

EXECUTIVE SUMMARY

The Independent Evaluation Office and Office of Audit and Investigations of the United Nations Development Programme (UNDP) jointly conducted an assessment of the institutional effectiveness of UNDP to assess the extent to which policy and organizational measures, including the associated restructuring process, have enhanced or have the potential to enhance the organization's ability to deliver higher-quality programmes and improve institutional effectiveness. The scope of the assessment covered relevant activities undertaken by UNDP during the period 2010–2015, with particular emphasis on the initiatives undertaken in support of the Strategic Plan, 2014–2017, including the associated restructuring process and measures, all of which aim at supporting country offices in delivering higher-quality programmes, which was the key focus of the assessment. Considering the early stage of implementation of UNDP reforms, the assessment recognizes that it may be too soon to fully identify all of the results and therefore aims to contribute to enhancing organizational learning by identifying opportunities for improvement

The approach and methodologies of the assessment were designed to inform the analysis of the theoretical framework and underlying assumptions as put forward by the Strategic Plan, 2014–2017. The assessment drew extensively on a meta-analysis of previous evaluations, audits and surveys as key data sources. Further, UNDP self-reporting data were used as sources of information, taking into consideration the potential limitation that such reports tend to focus on successes rather than on challenges experienced. In addition, substantial primary data collection was undertaken through missions to the five regional hubs, where focus group discussions were also held with staff from 45 country offices. The assessment team consulted with Governments, donors, beneficiaries, United Nations agencies

and headquarters staff. To close triangulation, five different surveys were designed and rolled out to country offices. The aggregation and triangulation of evidence from various sources and methods also provided context and enabled additional in-depth analysis of some emerging trends in the organizational performance of UNDP.

Key findings indicate that UNDP programmes show improved alignment with the priorities of the Strategic Plan and an uptake of the Sustainable Development Goals, but for the most part they fail to reflect on the strategic comparative advantage of UNDP and how UNDP is envisaged to add value to development initiatives. The organizational restructuring changes aimed at strengthening the regional presence and consolidating policy functions contributed to a clearer division of roles, responsibilities and accountabilities, but to varying degrees across the different regions, and the sustainability of these changes is uncertain, given the lack of resources to staff regional hubs and for country offices to pay for regional services. The implementation of all programmatic reforms aiming at improving the quality of programmes and projects has not been fully costed and it is not clear if the needed resources can be mobilized. Given the interdependence of financial and human resources, budgetary constraints have caused staff shortages and time constraints, which are likely to adversely affect performance, unless additional prioritization efforts take place. Results-based management (RBM) continues to be associated more with compliance-driven practices to satisfy reporting requirements, with a limited focus on learning from evidence to enhance knowledge management for decision-making and improved performance and effectiveness with targeted financial allocations. In order to effectively institutionalize RBM, UNDP has yet to find the balance between compliance for reporting, and learning for improved results and institutional effectiveness. A greater understanding of

what RBM can deliver is necessary to meet the pledge that UNDP will be a results-driven and knowledge-based organization.

The assessment concluded that there are signs of improvement in the quality of programmes and that organizational measures such as the structural review, which aim inter alia to strengthen the regional presence and the consolidation of policy functions, have clarified some roles and responsibilities between the regional level and headquarters and are mostly valued by country offices. However, it is not possible to conclude that the measures put in place currently have significant tangible and sustainable effects on the quality of programmes or have the potential for success, given the multiple factors that need to be addressed. UNDP is in the midst of change, and the sustainability of measures to increase institutional effectiveness through the new organizational and programmatic measures might be at risk due to lack of resources and sustainable funding models. Without additional efforts and targeted investments to strengthen capacities, it is unlikely that programmatic and organizational measures can be fully implemented, significantly enhance the quality of programmes and improve institutional effectiveness in a sustainable manner. Leadership in UNDP has yet to adequately support the organization to adapt and implement the new measures and manage knowledge more openly by using evidence of successes and failures to improve the quality of programmes and enhance institutional effectiveness.

