UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations

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PERFORMANCE AUDIT

OF

THE REGIONAL PROGRAMME FOR

AFRICA

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Report on the Performance Audit of the Regional Programme for Africa
Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted a performance audit of the UNDP Regional Programme for Africa 2014-2017 (the Programme) from 15 June to 30 July 2015. Performance auditing is an independent examination of a programme, function, operation, project, or the management systems and procedures of an entity to assess whether the entity is achieving economy, efficiency and effectiveness in the employment of available resources.

The objective of this audit was to assess the planning and implementation of the Programme, in line with UNDP policies and with the recommendations of the evaluations and reviews of the previous Regional Programme. In order to assess the audit objective, the audit focused on two main audit questions:

(a) Has the planning of the Programme been adequate to support the Programme in achieving its outcomes?

(b) Is there an adequate governance structure to support the Programme?

The audit covered the activities of the Programme from 1 January 2014 to 30 May 2015. Expenditures totalled $25.6 million in 2014 and $6 million as of 30 May 2015, including spending on projects from the previous Regional Programme cycle.

The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

Overall audit rating

OAI assessed the planning and the governance structure of the Programme as **partially satisfactory,** which means, "Internal controls, governance and risk management processes were generally established and functioning, but needed improvement. One or several issues were identified that may negatively affect the achievement of the objectives of the audited entity (Programme)." This rating was mainly due to weaknesses in project design, lack of an operational monitoring framework and plan, insufficient focus on resource mobilization and lack of adequate cost recovery.

Conclusions

The planning of the Programme and its respective projects was in part adequate. However, there was no comprehensive consultation with the donor community, neither during programme nor during project planning. This could reduce the possibilities of mobilizing external resources.

The Programme was aligned with the 'UNDP Strategic Plan 2014-2017' and the African Union's vision as expressed in the "Agenda for 2063". The Regional Bureau for Africa (RBA) limited the number of outcomes and outputs per project in line with recommendations from previous evaluations. The five new projects developed were, however, complex and diverse in their set-up. They carried more of the characteristics of thematic programmes than those of specific projects.

There were weaknesses in the design of the Programme and its projects, which may affect the effectiveness of the projects. In particular, the 'Integrated Results and Resources Frameworks' showed deficiencies and inconsistencies, which could cause difficulties in monitoring the progress and results of the envisaged activities. RBA did not establish an operational monitoring framework and a monitoring plan for the Programme. This may weaken the oversight and the possibility to demonstrate the value added in each of the outcomes.

Limited funds were available for the Programme's activities due to cuts in core funds and limited funding from other sources. The Programme needed to mobilize at least $140 million in order to achieve full delivery of the Programme's activities. Recently, efforts to mobilize resources have been intensified. It may, however, be challenging for UNDP to achieve substantial additional funding for the Programme at this stage and a prioritization and revision of the planned objectives may be necessary (refer to Recommendation 1 below).

There was an adequate management structure to support the Programme. RBA developed an Accountability Framework for the Programme and the reporting lines were working well. The Programme Advisory Board met once in 2014, but was not consulted on the challenges related to resource mobilization and priorities following cuts in core funds in 2015. This may weaken stakeholder involvement in the Programme.

The Programme was charged for the salary cost of staff members, which was not based on the actual time spent on the Programme. There was no overview of how much time staff from the Bureau for Policy and Programme Support (BPPS) and other support staff working for the Programme, in addition to other tasks, spent on the Programme to ensure adequate cost recovery. Furthermore, salaries were paid to five staff members through inactive projects from the previous Regional Programme.

Due to a combination of unforeseen budget cuts, insufficient emphasis on resource mobilization at the planning stage, and an 'Integrated Results and Resources Framework' that did not provide for results monitoring and reporting, the Programme's contribution to the outcomes of the 'UNDP Strategic Plan 2014-2017' may be limited.

Key recommendations: Total = **5**, high priority = **2**

The five recommendations aim to ensure the following: achievement of the organization's strategic objectives (Recommendation 1, high and Recommendation 3, medium); and effectiveness and efficiency of operations (Recommendation 2, high and Recommendations 4 and 5, medium).

For high (critical) priority recommendations, prompt action is required to ensure that UNDP is not exposed to high risks. Failure to take action could result in major negative consequences for UNDP. The two high (critical) priority recommendations (1 and 2) are presented below.

