

Executive Board of Undp/unfpa/unops

Annual session, 6-10 JUNE 2016

**UNDP management response to the:**

1. **2015 Annual Report of the Office of Audit and Investigations (DP/2016/16)**
2. **2015 Annual Report on Evaluation (DP/2016/13)**
3. **2015 Annual Report of the Audit Advisory Committee (Annex- DP/2016/16); and**
4. **2015 Annual Report of the Ethics Office (DP/2016/17)**

**Introduction**

1. This report is UNDP’s management response to the main recurring risks and matters highlighted in the 2015 Annual Reports of the Office of Audit and Investigations (OAI) DP/2016/16, Independent Evaluations Office- DP/2016/13, Ethics Office – DP/2016/17, and the Audit Advisory Committee (AAC) Annex to DP/2016/16. The 2015 OAI annual report includes UNDP, UNCDF and UNV audits.
2. The Administrator and the Associate Administrator of UNDP, give the highest priority to recommendations of the AAC and Independent Oversight Offices and implementation of all recommendations are closely monitored by senior management. UNDP supports the disclosure of audit reports, which has contributed to the organization being rated the most transparent entity two years in a row according to the International Aid Transparency Index – which sets a common global benchmark for more timely, accurate and comprehensive aid information. UNDP maintained this ranking in the 2016 Index which ranks 46 aid organisations in total, and was the only organisation to score above 90% on the 2016 Index
3. **Management response to key audit risks identified by OAI in the 2015 Annual Report and response to EB decision 2015/13**
4. Pursuant to EB decision 2015/13 in which the EB noted with concern the number of recurring recommendations and *requested the respective secretariats of UNDP, UNFPA and UNOPS to step up their efforts to achieve the timely, full, complete and sustained implementation of all outstanding and new audit recommendations,* UNDP is pleased to highlight the actions that have been taken to address key recurring risks identified in the 2015 OAI Annual Report.
5. **Country Office (CO) Audits**
6. Programme/ Project Management and HACT (*26 per cent of CO recommendations*): UNDP is undertaking an end-to-end reform of its programming approach in order to address the inter-dependent issues comprehensively. The cornerstone of this reform is UNDP’s new Quality Standards for programming, launched in March 2016 as prescriptive for all programmes and projects following two years of development and extensive piloting. Given the scope of these reforms, management anticipates a 2-3 year implementation period for offices and implementing partners to fully apply them in programming.
7. The 2014 revised HACT framework and 2015 updated operational policies aim to address some of the Implementing Partners (IP) capacity challenges. Implementation is keenly monitored through the regional bureaus.
8. Procurement, Security and General Administration (*22 per cent of CO recommendations*)**:** In implementing a risk based approach to procurement planning, UNDP has established the Procurement Forecasting and Planning Policy that requires consolidated procurement plans only from projects for which a significant portion of the total budget relates to procurement whilst supporting development objectives of the project. Procurement certifications and policy revisions have been undertaken to address concerns raised in the audit of COs. The recently conducted security survey (Dec 2015-Jan 2016) indicated that UNDP offices highlighted in the 2015 OAI report with security weaknesses are now compliant in line with the established standards (Minimum Operating Security Standards).
9. Governance and Strategic Management *(19 per cent of CO recommendations*): To address financial sustainability of offices and appropriateness of office organizational structures, UNDP management is reviewing approaches to enhanced planning with a view to leveraging economies of scale by consolidation at the global and regional levels and building on current and expected future trends by being flexible and adaptable to different models of delivering its mandate.
10. Financial Management (*13 per cent of CO recommendations*): The Office of Financial Resources Management (OFRM) conducts quarterly reviews of long outstanding advances (greater than 6 months) and follows up with the respective CO and Regional Bureau to ensure that corrective action is taken. All other financial management issues highlighted in the 2015 audit reports have been addressed through targeted support to the COs. In its efforts to improve financial management, UNDP is committed to improving the capacities of finance staff globally, in 2015, an additional 108 (248 in 2014) staff had completed Chartered Institute of Public Finance and Accountancy (CIPFA) certification programmes at various levels. Other measures being taken by management to address financial management matters include the implementation of service delivery business models and clustering of services.
11. Human Resources (*11 per cent of CO recommendations*): recurring issues identified in the 2015 OAI audit report will continue to be addressed through improved compliance monitoring, escalation, and training. A suite of measures are being undertaken by UNDP management in order to address issue raised under HR management. These include but are not limited: introduction of an HR Certification in 2016, rollout of e-Recruit, and regular monitoring and reporting on timely completion of PMD.
12. **Global Fund (GF) Audits:** UNDP is an important partner of the Global Fund (GF) in its efforts to manage risk in highly challenging operating environments and is the Principal Recipient (PR) in 24 countries, of which 11 are under the GF’s Additional Safeguards Policy (ASP).[[1]](#footnote-1)[1] UNDP management continues to make substantial investments to continuously and systematically refine risk mitigation and prevention measures that address the operational realities that arise from working in capacity-constrained environments. These interventions specifically respond to OAI audit findings and recommendations and are reviewed periodically by the OPG with the result of no unsatisfactory audit ratings in 2015.