For further consideration: If UNDP is to be an evidence-driven learning and knowledge-based organization, it must find a more effective way to invest in RBM beyond focal points for RBM and monitoring and evaluation, webinars and online courses. Knowledge management is still focused mostly on capturing best practices, and not necessarily on the lessons learned in each context of success and failure to contribute to effectiveness and improve results. UNDP leadership will be pivotal to promoting a results culture that encourages critical reflection of success and failures as a value for organizational learning. Unless the new

focus on RBM and the additional oversight and quality assurance measures align with adequate leadership for improved learning from evidence to return benefits, given the current fiscal realities these systems may further constrain country offices instead of improving the quality and effectiveness of programmes. Balance in the level of effort for RBM tasks is advisable so as not to sacrifice the central purpose of UNDP of responding quickly to partners' needs.

1. CONCLUSIONS

OVERALL CONCLUSION: **There are signs of improvements in the quality of programmes in UNDP. The CPDs are more strategic and more effectively engage multiple parts of the organization in quality assurance. There has also been progress made in the quality assurance of UNDP programmes in order to facilitate results-based programming and budgeting. Organizational measures such as the structural review, aiming inter alia to strengthen the regional presence and the consolidation of policy functions, have clarified some roles and responsibilities between the regional level and headquarters and are mostly valued by country offices.**

However, it is not possible to conclude that the measures put in place currently have significant tangible and sustainable effects on the quality of programmes, or have potential for success, given multiple factors that need to be addressed, such as leadership, communication and resources. In addition, the measures for higher-quality programming have not been costed and therefore it is not clear if UNDP will be able to make all necessary investments.

UNDP is in the midst of change, and the sustainability of measures to increase institutional effectiveness through the new organizational and programmatic measures might be at risk due to lack of resources and sustainable funding models. Without additional efforts and targeted investments to strengthen capacities, it is unlikely that programmatic and organizational measures can be fully implemented, significantly enhance the

quality of programmes and improve institutional effectiveness in a sustainable manner.

High-quality, results-based programming entails more than compliance to quality standards and reporting on results, even though this is important for senior management, donors and other important stakeholders. Results-based programming also entails learning to improve programming with the help of results-based information from evaluations, audits and corporate monitoring and reporting tools. Leadership is needed in UNDP to further develop a results-based culture throughout the organization that effectively uses knowledge to improve results, where successes but also failures are important vehicles of learning.

Conclusion 1: The UNDAFs and CPDs show improved alignment with the Strategic Plan priorities and an uptake of the Sustainable Development Goals, but for the most part fail to reflect the strategic comparative advantage of UNDP and how UNDP is envisaged to add value to development initiatives. CPDs do not reflect a sufficient use and understanding of the theory of change concept that could have provided for a more integrated vision and approach.

Standardizing quality criteria in the heart of the programming process requires the conditions for effective quality assurance to be in place for quality standards to be attainable. This currently is not the case, which has an impact on the planning and design of programmes and projects and is likely to affect the quality of programme results. UNDP has yet to calculate the time and cost involved in implementing effective quality assurance and to date, no additional budgetary provisions* have been set aside or provided to country offices to cover related costs.

Country offices and regional bureaux particularly face difficulties in applying theory of change con-

cepts and in translating the products of the planning process into RRFs.

Almost all country offices and regional hub/bureau staff consistently mentioned that the main problems were and are resources and related capacities. Programmatic measures did not address this root problem; therefore, organizational measures are expected to have only a marginal effect. While country offices do understand that UNDP needs to improve the quality of its programmes and projects, the means to make the necessary investments are lacking, according to the country offices. This condition seems to represent a binding constraint and is likely to affect the effectiveness of the measures.

The broad range of stakeholder consultations held by the assessment team made it clear that most staff members, and in particular managers, need further training in RBM. A corporate-wide assessment of training needs is required for staff ranging from senior management to programme managers and associates. Training also has not been sufficiently extended to implementing partners, whose engagement is essential.