<u>Recommendation 1</u>. The Regional Bureau for Africa should systematically implement the most important components in the project portfolio, bearing in mind available resources, by:

(a) re-evaluating the planned activities, sharply focusing on limiting the number of activities to those which have a high potential impact and activities that do not require an investment budget;
(b) producing a financial projection for the remaining period of the Regional Programme based on realistic costs and resource mobilization estimates; and
(c) drafting a detailed activity implementation plan for the remaining programme period.

<u>Recommendation 2.</u> The Regional Bureau for Africa should improve monitoring of the Programme and its projects by:

(a) reformulating the 'Integrated Results and Resources Framework' through re-assessing the formulation of outcome and output targets, reducing the number of indicators, and avoiding making use of indicators that cannot be supported by reliable and readily available baseline data;
(b) implementing a monitoring plan for quarterly and annual reporting;
(c) establishing baselines and a system for data collection and clear roles and responsibilities for data delivery, analysis and quality assurance; and
(d) closing all projects from the previous Regional Programme cycle.

Management comments and action plan

The Regional Bureau for Africa accepted all of the recommendations and is in the process of implementing them. Comments and/or additional information provided have been incorporated in the report, where appropriate.

Issues with less significance (not included in this report) have been discussed directly with management and actions have been initiated to address them.

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1. Introduction

1.1 Background and context of the Programme

The Programme aims to build an integrated, prosperous and peaceful Africa. It was approved by the Executive Board in January 2014. The Programme defined the following four outcomes:

- Growth and development are inclusive and sustainable, incorporating productive capacities that create employment and livelihoods for the poor and excluded.
- Citizens' expectations for voice, development, the rule of law and accountability are met by stronger systems of democratic governance.
- Countries are able to reduce the likelihood of conflict and lower the risk of natural disasters, including from climate change.
- Development debates and actions at all levels prioritize poverty, inequality and exclusion, consistent with our engagement principles.

Total expenditure amounted to $25.6 million in 2014 and to $6 million as of 30 May 2015, including spending on projects from the previous Regional Programme cycle. Expenses were recorded on 17 projects in 2014 and on 14 projects in 2015. The latest revised budget for 2015 was $17.6 million, of which $0.9 million was allocated to the "Regional Programme Support" project. The largest budget of $9 million for 2015 was allocated to the project "Strengthening African Engagement in Global Development Debates" (under Outcome 4), which included the former Senior Economist Programme.

According to the Programme Document, the Programme was founded on the added value of regional and sub-regional approaches to address development challenges. The regional dimension was expected to contribute to connecting, advancing and utilizing learning, knowledge, expertise and experiences across regions. Particular attention would be paid to regional initiatives to benefit the poor, women, youth, and other excluded groups, public-private partnerships and an enhanced role for civil society organizations in regional dialogue, and processes and a sustainable human development approach and emphasis on capacity development. The Programme planned to focus on the regional dimensions of the four outcomes of the 'UNDP Strategic Plan 2014-2017'.

The Director of the African Regional Hub in Addis Ababa (the Hub) was delegated with responsibility for the overall management of the Programme and was accountable to the Director of RBA. The Hub was responsible for ensuring alignment/linkage of the Programme with regional and corporate strategies and priorities, leading the design of projects for the Programme, and managing the Programme Advisory Board. It was also responsible for managing the Programme partnerships, coordinating technical support to countries and global/country level programmes, and monitoring and reporting on progress against work plans. The Programme Coordinator was responsible for day-to-day programme management, coordination of partnerships and monitoring of results. A cluster team leader for each of the four outcomes and a Gender Programme Advisor were responsible for the implementation of the projects under the Programme. Outcomes 1 to 3, as well as gender, were led by BPPS through staff out-posted at the Hub, while outcome 4 was led by RBA headquarters in New York.

This audit resulted in five recommendations:

High priority recommendations:

(a) Systematic implementation of the important components in the project portfolio (Recommendation 1).
(b) Improve monitoring of the Programme and its projects (Recommendation 2).

Medium priority recommendations:

(c) Strengthen planning of the success of the Programme (Recommendation 3).
(d) Strengthen the role of the Programme Advisory Board of the Programme (Recommendation 4).
(e) Review project expenditures (Recommendation 5).

