Ms. Kit Clausen  
Counsellor  
Permanent Mission of Denmark to the UN in New York

Mr. Doyeon Won  
Counsellor  
Permanent Mission of the Republic of Korea to the UN


Dear Kit and Doyeon,

We would like to thank the MOPAN members and its secretariat for conducting and presenting the findings of the 2015-16 Institutional Assessment of UNDP, particularly, Denmark and Republic of Korea for acting as institutional leads for this exercise. We appreciate the constructive collaboration we experienced in working with the institutional leads and the Secretariat.

We value the MOPAN assessment as an exercise to foster learning, engage in dialogue with our partners, and improve our contribution to development results. We appreciate the joint nature of the MOPAN assessment and hope it can satisfy requirements of its members, reducing the need for bilateral assessments of multilateral organizations. We welcome the new approach of MOPAN 3.0 with a sharper focus on results and development effectiveness.

We are pleased that the assessment concluded UNDP “largely meets the requirements of an effective organization and is fit-for-purpose” and also recognized the significant work undertaken to ensure UNDP’s organizational structure aligned with its vision and operating model.

We continue to work on those areas identified for improvement in the assessment which include:

**Implementing ongoing reform in the context of reduced core funding.** UNDP recognizes that while the full impact of the recent organizational restructuring is yet to be realized, there is a need to continue redesigning our business processes to more efficiently implement our next Strategic Plan. We continue to explore incentives and mechanisms to broaden our donor base, particularly for core funding. We are beginning to differentiate our business models and service lines, defining the capacity requirements and financing modalities for each line. We are making stronger efforts to implement the cost recovery policy as agreed with our Executive Board. We have also enhanced our planning and budgeting process to strengthen the link between the resources spent and results achieved.

**Strengthen procurement capacity at country office level.** UNDP remains committed to improving the quality of its procurement services, including its training and certification programmes (over 1,500 UNDP staff have received an International Chartered Procurement
Certification). The UNDP Procurement Strategy 2015-2017 outlines how procurement will be more fully integrated into programme and project design. UNDP offers a corporate training package for programme staff on key stages in procurement (such as planning, sourcing, and contracting) as well as risk management and monitoring. UNDP has also launched procurement policies that allow innovative solutions to development challenges; place stronger emphasis on negotiations to obtain better value for money; and are more streamlined for NGO engagement. The Contract Management policy, which is key to enable the effective management of contracts in the field, will be launched in June 2017. E-Tendering, which enhances the integrity and transparency of procurement processes, is now being used in 37 UNDP offices. In addition, a new eCommerce system for easier sourcing of goods and services is due to be launched in the second half of 2017.

**Strengthen analysis of partner capacity and cross-cutting issues, particularly gender, to inform programme design.** UNDP agrees these are areas to be strengthened, and continues to improve its internal mechanisms for assessing the capacity of implementing partners, and embedding an analysis of cross cutting issues, including gender, in programme design and implementation. The project quality assurance process ensures that the implementing partner selected is the most appropriate for a project, the required capacity assessment has been conducted, and gender analysis has been incorporated in the project design. UNDP’s Institutional Report Card shows that 76% of projects met corporate standards for capacity development in 2016, and the Annual report on the implementation of the gender equality strategy in 2016 highlighted that UNDP remained the highest performer among UN funds and programmes with regard to the UN System-wide Action Plan on Gender Equality and the Empowerment of Women (UN-SWAP), meeting or exceeding 80 per cent of the performance benchmarks. Programme documents are appraised on their application of capacity development and integration of cross-cutting issues, including gender, in their results frameworks. As part of our ongoing reform of prescriptive content, UNDP continues to review partner capacity assessments so that they can better incorporate solutions to strengthen capacities into projects.

**Better corporate guidance on developing theories of change and more consistent application to programming.** Theory of change (TOC) is an integral part of designing programmes and projects. The application of these new programming quality standards as part of the programme appraisal process has already led to more robust TOCs underpinning country programme documents. Most draft Country Programme Documents now meet the TOC quality standards by the time they are submitted to the Executive Board for approval. More work still needs to be done, especially at the project level. In early 2017, new extended corporate guidance on how to apply the TOC methodology was issued, and incorporated in staff trainings. In 2016-2017, UNDP also led a UNDG group in developing TOC guidance for UN Development Assistance Frameworks to further a harmonized approach and to anchor UNDP programming in common UN programming. UNDP continues to monitor adherence to these guidelines and quality criteria and to train staff with a view to continually improve the quality of applying TOC in programming.

**Improve the quality and use of decentralized evaluations.** Further to the new evaluation policy and as directed by the Executive Board, UNDP is working closely with the Independent Evaluation
Office (IEO) to improve the quality and utility of the decentralized evaluation function by strengthening the normative basis for evaluations; supporting capacity development of Monitoring and Evaluation staff, processes and systems; supporting utility and effective use of evaluations by monitoring compliance rates and capturing lessons learned; and strengthening national evaluation capacities. In 2017, the IEO conducted a retroactive rating of assessments and noted that 75% of assessed evaluations in 2016 had been satisfactory, or moderately satisfactory, and followed the minimum evaluation criteria stated in UNDP’s guidance supporting planning, monitoring and evaluating for development results. Ongoing reform of UNDP’s prescriptive content on programme and project management will strengthen requirements for decentralized evaluation. It is important to note though that the quality of evaluations depends, inter-alia, on the evaluability of programmes and projects, which has significantly improved since UNDP adopted the Quality Assurance system.

**Improve the efficiency and sustainability of interventions.** Sustainability is one of seven quality criteria in UNDP’s Quality Standards for Programming, and is now reviewed in every project and programme during design, implementation and closure. UNDP agrees this is an area that needs to improve: 21% of ongoing projects have self-reported that they currently do not meet our quality standard on sustainability planning, and only 24% of ongoing projects report that they exceed the minimum standard. This will be an area of focus in the next wave of reform. UNDP will continue to improve its programme and project design and apply lessons learned from past interventions with high prospects for sustainability. Work is ongoing to review and – where necessary – revise UNDP’s programme design and management cycle, as part of our commitment to improve quality, robustness and performance, and to identifying unnecessary burdens in our procedures – with a view to making us a more agile and efficient organization.

On overall cost-effectiveness, as cited on the report, the 2017 management efficiency ratio target of 8.1% was achieved in 2015, and further improved to 7.86% in 2016, while the proportion of regular resources spent on institutional costs declined to 33% in 2016, enabling more funding to be allocated to programmes.

Overall, we are satisfied with the findings of MOPAN’s assessment of UNDP and will continue efforts to improve on all areas of our work.

Yours Sincerely,

Nick Hartmann
Director, Partnerships Group
Bureau for External Relations and Advocacy (BERA)
UNDP