



## **Statement to the UNDP Executive Board Session**

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Mr. President, distinguished members of the Board and colleagues, I am pleased to present to you this morning two evaluations conducted by the Independent Evaluation Office in 2018. They focus on the work of UNDP as a provider of inter-agency pooled financing and operational services. I am also joined by IEO colleagues - Arild Hauge (Deputy Director), Alan Fox (Chief of Section for Corporate Evaluations), Ana Rosa Soares and Yogesh Bhatt (lead evaluators).

Both reports are available online on the Board website and the Independent Evaluation Office website, and we have available print copies of brief that summarizes the key results of each evaluation.

We recognize the current context - as these evaluations have been carried out at a time when the United Nations development system is undergoing far-reaching reform, with significant implications for UNDP's role in serving the UN Development System. The UN Secretary General has urged a doubling of inter-agency pooled funding over the next five years and called for enhancing operational efficiencies in the UN system. The reports take into consideration that reforms are underway however the assessments are based on UNDP current practices. The evaluations provide conclusions and recommendations on areas for improvement, that will remain relevant even as UNDS reforms get instituted.

The evaluations covered a representative sample of countries in each region, during the period 2010 – 2017, and collected information from a significant number of UN entities, donors and non-UN organizations. Mixed methods for data collection and analysis, both qualitative and quantitative, were used to gather evidence. These included desk reviews and meta-analysis of previous assessments and other oversight studies; country case studies; financial flows and trend analysis; 4 calibrated surveys with UN entities, donors, UNDP staff and non-UN entities; and more than 350 interviews, including focus group discussions with all key stakeholders. While the two evaluations covered different topics, their common attention to operational aspects allowed for coordinated data collection, and increased efficiency.

I will now lay out some of the key findings, conclusions and recommendations for each evaluation, starting with the evaluation of inter-agency pooled financing services.

Pooled financing has become a well-established mechanism for the provision of UN services to Member States and is considered an important vehicle for effectively supporting implementation of the 2030 Agenda. At the country level, this mechanism promotes donor coordination, promotes UN coherence and collaboration, brings together multiple strengths of different UN organizations and provides an opportunity to work at scale and help leverage resources, especially from small and non-traditional donors.

As an administrative agent, the Multi Partner Trust Fund Office (MPTFO) is highly regarded by donors and agencies for its strong fund management capability, credibility and neutrality. It is seen by both donors and UN agencies as the preferred choice for administrative agent services in the UN system. Even as we recognize this solid foundation, the evaluation sets out a series of findings, conclusions and recommendations suggesting the need to further strengthen the design and governance of these funds.

The evaluation recommends increasing transparency in fund utilization down the results delivery chain and demonstrating a clear UN comparative advantage as a trusted development partner. This should help to mobilize resources, contributing to the Secretary General's reform and implementation of Agenda 2030.

The evaluation calls attention to a problem with the delayed closure of funds by participating UN agencies, including UNDP, which undermines the efficiency and accountability in the use of pooled funds. We recommend increased attention to fund closure.

The evaluation recommends enhancing the implementation of UNDG quality standards by Fund Steering Committees and participant UN organizations; and calls for improved dissemination of information on new fund opportunities to the wide array of interested parties, including the resident and non-resident agencies and broader stakeholders' engagement.

Finally, the evaluation recommends the MPTF Office to initiate a process for establishing a multi-stakeholder steering committee, including partner UN organizations and donor representatives, to act as a consultative and advisory mechanism to discuss progress, global financing trends and future strategies. Such a mechanism will strengthen partner engagement and reinforce the confidence of donors and partner organizations in the mechanism and its use.

IEO recognizes that achievement of some of the recommendations contained in the evaluation may require broader engagement across the UN development group, and other participating UN organizations. IEO recommends the MPTF Office and UNDP to lead these efforts, as possible within their mandate.

President, distinguished delegates and colleagues, let me turn now to the second evaluation under consideration, focused on UNDP's operational service support to other UN agencies. I would like first to place this assessment into the broader UN context.

The reform of the UN Development System will significantly impact UNDP, in particular through the delinking of the Resident Coordinator role from UNDP country office management. Yet as this evaluation makes clear, UNDP provides a wide range of operational services to other UN agencies, and these services can be expected to remain in demand in the new UN country-level architecture.

The evaluation recognizes the suitability of UNDP to serve as an operational backbone of the repositioned UN development system, but also makes clear that changes are needed in its business model for UNDP to remain as a preferred supplier of these services.

In our judgement, UNDP needs to establish a clearer vision of its operational service offering in the future, specifying what services are within its comparative advantage to offer, and how it will deliver client-oriented, high quality operational services in this changing development environment, given existing resource constraints. And UNDP will need to put in place adequate incentives, tools and systems and appropriately price and implement full cost recovery for the operational services it provides.

The evaluation judges UNDP specialized central units to be better suited than country office to cover non-location dependent operational services and suggests that UNDP should incrementally improve and expand offshore clustering of non-location dependent services for all regions and country offices, on a mandatory basis. This implies adopting a strategy to professionalize services and develop the necessary structures and systems in multiple time zones and addressing the operational needs of diverse UN agencies. It will be important for UNDP management to ensure that all regional bureaux adjust to this more centralized model if further economies of scale and efficiencies are to be realised. As the UN Development System reform establishes new service hubs led by other UN agencies, these can be expected to absorb some of the services to be rendered to other UN entities, as appropriate.

At the same time, the evaluation recommends that UNDP promote common shared integrated services arrangements at the country level for location-dependent services as the evaluation concluded that these integrated arrangements are well positioned and superior to lead agency arrangements.

Finally, UNDP should invest in ICT tools and systems improvements and ensure that critical staff and an effective strategy are in place to harvest such investments. This includes upgrading the current ERP to improve its user interfaces; and implementing a real-time appraisal system with automated feedback channels to monitor and improve the quality of services.

Mr. President, distinguished delegates and colleagues, this concludes my brief summary of the two evaluations we have brought to your attention. It is our hope that the evaluations will inform how UNDP and the Multi Partner Trust Fund Office strategically position themselves and enhance the way they provide inter-agency services to UN entities, so they can fully support government partners as they strive to achieve the Sustainable Development Goals.

To conclude, I would like to express our sincere appreciation to all the UN entities, UNDP staff, donors, partners and non-UN organizations that contributed to these two evaluations. I would like to thank UNDP senior management for their positive and encouraging response to these evaluations, and to Board and member states for giving us the opportunity to have this discussion.

My lead evaluators and I will be happy to answer your questions following the management response.