1. **Directly Implemented (DIM) Project Audits:** Management action on most of the issues under DIM project audits have already been elaborated under the CO audits section (a) of this report. Specific matters not responded to relate to Inaccurate recording of expenditures and lack of supporting documents. UNDP management has come up with key indicators in the program/project management quality assurance (QA) standards related to financial monitoring in a bid to address some of the identified weaknesses under inaccurate recording and lack of documents to support expenditure. The revised monitoring policy issued in March 2016 specifically covers aspects of operational monitoring and key monitoring activities that must be carried out under procurement and finance. It is also important to highlight that a number of DIM projects relate to projects implemented through Letters of Agreement (LOA) with National Partners and are not solely UNDP managed projects.
2. **Inter-Agency Audits:** UNDP management notes that in 2015 OAI issued four inter-agency reports as a result of joint or coordinated audit work among the internal audit services of several United Nations organizations (FAO, UNESCO, UNFPA, UNICEF and UNIDO). In addressing the program/project management issues raised in these reports, the project quality assurance improvements noted under section (a) will address most of the issues raised under these audits.
3. Management takes note of the lessons learnt from the inter-agency audits, which highlight the challenges in harmonizing of recording, monitoring and reporting joint activities. UNDP alone cannot implement the inter-agency audit recommendations and collaboration and consensus is required from all participating agencies through the appropriate forums. In applying lessons learnt from inter-agencies audit, management is confident that there will be improvements noted in future audits
4. **HQ Audits** UNDP management welcomes the recommendations made in the 8 HQ audits (of which 5 were performance based audits). Whilst recommendations for some of the audits like Electronic Funds Transfer have been fully implemented, several of the recommendations are complex in nature or require significant investment of time and resources and will therefore take longer to implement (e.g., review of organizational structure of the legal office, rollout of travel and expense module to all offices, and Atlas system enhancements).
5. **Unsatisfactory Audit Ratings**
6. Management takes note of the seven reports (11 per cent) with an ‘unsatisfactory’ rating based on the number of audit reports given an OAI rating. It is important to note that OAI uses a risk based approach to planning its audits most of which will inevitably be in high risk and challenging environments (this applies to a number of the unsatisfactory reports), with a certain level of inherent risks, hence the audit ratings should be considered within this context. The management solutions in such instances are targeted to the specific country office (CO) and contextual environment. Management has taken several measures to address the risks that were identified in the unsatisfactory audit reports including instituting a number of changes in management of projects; closing of some projects; centralizing and consolidating operations and resource mobilization initiatives.
7. **Audits of projects executed by Non-Governmental Organizations (NGO) and/or National Governments**
8. UNDP management recognizes the importance of National Implementation (NIM) modality as a way of ensuring national ownership and sustainability of projects at the country level. UNDP management is pleased to note an improvement in percentage of countries receiving satisfactory ratings between 2013 and 2014 by OAI (assessment of quality of NGO/NIM audit reports) from 75 per cent to 82 per cent and an improvement of 10 per cent of reports submitted by deadline (2013:81 per cent, 2014: 91 per cent). By the end of the year, two country offices had pending reports; one due to ongoing crises and another due to heavy workload of the supreme audit institution mandated to carry out the audits. As of the date of reporting both these reports have been submitted.
9. All projects with modified audit opinions are required to have an action plan in order to address the issues giving rise to the modified opinion. Some of the actions already taken by projects with recurring modified opinions include; strengthening national capacities and being flexible to alternate cash transfer mechanisms and implementation modalities where weaknesses are identified with Implementing Partners.
10. The rollout of the revised HACT framework and operational policies that became effective in 2015 will also strengthen management of NIM projects. It is important to note that where the Implementing Partners are national agencies designated by the governments, the identification and correction of identified weaknesses will be handled with the required sensitivity.
11. **Follow up on long outstanding audit recommendations**
12. UNDP management monitors implementation of OAI audit recommendations through the OPG chaired by the Associate Administrator. Management is pleased to note the 85% implementation rate of recommendations issued over the past 3 years in line with corporate targets. As of 21 March 2016 the number of recommendations older than 18 months has increased from 50 as at end of December 2015 to 77 (excluding delivering as one recommendations as did OAI in their report (2015: 47). An analysis of the oldest recommendations pertaining to 2013 audits indicate unique contextual factors that have contributed to the delays e.g. inability to recover funds from unsupported expenditure from implementing partners; outstanding PMDs staff from staff that have separated; negotiations with donors on pending refunds etc. These recommendations may require a different approach to resolution from the initial recommendation thus dialogue and flexibility in addressing residual risks may be required from both OAI and management. Accountability for timely implementation of internal audit recommendations rests within the regional and central bureaus. All offices and HQ units with long outstanding recommendations are working to close the recommendations and senior management is keenly monitoring implementation on a regular basis.
13. **Investigations and Complaints received and response to Executive Board decision 2014/21 and 2015/13 (requesting disclosure of financial loss recovery)**
14. The Annual Report on Disciplinary Measures and Other Actions taken in response to fraud, corruption and other wrongdoings shared by UNDP’s Administrator as well as the Ethics trainings carried out on a regular basis to UNDP staff sensitizes staff on the types of issues that staff should report with a resulting increase in the number of reported cases. Management notes a 24% increase in number of presumptive fraud, new cases opened for investigations (2015:370; 2014:299). It is important to highlight that an increase in reported new cases does not necessarily correlate with an increase in substantiated cases but reflects the openness and trust that staff have in reporting concerns. Of the 328 cases closed during the year, 50 (15 per cent) were substantiated in 2015 (2014-59 cases; 18 per cent), reflecting a decrease of 3% in substantiated cases from 2014 to 2015. An increase in new investigations cases should therefore be viewed as a positive indicator of confidence by staff in reporting cases. This is supported by the last Global Staff survey carried out (2014) in which 71% of staff indicated that they would feel comfortable reporting unethical behavior.
15. Procurement fraud remains the highest category of newly reported (31%) as well as substantiated cases (18 cases; 36 per cent). The introduction of eTendering will assist in reducing instances of procurement fraud due to the visibility provided through the system audit trail. In 2015, UNDP successfully conducted proactive investigations to mitigate risk of procurement related fraud with resulting identification of alleged procurement. Actions taken by the Vendor Review Committee against vendors with substantiated frauds also act as a deterrent. Management has taken steps towards bringing procurement support and oversight closer to the country offices through the recent structural change whereby regional hubs and centralized teams based in Copenhagen support offices in conducting high risk, high value procurements. Management has taken a risk-based approach in identifying countries that need closer monitoring and support and is looking into the option of recentralization of procurement to the Procurement Support Unit (PSU) New York until remedial actions have been undertaken by the country office with negative audit ratings and substantiated investigations on procurement.
16. There are a number of challenges in seeking recovery of funds. In cases of proven fraud involving staff members, deductions can be made from their final emoluments to recover the amount defrauded, provided that those final emoluments are sufficient. If not (or if the ex-staff member has already received his/her emoluments), it is difficult to make full recovery without the ex-staff member’s consent. UN Joint Staff Pension Fund entitlements are not automatically available to UNDP to satisfy the amount owing. For fraud involving non-staff and companies, recovery is wholly reliant on the assistance of national governments concerned and UNDP has no means of its own to recover the amounts defrauded. UNDP management has established a task force to look into ways of increasing recovery of funds from substantiated losses on a timely basis and the group has already began its deliberations.
17. OAIs overall audit opinion -2015: In June 2015, the executive board requested the internal audit and investigation offices to include in future annual reports*:” (a) an opinion, based on the scope of work undertaken, on the adequacy and effectiveness of the organizations’ framework of governance, risk management and control; (b) a concise summary of work and the criteria that support the opinion; and (c) a statement of conformance with the internal audit standards being adhered to*….”
18. Noting that this requirement was based on a June 2015 EB decision at a time that OAI had finalized its work plan for the year with a leaning towards COs and Projects with high risk in line with its risk planning methodology, management is of the view that the basis of the 2015 audit opinion may not have been representative of UNDP’s holistic risk profile. Nevertheless, management has had discussions and deliberations with OAI and welcome their opinion, noting that there is room for improvement in the methodology and approach of arriving at this opinion in the coming years.
19. **Management commentaries on the 2015 Annual Report on Evaluation**