1.2 Audit objectives

The audit aimed to assess the planning and implementation of the Programme, in line with UNDP policies and the recommendations of the evaluations and reviews of the previous Regional Programme. The audit addressed two main questions:

1) Has the planning of the Programme been adequate to support the Programme in achieving its outcomes?

This audit question addressed the planning and the quality of the design of the Programme and its projects, as well as resource planning and monitoring towards results.

2) Is there an adequate governance structure to support the Programme?

This audit question addressed roles and responsibilities, the role of the Programme Advisory Board and the financial structure.

1.3 Audit scope and methodology

The audit was mainly built on document reviews, analysis of financial information, and interviews.

Question 1 was addressed through a review of the Programme and Project Documents. This included documents on consultations during planning for the Programme and projects, minutes from the Project Appraisal Committee and reports from the Programme. This also included lessons learned from projects under the previous Regional Programme cycle. Previous evaluations were reviewed and recurrent findings and recommendations were mapped. The content and the methodological robustness of the Programme and Project Documents were reviewed, which also included the outcome concept notes and the minutes from the meetings of the Project Appraisal Committee and other supporting documents. Specifically, the nine Project Documents of the Programme (see table 1) were subject to an in-depth analysis. The analysis was supported by the use of quality indicators derived from the 'UNDP Programme and Operations Policies and Procedures', including the 'Handbook on Planning, Monitoring and Evaluation for Development Results' and the 'Strategic Plan 2014-2017'. Also, budget and expense data for the Programme and projects were analysed. Furthermore, the analysis included the 'Partnership and Resource Mobilization Strategy' document and related initiatives.

Question 2 was addressed through an analysis of the completeness, consistency and appropriateness of the Programme Accountability Framework, the organogram and the Terms of Reference of key staff in the management of the Programme and its projects. Furthermore, documents from the Programme Advisory Board meeting were reviewed. The analysis also included financial information.

The document reviews for the two audit questions were supplemented with interviews with the Director and the Deputy Director of the Hub, the RBA Deputy Director, the leader of the Strategy and Analysis Team, the Programme Coordinator, the RBA Management Advisor, the cluster team leaders of outcomes 2-4 and the Gender Programme Advisor, the Communication Advisor of the Hub, and the European Union Partnership Specialist.

Table 1. Overview of projects of the Programme (2014-2017)

Project	Outcomes (Number/Type)	Project ID	Project period	Total budget planned and funding structure ($ million)
Approved in 2013				
POLE Phase II ("Stratégies de développement et Finances publiques")	2	00091579	2014-2017	11.5 (2.7 core, 5.3 France, 3.4 unfunded)
Strengthening the Capacity of IGAD (Intergovernmental Authority on Development) in Building Resilience in the Horn of Africa	3	00075887	2015-2017	13 (5 core, 7 unfunded)
Building and Enabling Environment for Women's Economic Empowerment & Political Participation in Africa (AU Gender)	Gender	00086269	2013-2016	12 (6 core, 6 unfunded)
Approved in 2015				
Promoting Inclusive Economic Transformation in Africa	1	00093934	2015-2017	37 (12 core, 6 Swiss, 19 unfunded)
Transforming Governance in Africa	2	00093935	2015-2017	25 (15 core, 10 unfunded)
Fostering Resilience to Shocks and Threats in Africa	3	00093941	2015-2017	22.4 (10 core, 12 unfunded)
Strengthening African Engagement in Global Development Debates	4	00094407/ 00062631/ 00094139	2015-2017	51 (43 core, 8 unfunded)
Fostering Gender Equality and Women's Effective Participation and Contribution to Economic and Political Transformation	4+1 (Gender)	00094361	2015-2017	11 (6 core, 5 unfunded)
Project to Support Oversight of the Regional Programme	All outcomes	00091014	June 2014-2017	15 (all core)

1.4 Audit criteria

Audit criteria include policies, procedures and requirements against which facts can be assessed. The main audit criteria for this audit were the 'UNDP Strategic Plan 2014-2017', recommendations from previous evaluations and reviews, the Programme Document and the UNDP Accountability Framework. The 'UNDP Programme and Operations Policies and Procedures' on regional programmes and project management was used as specific audit criteria, where relevant.

