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***Subject: UNDP Management Response to 2020 MOPAN Assessment***

Dear Mattia and Andrew,

We would like to thank the MOPAN members and its secretariat for conducting and presenting the findings of the 2020 Institutional Assessment of UNDP, particularly, Switzerland and the United Kingdom for acting as institutional leads for this exercise. We appreciate the constructive collaboration we experienced in working with the institutional leads and the Secretariat; and look forward to continuing to work with MOPAN to further evolve the nature of the assessment.

UNDP places great importance in the MOPAN assessments as an exercise to advance the multilateral cause through such performance dialogues with our partners. Greater mutual understanding of strengths and weaknesses identifies areas of collective ambition and responsibility and strengthens accountability for results. We also welcome the enhanced approach of MOPAN 3.1 and its more rigorous ratings system, and the introduction of new elements such as UNDS reform and prevention of and response to sexual exploitation and abuse/sexual harassment (SEA/SH).

We appreciate the recognition of UNDP's strengths highlighted in the report, especially our:

- Ambitious, transformative and forward-looking Strategic Plan, providing a compelling vision for UNDP's contribution to the 2030 Agenda.
- Resilience and dynamism in response to the UNDS reforms and COVID-19 pandemic.
- Progress in addressing and mainstreaming cross-cutting issues.
- Commitment to and alignment with national priorities, the aid effectiveness agenda, and co-operation with member states.
- Increased emphasis on inter-agency and partnership planning and programming; and
- Effective decentralized decision-making and strong management systems.

We particularly acknowledge the areas noted for improvement outlined below, many of which are already under resolution. Where necessary, we will be engaging with the Executive Board for those items that require action on their part.

**1. Dependency on a small group of core donors and imbalance in resources across strategic priorities**

On broadening the core donor base, UNDP is revitalizing its "Partners at Core" campaign to underscore the importance of core resources to multilateral effectiveness and improving its communications on resources with both OECD and programme countries. UNDP is further equipping its leadership to communicate persuasively and knowledgeably about the use and impact of core



resources, particularly on strategic priorities. UNDP will continue to enhance the visibility of core donors by highlighting their contributions and engaging with them on a differentiated and audience-centered approach.

On allocation of resources across strategic priorities, UNDP's Integrated Results and Resources Framework (IRRF) describes the planned use of resources across Strategic Plan outcomes, informed by prior years' spending patterns, income projections, and analyses of programme country demand as identified in country programme documents (CPDs). The TRAC allocations form the financial foundation for the UNDP programmatic presence in programme countries, and include three major categories of resources, TRAC-1, TRAC-2 and TRAC-3. The distribution of UNDP regular programme resources to countries through the TRAC methodology is legislated by the UNDP Executive Board (EB).

No allocation is made to specific areas, as UNDP's programmes are driven by country demand and national priorities. More specifically: TRAC-1 allocations to programme countries are calculated based on GNI per capita and population. Application of these criteria result in the majority of TRAC-1 resources being channeled to low-income and least developed countries. TRAC-2 resources are aligned to effectively support country-level platforms that support inter-agency collaboration and development of integrated solutions to implement the Sustainable Development Goals. TRAC-3 provides UNDP with the capacity to respond quickly and flexibly to the development needs of countries affected by conflicts and natural disasters. It is the only core UNDP facility for immediate action when crisis occurs, enabling UNDP to quickly bring policy advice, technical expertise and catalytic programmatic funding to the country level for a comprehensive, coherent response.

As indicated in UNDP's Strategic Plan 2022-2025, responding effectively to evolving country priorities requires flexible and predictable funding. UNDP aims to see Member States increase regular resources funding as a proportion of its resources, in line with the 30 per cent goal of the funding compact, as well as pooled and thematic funding. UNDP's core resources remain at only 12 to 13 per cent of total resources, while the UNDS core share of voluntary funding for development activities is only at 19.6 per cent, as per the 2021 Secretary General's Report on the implementation of the QPCR. We urge Member States to accelerate progress to meet their Funding Compact commitments as flexible resources are increasingly valuable for UNDP as it shifts to managing its programming within portfolios, with longer time horizons and more transformative goals.