The use of evidence in reporting has increased, but evidence of its use for improved learning, programme design, implementation and course corrections is still limited. A monitoring policy and a strategy to improve the quality of decentralized evaluations have also been launched to improve the use of credible evidence. However, to date limited progress has been made in a consistent way to support learning from evidence for improved results within and among interventions. Because UNDP works in partnerships, measures cannot be implemented by UNDP alone.

Conclusion 2: The organizational restructuring changes aimed at strengthening the regional presence and consolidating policy functions contributed to a clearer division of roles, responsibil-

* The resources for quality assurance need to be recovered through DPC. As DPC is new, this change has yet to take root in the organization and it is not clear if country offices are aware of it.

ities and accountabilities, but to varying degrees across the different regions. The sustainability of these changes is uncertain, given the lack of resources for staffing regional hubs and for country offices to pay for regional services.

Country offices particularly welcomed the increased actual or potential availability and proximity of hub staff, with advisers in the region now more likely to better engage and understand the context, needs and challenges of the region's country offices. Roles are not fully understood in all regions, and country offices are at times unclear about the services and reference persons available. In two of the hubs, the new architecture and matrix management have created additional and unclear layers of reporting and bottlenecks, often to and from headquarters. More effective decision-making power and stronger integration between regional bureaux advisers and BPPS advisers is found where hubs are led by Deputy Directors of the regional bureaux. Two regional hubs seem to have further centralized decision-making in New York rather than empowering the regional hubs to strengthen the regional presence and consolidate policy functions.

The uncertainty of financial resources has led to fragile contract situations, and if the prolonged vacancies of key positions persist and demand from country offices increases, the shortage of staff is likely to adversely affect the capacity of the hubs to provide timely and high-quality support. Further, not all country offices and partners are willing to pay the additional DPC charges for the regional services.

According to UNDP, the structural review delivered annual savings of \$33 million in salaries and rent. Further review by OAI confirmed this figure. However and at the same time, the organization incurred additional one-time implementation costs of \$35 million between 2014 and 2015. The net gain from the structural review for 2014-2015 is thus negative with additional costs of \$ 2 million.

Conclusion 3: RBM continues to be associated more with compliance-driven practices to sat-

isfy reporting requirements, with a limited focus on learning from evidence to enhance knowledge management for decision-making and improved performance with targeted financial allocations. In order to effectively institutionalize RBM, UNDP has yet to find the balance between compliance for reporting and learning for improved results and institutional effectiveness. A greater understanding of what RBM can deliver is necessary to meeting the pledge that UNDP will be a results-driven and knowledge-based organization.

RBM remains largely the responsibility of RBM and M&E focal points and experts. This inadequate understanding of the practice and value of RBM for learning purposes to improve results has hindered country offices in securing adequate use of knowledge management in the overall quality of programmes and projects and management for results. Less than half of UNDP staff contacted by the assessment considered themselves fully up to date with UNDP corporate requirements and directives on how to interpret and apply RBM concepts. In addition to this internal challenge, most of the external parties involved in UNDP project development also are not up to date with the UNDP RBM quality requirements.

There is a clear and still unmet demand for knowledge management to play a bigger role in helping the organization better learn from evidence for improved results. Leadership has yet to more effectively encourage a "results culture" which goes beyond reporting and understands RBM in terms of continuous organizational self-learning from both successes and failure and from innovation, and not just M&E for reporting purposes.

Conclusion 4: There may be insufficient human and financial resources to fulfil the corporate requirements of the programming and structural reforms, due to the fact that the measures for higher-quality programming were not properly costed. Given the interdependence of financial and human resources, budgetary constraints have caused staff shortages and time

constraints, which are likely to adversely affect performance, unless additional prioritization efforts take place.