- The 'UNDP Strategic Plan 2014-2017' aims at higher quality programmes through better project planning, design, monitoring and evaluation, underpinned by stronger results-based management. This aim was the overarching criterion for the audit of the Programme, analysed into the following elements:
    - Focus: No more than four specific time-bound outcomes.

- Theoretical depth: Explicit Theories of Change, and a robust, rigorous and specific, measurable, attainable, realistic and time-based (SMART) results framework.
- Project-design: Evidence based, e.g. building on lessons learned and best practices.
- Minimum quality criteria for projects and strengthened quality assurance processes.

The independent evaluation of the previous Regional Programme (2008-2013) conducted by the Independent Evaluation Office recommended a sharpened focus and a limited number of outputs and outcomes to be articulated in the Programme Document. It further recommended that management should address capacity constraints within UNDP and other implementing or responsible partners in order to correct gaps in design, start-up delays and monitoring. The management and technical review of the Programme recommended that management pay more systematic attention to resource mobilization and resource planning.

According to UNDP's Accountability Framework, managers are accountable for achieving corporate goals across units, irrespective of their functional positions. Authorities, responsibilities and accountabilities should be clearly defined, formally delegated and consistent. In arriving at decisions, the risks, costs and benefits of the available options should be duly considered. Risks should be identified and managed responsibly. The successful implementation delivery of UNDP services for each function and their respective sub-functions requires an integrated contribution from every bureau, with close collaboration among them. The bureau should define the clearly established prioritization of these tasks, and include staff under a matrix reporting line to multiple managers.

The overarching responsibility of the Programme Advisory Board is to advise the Regional Director in carrying out the assigned broad oversight responsibilities, especially with regard to accountability, monitoring and evaluation, strategic forward planning, overall results-based management, quality assurance and risk management requirements of the Programme Document as a whole.

2. Audit observations

A. Has the planning of the Programme been adequate to support the Programme in achieving its outcomes?

The planning of the Programme and its respective projects was partly adequate. There were weaknesses in the design of the Programme and its projects, which may affect the effectiveness of the projects. In particular, the 'Integrated Results and Resources Frameworks' showed deficiencies and inconsistencies, which could cause difficulties in monitoring the progress and results of the envisaged activities. RBA did not establish an operational monitoring framework and a monitoring plan for the Programme. This may weaken the oversight and the possibility to demonstrate the value added in each of the outcomes.

1. Insufficient focus on resource mobilization in the planning process and weaknesses in the 'Integrated Results and Resources Framework' of the Programme

The 'UNDP Strategic Plan 2014-2017' aims at higher quality programmes, through better project planning, design, monitoring, evaluation and results-based management. UNDP is aiming at focus and theoretical depth (an explicit Theory of Change) being evidence-based. According to the 'UNDP Programme and Operations Policies and Procedures' on regional programming, the preparation of a draft regional programme is a consultative process involving the widest range of stakeholders, including regional institutions, civil society groups, United Nations agencies, donors and other development partners. The preparation of regional programmes begins about 18 months before the previous regional programmes expire. At the outset, each Regional Bureau establishes a work plan that includes a process of analysis, conceptualization, consultation and formulation, as well as an outline of tasks, time frames, responsibilities and required support for the entire Programme Document preparation process. The Programme Document should outline the development cooperation strategy for a particular geographic region. The template for regional programmes requires a section on resource mobilization.

The planning process of the Programme started in December 2012 and was for the most part in accordance with the 'UNDP Programme and Operations Policies and Procedures'. Stakeholder consultations took place; however, there were limited consultations with stakeholders such as the African Development Bank and the United Nations Economic Commission for Africa. OAI noted that there was no evidence of a comprehensive and systematic consultation with the donor community during the Programme's planning, although this process had been planned for spring 2013. This could be partly explained by the impact of the structural review that was undertaken during that time.