**Background**

1. The commentaries submitted herewith provide a UNDP management perspective on the results presented in the 2015 Annual Report on Evaluation in UNDP (DP/2016/13). Additionally, these commentaries also present a summary of the activity of decentralized evaluation and an update on the implementation status of related management responses.
2. In September 2014, the Executive Board adopted decision 2014/14 on the Annual Report on Evaluation, 2013, urging UNDP to “address in a timely manner the findings and recommendations from the annual report on evaluation, with a view towards improving programme performance, effectiveness and efficiency”. The Board also recognized “the progress of UNDP in developing management responses for all evaluations carried out by the Independent Evaluation Office of UNDP, and requests UNDP to explain the level of completed actions in the future management commentaries on the annual report on evaluation”.
3. The evaluations conducted by the Evaluation Office and by UNDP programme units in 2015, and the related management responses, as well as the status updates on implementation of commitments made in those responses are available through the [Evaluation Resource Centre](http://erc.undp.org/index.html;jsessionid=2825BA456DA1408C7BC53F6267CDC59E) database (ERC).
4. **Status of Evaluation recommendations and Management Responses**
5. Overall, UNDP notes that progress continues to be made, with the comparison of data from the Evaluation Resource Center showing a higher rate of compliance with management response requirement (86% of evaluations had a management response in 2015 as compared to 78% in 2014). The integrated results review exercise undertaken by UNDP in 2015 to improve quality of evidence across all country offices, in part contributed to this increase in submission of management responses. Implementation of management responses has also improved, with only 15 per cent of the planned key actions that passed the indicated due dates in 2015 as compared to 29 percent of overdue actions in 2014.

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| **FOLLOW-UP TO DECENTRALIZED EVALUATIONS**  |
| **Year**  | **No. of Evaluations** | **Mgmt. Response Status** | **No. of Key Actions** | **STATUS OF KEY ACTIONS** |
| **Sum of Completed** | **Sum of Ongoing** | **Sum of No Longer Applicable** | **Sum of Overdue** | **Sum of Not Initiated** |
| **2014** | **228** | **180** | **1,379** | **305** | **456** | **16** | **403** | **199** |
| **2015** | **241** | **207** | **1,805** | **379** | **901** | **18** | **271** | **253** |
| ***\*based on data reported in Evaluation Resource Centre***  |

1. UNDP reaffirms its commitment to address in a timely manner the findings and recommendations from the annual report on evaluation and to achieve full evaluation compliance across all units. UNDP management further commits to undertaking sustained efforts to tackle the implementation of management response key actions, in particular the overdue key management response actions.