During the 2022-25 Strategic Plan period, UNDP will start a dialogue with its Executive Board to review the criteria for allocation of regular resources to better align with countries' development needs. A change to the allocation methodology is ultimately subject to the decision-making of the Executive Board.

While UNDP pursues these efforts under its remit, the broader flexible funding landscape is more complex and political and requires consistent high-level engagement at the capital level. UNDP is scaling up such engagements and the MOPAN assessment will be an important tool to help Member States deliver on their commitments to the Secretary-General's Funding Compact.

## **2. Organizational structure, processes and people still reflect traditional role as service provider and implementing agency, insufficiently aligned with strategic ambitions and priorities.**

UNDP recognizes that its direction of travel remains a work in progress. There remains a need for a more strategic approach to transition from the project-based reality towards portfolio- and system approaches, and more work is needed to finalize the establishment of the Global Policy Network. This includes improving staff capabilities for systems thinking, enabling an innovative culture, rewarding performance, identifying risks and mitigation strategies and measuring the development of staff capabilities.

UNDP continues to articulate its unique added value to key partners, influencers, and decision makers by pursuing an audience-centered approach and orchestrating global advocacy campaigns that combine thought leadership and co-creation. Through digitalization, strategic innovation and development financing, UNDP will scale up development impact for country partners and within its own systems.



In order to strengthen UNDP thought leadership at the regional level, the Regional Bureau for Asia Pacific reinforced its policy leadership capacity through the Strategic Policy and Partnership Team, and an active Economist Network that are successfully advancing knowledge-based and solution-oriented thinking on critical development challenges facing the region. Evidence includes the recently published policy compendium and the “Great Upheaval” book co-created with top thinkers and policy makers in Asia-Pacific.

It is again critical to highlight the value of the OECD and in particular MOPAN, as a tool to highlight the many negative effectiveness and efficiency implications of the current fragmentation and limited returns to scale of the project approach still preferred by partners.

### **3. Gap between HQ-level policies and country-level programming and decision making**

As a decentralized organization guided by national priorities and local programming, UNDP strives to ensure that tailored solutions are provided to programme country clients, guided by the Strategic Plan as approved by the Executive Board.

It is important that any gaps not be addressed through a primarily compliance-driven exercise for the purposes of achieving coherence in policy and programming. UNDP strives to learn from its programming to influence and evolve its policies through an iterative learning process.

To advance both efficiencies and aggregation and presentation of results, a new Integrated Work Plan (IWP) has been developed which will facilitate the implementation of the Strategic Plan for 2022-2025. It will address any gaps between HQ-level policies and country level programming by linking them more effectively and systematically.

To further ensure that learning becomes a central part of UNDP’s policy and programme evolution and that greater coherence exists between policy and action, the Independent Evaluation Office has introduced a new “Artificial Intelligence for Development Analytics” (AIDA) system which uses artificial intelligence and machine learning for quick and easy access to the many evaluations stored in our [Evaluation Resource Centre](#).

### **4. RBM systems insufficiently steer and aggregate results at the global level**

In accordance with the 2020-2023 information technology strategy, UNDP is holistically redesigning its results planning, monitoring and reporting systems by leveraging a new enterprise resource planning (ERP) and corporate planning system and streamlining a wide range of existing platforms and business processes. This new system will enhance the alignment of resources to results and organizational capability for lessons learning to improve policy making and future programming.

In addition, the methodologies underpinning UNDP’s Integrated Results and Resources Framework (IRRF) will be further strengthened to support the aggregation of results at the global level. This will include detailed description of indicator definitions, alignment with indicator measurement, data sources and references.