The Programme Document was aligned with the 'UNDP Strategic Plan 2014-2017' and the African Union's vision as expressed in the "Agenda for 2063". However, the audit disclosed the following weaknesses in the Programme design:

- The Programme Document partly followed the standard template for regional Programme Documents, but did not address the following important elements: lessons learned were not supported with operational conclusions; the use of evidence in programming was limited; the outcomes were not related to a specific Theory of Change; it was not clear why the Programme would be sustainable; and the partnership strategy did not include roles for the various actors.
- The statement of the consultative process that led to the draft Programme Document was not available.
- The distinct role of UNDP versus other development partners was not made clear.
- The 'Integrated Results and Resources Framework' showed shortcomings. There were Programme outcome indicators, which, on their own, were not realistic (e.g. indicator 2 of outcome 1 regarding the annual value of the contribution of Africa to the Global Trade). The achievement of this target was beyond the control of the Programme. A fair part of the output may face challenges in terms of Programme contributions and attribution. Baselines were not developed.

The lack of comprehensive donor consultation may weaken UNDP's possibilities to mobilize external resources for the Programme, as donors may prefer to be included in the conceptual phases of activities to be co-financed. Weaknesses in the 'Integrated Results and Resources Framework' could cause difficulties in monitoring the progress and results of the envisaged activities. It could also negatively impact the design of the projects of the Programme.

2. Weaknesses in project design

UNDP is aiming at having minimum quality criteria established for projects, as well as strengthened quality assurance processes. According to the 'UNDP Programme and Operations Policies and Procedures' on regional programmes, individual projects have to be formulated in ways that translate the regional programme into concrete outputs and activities. The formats and procedures for country-level projects also apply to regional programming, adapted as needed to the regional context. Collectively, the regional projects must be coherent to realize the overall results of a given Programme Document. The design process for regional projects follows the same participatory approaches as for country programming, modified to reflect the larger number of governments and other stakeholders. The Project Document should contain indicators that are SMART, through the completion of an 'Integrated Results and Resources Framework' and/or annual work plans and management arrangements that clearly articulate project roles, responsibilities, and accountabilities.

The process of formulating the projects did not take place in parallel with the Programme's development, but started with the drafting of the concept notes per each of the four Programme outcomes in May 2014. This was a highly participatory process. The concept notes were finalized in July 2014. Stakeholder consultations on these proposals took place at several stages from August 2014 until the end of October 2014. In October and November, the Programme prepared five draft Project Documents. To enhance internal ownership, this process was completed without the use of consultants. The draft Project Documents were informally reviewed by the Executive Office and BPPS at the end of November 2014. The five projects were reviewed in the same Project Appraisal Committee and were approved in January 2015. External partners did not participate in the Project Appraisal Committee. It was positively noted that RBA also formulated a programme support project with a separate budget (Regional Project to Support Oversight of the Programme), approved in April 2014, to enhance effectiveness and to support knowledge management.

The planning process was not fully in accordance with the 'UNDP Programme and Operations Policies and Procedures' or the 'UNDP Handbook on Planning, Monitoring and Evaluating for Development Results' or recommendations from previous evaluations. The audit indicated the following:

- There was no evidence that donor agencies or other partners were consulted in the process, with one exception.
- There was no evidence that project-specific stakeholder consultations took place.

Three Project Documents included in the current Programme were prepared and approved in 2013 and were transferred to the new Programme. The audit analysis showed that the format of the 2013 projects was different from that of the five projects that were approved in January 2015.

Following the submission of the audit report to management, RBA indicated through subsequent comments that the principle of "ownership" was given primarily in the design, so that the stakeholders consulted were the beneficiaries. Furthermore, RBA mentioned that they were guided by the 'UNDP Programme and Operations Policies and Procedures' that stipulate "the Programme Advisory Committee should be participatory and, whenever possible, include representation by stakeholders, including governments, United Nations agencies, intergovernmental organizations, Civil Society Organizations and donors." On this occasion, this was not possible because of time constraints related to the structural change. The 'UNDP Programme and Operations Policies and Procedures' clearly cite external participation not as a prerequisite, but rather as something that should be done when possible.

Following RBA management comments, the audit team confirmed that stakeholder consultation and involvement was actively sought and often obtained when formulating the Programme. The limitations of the consultation process during the design of the project constituents to the Programme were partly due to the process of the structural review. The audit indicated that the stakeholder analyses and their strategic consequences were underdeveloped in the Project Documents reviewed, notwithstanding the logical reasons for this omission.

The audit further disclosed the following:

- Stakeholder analysis

  The strategic dimension of the Project Documents was mostly satisfactory. Sufficient reference was made to the UNDP Strategic Plan and the African Union's vision, but stakeholder analysis was generally missing.