**B. Decentralized evaluation**

**Focus on the quality of decentralized evaluations**

***Evaluation capacities of Country offices and Headquarters Units***

1. In 2015, 56 per cent of country offices reported the presence of at least one M&E specialist. Based on the data from the Results-Oriented Annual Report, 84% of country offices report measures to improve data collection and monitoring. 35% of country offices recruited short term external support to provide evaluation expertise, 26% of country offices strengthened role of evaluation staff for country office, and 27% of country offices established collaborations and/ or working modalities with international, national, sub- national evaluation associations and entities, to benefit from their capacities.
2. The Joint Inspection Unit Review of the Evaluation Function in the UN system released in January 2015 rated UNDP as top performer on all five parameters including independence, reliability, relevance, enabling environment and utility of evaluations, with the latter scoring slightly lower than the other four. To improve utility of decentralized evaluations, the ROAR added in 2015 a dedicated section to this purpose, giving COs the possibility to reflect on the evaluation recommendations and their relevance to future programming. According to the data reported, out of the **3,762** recommendations given by independent evaluators to project and outcome evaluations in 2014 and 2015, **68 % (2,564)** were viewed as supported by an evidential basis, credible and practical, only half of them being action-oriented, and with potential to be used in decision making. The remaining **32% (1,198)** of recommendations were assessed as not being supported by an evidential basis, and not being credible enough to be used in decision making, which points to the importance of continuing efforts to strengthen the quality of decentralized evaluations..
3. Starting from 2014, decentralized evaluation capacities at country level are being further enhanced by dedicated results-based management advisors placed in UNDP regional service centers. UNDP reaffirms its commitment to further strengthen the country office and Headquarters Bureau evaluation capacities through training, certification and development of quality assurance and support systems for decentralized evaluation.
4. UNDP management welcomes the IEO commitment to resume the quality assessment system in 2016 (currently suspended) in order to strengthen the monitoring of UNDP’s efforts. Information from previous years showed a steady increase in the quality of decentralized evaluations since the quality ratings were first introduced in 2011. The number of reports rated as moderately unsatisfactory has been cut in half since 2011, and the number of evaluations judged to be satisfactory has increased every year. Resumption of the quality assessment will help support the continuation of this positive trend in the steady improvement of decentralized evaluations.

**Quality of decentralized evaluations vs. total number of decentralized evaluations[[2]](#footnote-2)**

1. The measures that UNDP has identified as critical for improving the quality of evaluations include the following: (a) a consistent management demand for and better use of evaluations; (b) better oversight and support by regional bureaus, resulting in improved adherence by country offices to evaluation plans, and improved evaluation management; and (c) leveraging accumulated experience in conducting evaluations. Through these steps, UNDP will continue to demonstrate its firm commitment to improve the quality of decentralized evaluations, as well as to strengthen their utility for organizational performance and the relevance of UNDP support.
2. UNDP notes the IEO statement that UNDP should reach a 1 per cent threshold for total evaluation expenditures, in line with the commitments being set by other United Nations organisations, and advises that UNDP’s revised programme and project monitoring policy, approved in February 2016, specifies that a minimum of 1% of annual programme expenditures must be spent on monitoring and evaluation. Based on data from the Results-Oriented Annual Report, preceding the new policy, 64% of country offices spent from 1 to 3% of their 2015 budget on activities related to monitoring and evaluation
3. **Other Evaluation Activities**

*ADRs*

1. UNDP places high importance on the Assessment of Development Results (ADRs) which provide a comprehensive assessment of UNDP’s work at the country level and inform the preparation of subsequent country programmes. UNDP welcomes the finding that overall the assessments undertaken in 2015 confirmed that UNDP interventions were relevant and aligned with national development priorities. UNDP notes, however, that only two of the ADR processes for 2015 have resulted in the full completion of the ADR reports. In order to strengthen future Assessments for Development Results, UNDP looks forward to the further development of the methodology for efficiency analysis, noting that the methodology should be consistent with UNDP’s Quality Standards for Programming and follow Decision 2015/8 requesting the IEO to “develop a practical strategy for improved evaluation coverage of country programmes at their conclusion to inform the preparation of subsequent country programmes, to be included in the annual costed programme of work for the consideration of the members of the Executive Board;”.

*Joint evaluations*

1. UNDP management notes with satisfaction that the IEO is conducting joint evaluations with key partners. Such evaluations are important instruments for assessing the effectiveness of joint approaches to achieving results, and should be continued to foster coherence and synergies among the agencies, funds and programmes of the United Nations development system.

*Evaluation Advisory Panel*

1. UNDP management welcomes the initiative by the Evaluation Office in 2013 to establish an Evaluation Advisory Panel. Consistent with the increasing emphasis on evaluation quality, UNDP would welcome opportunities to share and discuss the results of the panel’s work, particularly the reports and observations that directly relate to UNDP’s evaluations.

