such as sustainable livelihoods and employment.

Recommendation 8. UNDP should pay further attention to strengthen gender-responsive poverty reduction policy processes. There is a need for more dedicated resources and commitment to gender equality and women's empowerment in the LDCs.

78. Considering the programmatic engagement of UNDP across key development areas, gender equality and women's empowerment should be prioritized irrespective of initiatives by other specialized agencies. Given the emphasis on mainstreaming, UNDP should have well-clarified sectoral strategies for enhancing women's productive capacities and livelihoods to ensure that gender is not exaggeratedly subsumed under a mainstreaming approach.

Recommendation 9. UNDP should take steps to enhance its programming on youth employment and empowerment.

79. Considering the burgeoning young population across LDCs, UNDP should consider a more strategic approach to mainstreaming youth employment issues in its poverty reduction support. As part of the signature solutions, UNDP should consider support to LDCs to address youth employment comprehensively. Youth employment should be considered as a strand of private sector engagement.