- Broad and complex projects with characteristics of a thematic programme

  RBA took note of the recommendation of the Independent Evaluation Office and the Strategic Plan requirements to limit the number of outputs and tried to limit them to three per project. The five new projects were, however, complex and diverse in their set-up and encompassed many sub-outputs and intervention lines, thus reconciling them within one Project Document (and one 'Integrated Results and Resources Framework') was not feasible. The previous recommendations to cut and limit the number of activities were not adequately addressed during the set-up of the reviewed Project Documents. Breaking the Project Documents down into coherent and related sets of activities per specific topic and with the single partners showed that about 20 activities had many of the following characteristics of projects on their own:

  - They address a specific problem with a specific solution.
  - They target to a specific group of stakeholders and are implemented with specific partners.
  - They need a specific Theory of Change and a related 'Integrated Results and Resources Framework' in order to plan activities and measure results.

  An illustration of the above points was the "Strengthening African Engagement in Global Development Debates" project that tried to reconcile a very wide array of different activities under one overarching umbrella. Although activities were interrelated, they differed substantially in nature and included components that needed separate justification, analysis, research and a Theory of Change. By analysing the project, one could distinguish the following sub-projects:

  - The Senior Economist Programme: This was based on a 2004 project with specific goals, among others, assisting African countries on development planning and the management of comprehensive development frameworks.
  - Sustainable Development Goals of policy making, domestication and financing: A set of separate, but interrelated technical assistance activities to support various institutions that focused on both regional and country levels.
  - South-South and triangular cooperation: A coherent set of activities aiming at setting up new mechanisms for technical assistance. Outputs were set at the operational level, such as "setting up a clearing house, databases, mobile application etc."
  - The "African Development Research Programme" that will build on future research activities producing, among others, UNDP flagship publications like a Human Development Report on gender and Africa's economic outlooks.

- Project formulation

  There was no sufficient evidence-based project formulation, such as building on lessons learned, in the following cases (out of nine Project Documents reviewed):

  - Only one Project Document, "Women's Economic Empowerment", was specific on how research and studies influenced the set-up of the project, while three Project Documents made a partial reference to specific evidence, and five made no reference at all.
  - Specific lessons learned were referred to in the "Programme Oversight" Project Document and in "POLE Phase II", but in three Project Documents only partial reference was made, and in the remaining four there was no specific reference to lessons learned at all.
  - The "Programme Oversight" Project Document made reference to project-specific risks, however, four Project Documents only made partial reference, while another four Project Documents had no specific risk assessments.

- Lack of an explicit Theory of Change

  Following a recommendation of previous evaluations, Theories of Change should be clearly spelled out. The Theory of Change should start with a clear analysis of the underlying problems to be addressed by the proposed intervention. The Theory of Change should indicate how proposed activities would lead to expected outcomes and describe the time frame and milestones in a specific manner. Six of the Project Documents included a section on Theory of Change and provided some schematic insight in the building blocks of the change path. However, none of the Project Documents provided an explicit Theory of Change linked to the spelled out change paths.

  RBA indicated in its management comments that there was in fact a Theory of Change and further indicated that paragraphs 1 to 4 on the situation analysis of the Programme Document were an illustration of the Theory of Change under another name. These paragraphs outlined the rationale of the projects, the context and the steps needed to achieve the goals, while describing the constraints. In other words, these served indeed as a Theory of Change. RBA also stated that this was the case in all five Project Documents.

  The audit team was of the opinion that paragraphs 1 to 4 comprised elements of a Theory of Change at the programme level. The audit team considered that the need for a detailed Theory of Change at the programme level may differ substantially from a Theory of Change at the project level, as a Programme Document has a broader and more strategic function. The audit observation was on the absence of a comprehensive Theory of Change at the project level, which would systemize the theoretical framework of the proposed interventions and results and that would relate them directly to the 'Integrated Results and Resources Framework'.