*Support to regional and national evaluation capacity*

1. In 2015, UNDP country offices continued to actively engage with national counterparts in a range of activities to support national capacity for results-based management, including national capacities to collect, collate and analyze evaluative evidence. Together with the IEO UNDP launched a global project to strengthen the evaluation function and support programme countries in building their national evaluation capacities.
2. **Status of implementation of Management Response commitments for independent evaluations completed in 2012, 2013 and 2014:**

The status of management response actions committed to within independent evaluations is briefly summarized below. Details of UNDP commitments to address issues identified in these evaluations can be found in the full management response reports available in the Evaluation Resource Center.

1. **The Evaluation of the UNDP strategic plan, 2008-2013.** *(Completed in 2012)* The UNDP strategic plan set a clear direction for UNDP and provided a stronger results framework against which to monitor and report UNDP results. UNDP built on the significant efforts to date with regard to key areas such as sustainable development, inclusive governance, resilience building, gender and capacity development, to ensure that lessons from mainstreaming and integrated programming, including for more sustainable results, are fully absorbed and factored into new programming. UNDP committed to implement 11 key actions, of which 9 were completed or are ongoing with no due date as of end of March 2016 With the adoption of the new quality assurance system for programmes and projects, monitoring policy, strategy for strengthening the decentralized evaluation function and revised results reporting tools, UNDP is now sharing its expertise with other funds and programmes. UNDP’s approach explicitly recognized critical trade-offs related inter alia to being demand-driven, decentralized, and focused on national ownership, results and sustainability, and designed internal strategies to address those trade-offs. UNDP also uses the new Integrated Results and Resources Framework (IRRF) of the new Strategic Plan to produce annually a progress Report Card that uses traffic lights and integrates development results with expenditures. In the preparation of the Mid Term Review of the Strategic Plan, UNDP produced a performance factor analysis and compiled lessons from ROARs and evaluations to support learning in the organization and more effective interventions for development.

**Thematic Evaluations**

*Status of Management Response commitments for thematic evaluations completed in 2012:*

1. The **Evaluation of UNDP support to strengthening electoral systems and processes** provided a comprehensive and positive review of UNDP’s role and achievements in electoral assistance. At the same time, the evaluation pointed to certain areas where UNDP needed to strengthen its impact. UNDP committed to implementing 26 key actions, of which 23 had been completed or ongoing with no due date as of end March 2016. UNDP has taken several steps to address the recommendations, including measures to improve coordination and lessons learned between regional and country levels and across regional bureaux, ensure the availability of electoral policies and guidance, as well as provide induction courses that include sessions on electoral assistance and the role of the UN Department for Political Affairs. Two lessons learned studies were completed on the longer-term impact of UNDP electoral assistance and on gender mainstreaming in electoral assistance, along with encouraging South-South peer exchanges.
2. The **Evaluation of UNDP partnerships with global funds and philanthropic foundations** recognized that partnering with global funds is strategically important to UNDP in budgetary and substantive terms. It established that UNDP had demonstrated its ability to perform effectively, to meet the rigorous standards set by funds, and to develop innovative approaches to development and administrative challenges. In the management response, UNDP committed to implementing 17 key actions, of which 17 (or 100%) have been completed or ongoing with no due date as of end March 2016. Following up on the action plan for the UNDP strategy for engagement with philanthropic organizations, the Bureau for External Relations and Advocacy (BERA) and BPPS, initiated a strategic dialogue, in line with the evaluation’s recommendations, and in consultation with partners such as UN DESA, OECD, Worldwide Initiatives for Grant maker Support (WINGS) and the Rockefeller Foundation.

*Status of Management Response commitments for thematic evaluations completed in 2013:*