The availability of sufficient financial and human resources is a fundamental factor affecting the sustainability of the regional hubs, which generally are expected to recover costs from services provided to country offices, many of which are not in a position to afford the regional hubs' high charges. The extent to which the regional bureaux and hubs will be able to properly support country offices will depend on the resources the regions and country offices will be able to mobilize to pay the additional charges for regional and policy services. The expectation of recovering the costs of policy support from service requesters (or projects) through direct project costing seems unrealistic in the short term and the lack of resources is likely to affect the strengthening of the regional presence in the near future. Fully implementing DPC will require additional negotiations with project partners and a results-based project budgeting approach which costs out all implementation inputs, including technical expertise irrespective of its source. This may take time.

Many open or planned positions in the regional hubs have been vacant because of financial constraints. Currently, one quarter of BPPS staff positions across the regions and headquarters are vacant. UNDP staff generally have shown resilience and adaptability, but levels of engagement are undermined by a lack of resources to invest in them.

In addition to the investment in RBM capacity, there are other cost factors involved in implementing all measures and reforms to the fullest extent. The measures for higher-quality programming have not been properly costed and therefore it is not clear if UNDP will be able to make all necessary investments. In fact, adhering fully to the quality standards comes at a cost, but this cost has not been properly calculated and the assumption that they can be absorbed by country offices is questionable. Without having better knowledge

of all costs involved in adhering to the quality standards, the level of incidental and structural investment cannot be performed.

Further, staff shortages contribute to inadequate adherence to quality assurance procedures because small country offices, with limited numbers of staff, cannot easily segregate roles and responsibilities. This significantly hinders the fulfilment of requirements for independent quality assurance and monitoring functions in accordance with the corporate quality standards. More than half of the country offices contacted stated that they were unable to provide sufficient time for quality assurers to rigorously review all project proposals submitted to them. These constraints are likely to affect the success of the measures to enhance the quality of programmes and to improve the institutional effectiveness of UNDP.

2. RECOMMENDATIONS

Recommendation 1: Based on the content of the UNDAF and the guidance provided in the UNDP quality standards, country offices should ensure that the UNDP comparative advantage and value added are adequately identified by providing evidence as to why UNDP is better positioned than other institutions to implement a specific programme.

Recommendation 2: UNDP should ensure that all country offices fully understand and adequately practise the concept of theory of change during the programming process through a thorough assessment of the completeness and internal logic of the theory of change prior to submitting the CPDs to the Executive Board.

Recommendation 3: UNDP should assess the costs of implementing the new programme and project quality assurance system to determine whether and, if so, how the resource requirements of the reformed system can be sustainably met with costed plans for a phased implementation. Based on the budget available, UNDP should prioritize the quality elements to which country offices have to adhere fully.

Recommendation 4: UNDP should reassess the financial sustainability of the regional service centres/hubs model including the posting of the BPPS policy advisers.

Recommendation 5: UNDP should develop greater RBM expertise with improved focus on learning and knowledge management for enhanced effectiveness, shifting the focus from proving results to improving results. To effectively institutionalize RBM, capacity development needs to be delivered through a broad range of approaches and include all staff, from leadership and senior management to programme managers and associates. Capacity development should also extend to implementing partners, whose engagement is essential if national data sets are to improve and contribute to UNDP reporting requirements. Increased attention should also be given to promoting an organizational culture that uses more effectively the conclusions, recommendations and lessons learned from evaluations and audits to contribute to knowledge management and to feed strategic and timely decision-making.

Recommendation 6: UNDP leadership should prioritize investment in knowledge management, going beyond capturing best practices to using lessons learned from each context of success and failure to contribute to effectiveness and improve results. The role of leadership is pivotal in ensuring an enabling environment and support for UNDP to enhance engagement and communication to further develop a results-based culture throughout the organization that welcomes critical reflection on performance and effective knowledge management to improve results, where successes but also failures are important vehicles of learning. Leadership should effectively encourage a “results culture” which goes beyond reporting and understands RBM in terms of continuous organizational self-learning from both successes and failure and from innovation, and not just M&E for reporting purposes.

The final report with recommendations was submitted to UNDP management on 7th February 2017. As of 18th April 2017 no management response had been received.