Active channeling of resources to results by UNDP can be already be seen, for example, in how UNDP deployed nearly US\$1 billion to over 170 countries and territories through two COVID-19 corporate offers and associated rapid financing mechanisms, as remarked by the UNDP Administrator to the Executive Board at its annual session of June 2021.



## **5. Programme management and monitoring do not assure effective, relevant, efficient, and sustainable development results**

To enable more effective and efficient programming to generate sustainable results, UNDP is in the process of implementing upgrades to a number of tools and systems:

- Guidance and tools to support the development of Theories of Change;
- Guidance for Project Boards as an essential instrument to improve the abilities of projects to assess, evaluate and react to risks and make timely decisions;
- Updates to the Results Based Management (RBM) Handbook to further advance the already strong guidance on planning and reporting, promote organizational learning and enable adaptive management; and
- Enterprise Risk Management (ERP) system and supporting tools to improve the ability of projects, portfolios and programmes to anticipate uncertainties and set up conditions to deliver in complex scenarios.

Improvements in developing Theories of Change (ToCs) are aimed directly at supporting the design of Country Programmes as integral parts of the UN Sustainable Development Cooperation Framework (UNSDCF) and to articulate UNDP's contribution to shared UN results. In the effort to facilitate adaptive management, the guidance supports the use of ToCs as a monitoring and evaluation tool, with renewed attention to the identification of beneficiaries and the analysis of partnerships.

Regional Bureaus, working closely with country offices, play a key role in strengthening programme management and monitoring. The Regional Bureau for Asia Pacific, for example, has Key Performance Indicators and a Compact with every country office covering development results, programme management and operational performance. Performance is closely monitored, and investments are made to strengthen processes and systems, particularly those relating to risk management.

As concrete development results are expected to be produced at the country level, UNDP will closely review results produced within country programmes and country-level experiences, and adapt a more country-focused RBM approach to help improve its operational model.

## **6. Interventions remain fragmented and insufficiently geared towards upstream policy making and capacity strengthening**

UNDP is connecting national level policies with implementation at the local level through partnerships and creating structures and systems to better manage and co-ordinate interventions.

UNDP is also renewing efforts to promote an outcome-focused approach aimed at reducing fragmentation and promoting a learning and adaptive mindset. The main initiatives are the shift to portfolios as programming modalities that support an outcome approach, and the certification of programme managers in Managing Successful Programmes (MSP), an important toolset to improve the design and implementation of quality programmes. By way of example, the UNDP Climate Promise and Accelerator Labs are already implementing a multi-country portfolio approach.

UNDP is also setting up a network of country-based economists to drive upstream policy work, respond to countries' needs for policy advice and to influence policy results and impact.

However, the fundamental fracture at the root of this finding is the highly fragmented funding and thus project-oriented approach, which reduces efficiencies and scalability on which upstream policy making and capacity strengthening depend. A portfolio and flexible funding approach would generate larger scale interventions, with correspondingly greater impact and efficiency, including on policy outcomes.



## 7. Need to integrate and apply lessons from past evaluations

UNDP places high value on lessons generated from evaluations and continues to analyze key evaluation findings to identify ways to improve and the introduction in February 2022 of IEOs' "AIDA" Development Analytics portal was highlighted under point 3.)

To further enhance the application of lessons from past evaluations for decision making and future programming, UNDP regional bureaus have developed a strategy to strengthen their decentralized evaluation function, which will be monitored, analyzed and discussed by the senior management on a quarterly basis.

We thank the MOPAN and the institutional leads for this most recent assessment, in the spirit of advancing the effectiveness and efficiency of the United Nations and the multilateral system, more broadly. We look forward to capitalizing on this report to advance the dialogue with Member States, sister UN agencies and partners, and will follow up on the observations via internal management mechanisms with a view towards resolution.

A handwritten signature in blue ink, appearing to read 'Ulrika Modéer'.

Ulrika Modéer  
Assistant Secretary-General and Director