1. In response to the 10 recommendations of the **Evaluation of UNDP support to conflict-affected countries in the context of United Nations peace operations**, UNDP committed to implementing 35 key actions, of which 30 have been completed or ongoing with no due date, and 3 are no longer applicable as of end March 2016. UNDP has revised its conflict-related development analysis (CDA) tool and piloted its application in crisis-affected countries. UNDP undertook systematic conflict analysis in Myanmar, Yemen, Afghanistan, and established Early Warning/Early Action systems. UNDP reached out to UN agencies and partners to forge synergies between the CDA and other conflict analysis and assessment tools such as post-conflict needs assessments and the New Deal fragility assessments. Also, UNDP contributed to the revision of guidelines on the UN Integrated Mission Planning underlining UNDP’s central role in planning processes. Based on lessons learned in 15 countries, UNDP has developed guidance notes with practical suggestions for the design, planning and implementation of post-crisis recovery programmes. The Multi-Partner Trust Fund Office, in cooperation with the Peacebuilding Support Office, conducted a mapping exercise of the UN pooled/inter-agency financing mechanisms available in transition countries. The UN-wide policy on integrated mission transition was finalized in February 2013.
2. The **Evaluation of UNDP contribution to poverty reduction** found that UNDP took a pragmatic, flexible approach to poverty reduction. It found that, overall UNDP’s approach had advanced the poverty eradication agenda by being country-specific, and had influenced the poverty eradication agenda by introducing a multidimensional human development perspective. The evaluation cited evidence that, “when given the opportunity”, UNDP “effectively supported national efforts aimed at capacity development for evidence-based pro-poor policy making.” In response to 4 recommendations, UNDP committed to implementing 15 key actions, of which 13 have been completed as of end March 2016. Results-oriented Annual Reports increasingly captured partnerships with civil society and academia, for instance on the occasions of the rollout of the MDG Acceleration Framework (MAF) or in the context of the post-2015 development framework discussions, in particular in the national, thematic and global consultations and outreach efforts through the My World initiative. According to the Strategic Plan (2014-2017) and the Integrated Results and Resources Framework (IRRF), UNDP committed itself to supporting through all its work global efforts deployed for simultaneous eradication of poverty and significant reduction in inequality and exclusion.
3. **Evaluation of UNDP contribution to South-South and Triangular Cooperation**: As a follow-up to UNDP’s Management Response to the Evaluation of UNDP Contribution to South-South and Triangular Cooperation (2008-2011) report, UNDP has addressed all of five recommendations in the report. UNDP committed to implementing 21 key actions, of which 21 (or 100%) have been completed or are ongoing with no due date as of end March 2016. UNDP’s Strategic Plan (2014-2017) has prioritized South-South and Triangular Cooperation (SSC and TrC) as a core way of working within UNDP’s programmes and operations at the global, regional and country levels, based on their guiding principles and without substituting other partnership options. UNDP’s strategic roles in support of SSC and TrC are seen as that of a knowledge broker, builder of capacities and facilitator of exchanges driven primarily by programme countries themselves.
4. UNDP developed a draft corporate strategy on South-South and Triangular Cooperation (SSC and TrC) as part of its Strategic Plan (2014-2017), and in response to the Joint Inspection Unit Report and to the Independent Evaluation of UNDP’s Contribution to South-South and Triangular Cooperation (2008-2011). The Strategy re-thinks UNDP’s corporate approach to SSC and TrC, recognizing the critical role of national capacity to engage in SSC and the importance of universal access to knowledge as a development multiplier for accelerating the achievement of the 2030 Agenda and bridging needs with available development solutions while supporting their implementation.

**Evaluation of Global Programme**

1. **The Evaluation of the fourth UNDP Global Programme** *(completed in 2012)* acknowledges that the contribution of the programme was important for global policy debates and for shaping multilateral forums, using cross-country evidence and articulating proposals for the 2010 High-Level Plenary Meeting of the General Assembly. The evaluation found that cross-practice work had improved in the key thematic areas, despite some limitations in systematically promoting and institutionalizing such work. As the evaluation noted, some activities lent more to cross-practice collaboration than others. The new Global Programme provides better and more integrated programme-focused policy advice to be more effective in helping countries respond to increasingly complex and interconnected development challenges. Mid-term review of the Global Programme (2014-2017), notes that the new programme pays attention to recommendation 4, with focus on UNDP meeting its commitments under the Gender Equality Strategy 2014-2017 along with strengthening integrated policy and programme support to COs (recommendation 5).

UNDP committed to implementing 24 key actions, of which 24 (or 100%) have been completed or ongoing with no due date as of end March 2016.

**Evaluation of Regional Programmes**

*Status of Management Response commitments for evaluations of Regional Programmes completed in 2012:*

1. **The Evaluation of the regional programme for Asia and the Pacific** concluded that the programme was highly relevant, had addressed critical regional development challenges and had made important strides to incorporate gender mainstreaming into policy, programming and implementation. In line with the evaluation recommendations, the new regional programme is implemented through a more institutionalized cross-practice approach, drawing from opportunities such as South-South cooperation. At the policy level the regional programme has supported South countries to have stronger negotiating power when defining the parameters and targets of the SDGs and is developing new mechanisms for South-South cooperation. The Regional Programme has also provided support to governments in managing the complexity of development finance flows through the application of newly updated methodology for Development Finance Assessments (DFAs), with DFAs initiated or completed in 2015 in Lao PDR, Bangladesh, Fiji and Myanmar, alongside DFAs already completed in Papua New Guinea, Philippines and Viet Nam.

UNDP committed to implementing 22 key actions, of which all 22 (or 100%) have been completed as of end March 2016.

1. **The Evaluation of the Regional Programme for Europe and the Commonwealth of Independent States** concluded that the programme had tangible results in the areas of climate change, social inclusion and local development. The new regional programme is more focused with a limited number of thematic areas, tailored to specific sub-regional and country needs. The recommendation related to funding gaps is regarded as partially relevant, as in 2014-15, the Istanbul Regional Hub has mobilized more than US $57.9 million for various regional initiatives, which formally exceeds the non-core target for the whole RP 2014-17 set at the level of US$40 million. In 2015, the regional bureaux and Bureau of External Relations and Advocacy (BERA) worked together to develop a new service line on resource mobilization support for country offices, including a regional partnerships newsletter; on-demand donor landscape mappings; support to proposal development and finalization; advisory services on access to funding opportunities and liaison with emerging donors, especially the Russian Federation, Slovakia, Romania, Czech Republic and the Turkey-UNDP Partnership in Development Programme.

UNDP committed to implementing 19 key actions, of which all 19 (or 100%) have been completed or initiated as of end March 2016.

1. **The Evaluation of the regional programme for Latin America and the Caribbean** concluded the programme to be relevant and effective in terms of contributions made in the region, generation of knowledge, positioning for South-South cooperation and mobilization of resources for country offices. The new regional programme focuses on a limited number of strategic issues related to sustainable development and resilience, with the main emphasis on increasing policy and technical advice, capacity development, knowledge brokering and partnership building. Country Offices were provided policy advice on gender-sensitive social protection floors and policy development on the care economy. Direct support was also given in policy development and capacity building for government officials was also provided with regards to gender mainstreaming in the areas of disaster risk reduction, climate change adaptation, and environment. With regards to sustainable development, UNDP was a key partner in the region. USD 135 million were mobilized for country offices, and support was provided to climate change public policies in 22 countries, 14 normative frameworks, and 31 national and local plans.

UNDP committed to implementing 17 key actions, of which 5 have been completed as of end March 2016.

1. **The** **Evaluation of the regional programme for Africa** concluded the programme to be relevant, effective, strategically positioned and responsive to emerging issues such as the food crisis. In line with evaluation recommendations, in the medium term, RBA has committed to developing innovative ways to support collaboration between regional and global advisory functions that are responsive to African priorities; giving more attention to African knowledge products during project formulation; designing a knowledge management and communication strategy to capture good practices in Africa; and using successful African pilot projects as the basis for scaling-up global initiatives. To ensure sustainability, specific projects are anchored in relevant continental regional institutions, but with prior agreement to a single entry point; (b) situated in a country office, especially for multi-country initiatives; and (c) located within the Regional Bureau for Africa, especially for thematic-related issues such as knowledge management and learning initiatives associated with the production and launch of Africa human development reports, and regional MDG Acceleration Framework-related work.

UNDP committed to implementing 20 key actions, of which 18 have been completed or are ongoing with no due date, as of end March 2016.

1. The **Evaluation of the regional programme for the Arab States** acknowledged that the programme had been implemented during a challenging time in the region’s history, with UNDP being among the few aid organizations trying to promote good governance in the region. In line with evaluation recommendation to adapt to regional transformations, participatory approaches informed the 2014-2017 regional programme and built upon successfully established networks between governmental and non-governmental stakeholders (e.g. the Arab anti-corruption and integrity network). Resilience is a cross-cutting theme, and inclusion (targeting of youth and gender) is emphasized in all focus areas of the new regional programme. Midterm review of the Regional Programme of Arab States (2014-2017) notes that new emerging challenges of migrations and conflicts can be properly addressed only from a regional perspective, focused on concerted initiatives among countries of the region. The establishment of the Regional Hub contributed towards the achievement of positive results in capacity development, information sharing and policy dialogue. The UNDP sub-regional Facility played a critical role in thought leadership and policy advocacy around the resilience approach, and integrating it as part of humanitarian-development response by national governments to refugee and IDP crisis.

UNDP committed to implementing 12 key actions, of which all 9 have been completed and 2 have been initiated as of end March 2016.

**Assessments of Development Results (ADR)**

*Status of Management Response commitments for ADRs completed in 2012: (Egypt, Sri Lanka, Paraguay, DRC, UAE, Djibouti, Tunisia, Costa Rica, India, Moldova, Nepal, Pacific Islands)*

1. Details of how each country office has responded to the ADR recommendations can be found in their respective management responses, which are uploaded in the Evaluation Resource Center database. UNDP management is pleased to note that the ADRs affirm partner perceptions of UNDP as “a valued, respected and key development partner supporting government”, as well as the relevance of the work of the organization to national priorities and development challenges. UNDP notes in particular the positive findings related to UNDP’s contributions to the achievement of the MDGs, and the work of the organization to integrate gender and human rights in programming. With regard to weaknesses and challenges, UNDP management has taken concrete steps over the past three years to address these issues in line with partner government priorities.

*Status of Management Response commitments for ADRs completed in 2013: (Sierra Leone, Timor-Leste, Afghanistan, Kenya, Algeria, Angola, Croatia, Côte d’Ivoire, Niger)*

1. Details of how each country office has responded to the ADR recommendations can be found in their respective management responses, which are uploaded in the Evaluation Resource Center database. UNDP management is pleased to note that the ADRs indicated that UNDP’s response to national priorities, in the four of those countries that recently witnessed political and social instability, was “strategic and relevant in the transition from post-conflict scenarios to national context, and from peace-building to development”. UNDP management notes in particular the positive findings related to the ability of the organization to “adapt to the recurrence of conflict by repositioning its support to align with immediate and emerging needs”. This confirms that the organization’s efforts to make UNDP more nimble and flexible are bearing fruits.

*Status of Management Response commitments for ADRs completed in 2014: (Armenia)*

1. As per the Annual Report on evaluation, only one independent evaluation was completed in 2014, namely the **Assessment for Development Results in Armenia**. UNDP management is pleased to note that the ADR has indicated that UNDP has made relevant contributions to national development outcomes in Armenia and worked well with national stakeholders. UNDP took note of the ADR recommendations to: i) hold further discussions with Government to redefine a more consultative relationship with regard to strategic prioritization of resources, selection of programme themes and beneficiaries; ii) define ways to ensure UNDP’s neutrality, efficiency and effectiveness is not compromised; and iii) to allow UNDP to have the flexibility needed to continue to foster innovation, to ensure value for money and to make timely and efficient contributions to sustainable development in Armenia. The country programme for Armenia is responding to the ADR recommendations.

*Status of Management Response commitments for ADRs conducted in 2015: (Ethiopia, Zimbabwe)*

1. Details of how each country office has responded to the ADR recommendations can be found in their respective management responses, which are uploaded in the Evaluation Resource Center database. UNDP management is pleased to note that the ADRs indicated that UNDP interventions were in full alignment with the national and sectoral development plans and policies. The ADR also noted that UNDP has made significant contributions to results in the environment, energy and climate change sectors in these countries.
2. **Management response to strategic advice of the Audit Advisory Committee (AAC)-**
3. The Administrator of UNDP and the senior management offer their appreciation on the comprehensive and incisive 2015 AAC report. The regular advice provided by the AAC is also truly valued. UNDP management appreciates the strategic advice provided by the AAC and has carefully reviewed the 2015 Annual Report and advice provided in the various areas identified in the report. There are a number of common issues identified in the OAI and AAC reports and hence the management solutions have already been elaborated in the preceding sections on the management response to the OAI report.
4. UNDP management takes note of the strategic advice given to management with regards to the structural change; Enterprise Risk Management (ERM) and other operational areas. Management has fully noted AACs comments and recommendations under paragraphs 10 and 33 of the report and appropriate actions will be taken.
5. Appropriate funding arrangements have been made with respect to the 2016 OAI budget to underscore OAIs independence. In line with the overall decline of core resources available for the institutional budget, UNDP management units reduced their budgets by 15% during 2015, whilst the oversight units were protected through a smaller reduction of 4%.. Management assures the AAC that a strategy is being formulated to address issues related to fraud prevention and recovery of funds by a cross-functional taskforce. Intensive efforts are ongoing to address long outstanding OAI audit recommendations including inclusion in the 2016 integrated work plans and regular reviews by OPG and EG. Management takes note of the positive comments and advice related to the other internal oversight offices i.e. the Ethics Office and Independent Evaluation Office.
6. Regarding the advice of the AAC to the UN Board of Auditors (UNBOA) and the concern of the AAC on issues related to programme and project management becoming a common trend in both internal and external audit reports, UNDP recently launched a new approach to programme and project management and it is envisioned that it will take two to three years for all offices to fully implement the reforms. On the new international auditing standard on the audit report, and the advice of the AAC for UNDP to consider piloting the standard with the 2015 audit report, UNDP management initiated a discussion with the UNBOA. The UNBOA is still assessing whether the standard is applicable to UN entities including UNDP. UNDP awaits a response/direction from the UNBOA in this regard and as such will not yet pilot the standard.
7. **Management response to Matters highlighted in the 2015 Annual Report of the Ethics Office**
8. UNDP management takes note of the 2015 achievements of the Ethics Office, and commends the office for its innovative use of technology to reach a wider audience to conduct its ethics awareness training.
9. In line with the overall decline of core resources available for the institutional budget, UNDP management units reduced their budgets by 15% during 2015, whilst the oversight units were reduced by a smaller amount of 4% to ensure adequate budget was available for staffing. However, during the year, there were vacant positions which the Ethics office was allowed to monetize in order to avail itself temporary assistance. Since then, UNDP management has supported the ethics office in recruitment of the vacant positions. UNDP management lauds the creativity that the Ethics Office brings to its work within the constrained funding environment.
10. In response to the first recommendation, work is ongoing within the Bureau for Management Services with a lead role played by the OHR, to finalize a guidance note to HR practitioners on the various modalities for cooperation with governmental authorities concerning loaned staff or individuals with a government affiliation. In addition, the Service Contract guidelines (for project personnel) will also be amended to include this guidance. Additionally, revised Non-Reimbursable Loan Agreements (NRLA) are scheduled to be released in 2016. In line with UNDP’s corporate accountability framework, compliance will be monitored through the senior management of country offices, regional and central bureaus.
11. On the second Recommendation, UNDP Management continues its commitment for a strong engagement with the Ethics Office, and the Associate Administrator continues to have regular meetings with the Ethics Director.  The reshaped Organizational Performance Group (OPG) has improved the focus on internal performance while ensuring an enhanced focus on oversight issues, including ethics, through regular dedicated meetings.  The Director of the Ethics Office has a standing invitation to participate in any OPG meetings on issues of concern.
12. **Conclusion**
13. In line with the revised internal management accountability framework and the last EB approved accountability and oversight policy (DP/2008/16/Rev. 1), UNDP is fully committed to ensuring management accountability in the use of funds in implementing programmes and managing its offices. Management values the recommendations made by the independent oversight units and the role that they play in ensuring issues that require management attention are highlighted on a timely basis Strong accountability and oversight provide an effective foundation for achieving the results of the 2015-2017 Strategic Plan in an efficient and effective manner, while appropriately managing risks in some of the world’s most challenging operating environments.
1. [1]  ASP countries are those where the existing systems to ensure accountable use of Global Fund monies are not strong and require additional measures to mitigate risk. [↑](#footnote-ref-1)
2. Source: Annual reports on evaluation 2011, 2012, 2013 [↑](#footnote-ref-2)