- 'Integrated Results and Resources Frameworks' were not coherent and consistent

  At the level of input description, there was a systematic misunderstanding of the nature of an input in five of the reviewed Project Documents. Four Project Documents did not reflect well the differences between activity level and output level, while in other instances outputs were in fact outcomes, and vice versa. Indicators were generally not SMART formulated and seldom referred to the outcome level. Baseline data was partial, or missing. For example, in the Project Document for "Transforming Governance in Africa", some of the described inputs, such as consultations, research and meetings were not inputs but activities. Furthermore, the outcome indicators did not relate logically to all activities. In the Project Document for "Promoting inclusive economic transformation in Africa" outputs such as "a rapid response facility" were described as inputs. Indicators like "The number of regional agricultural value chains in which Small and Medium Enterprises led by youth and women participate" were not clearly supported by baseline data. These inconsistencies had also been reported in June 2015 by a consultant recruited to construct a monitoring framework for the Programme in June 2015 (refer to Issue 4).

- Sustainability of interventions

  The sustainability of the proposed interventions were not addressed in any of the Project Documents, other than the statement that capacity building needed a long-term vision. Neither were explicit exit strategies included.

Subsequent to the audit, RBA indicated that the 'Integrated Results and Resources Frameworks' at the project level were robust and that there was an established Theory of Change for the following reasons: (i) the Programme Document outcome and output statements, as well as outcome indicators for all five projects were directly chosen from the Strategic Plan indicators, which were the benchmarks for this exercise; and (ii) the Programme Document was reviewed by both RBA's results-based management advisors and the BPPS–Development Impact Group advisors.

OAI acknowledged the review of the Programme Document by RBA's results-based management advisors and the BPPS–Development Impact Group advisors and that the project indicators were well aligned to the Strategic Plan and the Programme Document indicators. However, OAI still noted some shortcomings in the methodological quality of the documents. A consultant hired by the Programme for the establishment of a monitoring framework had also noted the same methodological flaws (refer to Issue 4).

Weaknesses in donor and stakeholder consultations during project planning could reduce the possibilities of mobilizing resources for the Programme. Lack of an explicit Theory of Change with a spelled out change path may weaken the 'Integrated Results and Resources Framework'. Methodological weaknesses in project design might result in shortcomings in the effectiveness of the projects. It may also make it more challenging to mobilize external resources.

3. Budget cuts and weaknesses in resource mobilization for the Programme may compromise delivery

The management and technical review of the previous Regional Programme recommended that management should pay more systematic attention to resource mobilization and resource planning, among other things. The outcome evaluation report (November 2012) stated that a realistic financial plan should be the rule in the implementation phase of a project, and that resources should be ensured before the implementation phase starts.

The Programme Document indicated that the estimated total resources needed to achieve the Programme's objectives amounted to $256 million. It assumed the mobilization of external resources of $110 million and a $41 million carryover from the previous Regional Programme cycle. The core resources for the implementation of the Programme were expected to amount to $105 million over the 2014-2017 period.

During the formulation of the supporting projects, the budget for the Programme was estimated to be $198 million, of which $98 million was foreseen to be covered by core funds and of which $100 million needed to be mobilized. After the expenditures for the first year and a half of the project and respective budget cuts, an estimated budget of about $40 million remained, resulting in a need to mobilize at least $140 million in order to achieve full delivery. In April 2015, core resources to the Programme were reduced by 40 percent from the planned budget of $27.8 million. OAI was not provided with a revised projected budget for the total Programme period, reflecting fixed costs and likely resources to be mobilized.

In April 2015, following a cut in core resources, the Programme prioritized available resources and only the "Strengthening African Engagement in Global Development Debates" project received the resources required. The remaining six projects are expected to receive only 36 percent of the initially planned budgeted resources, an indication that the achievement of goals may also be limited (refer to table 2 on revised budget and hard commitments).

Table 2. 2015 Revised budget for the Programme by project and commitments

Project description	Planned budget ($ million)	Revised budget ($ million)	Hard commitments
Promoting Inclusive Economic Transformation in Africa	2.5	0.5	No
Transforming Governance in Africa	4.0	1.5	Yes
Fostering Resilience to Shocks and Threats in Africa	3.9	1.6	Yes
Strengthening African Engagement in Global Development Debates	10.7	11.2	Yes
Fostering the Inclusive Participation and Effective Contribution of Women in Process of Economic and Political Empowerment	0.7	0	No
Building an Enabling Environment for Women[1]s Economic Empowerment & Political Participation in Africa	2.0	0.5	Yes
Strengthening the capacity of Inter-Governmental Authority for Development in building resilience in the Horn of Africa	2.5	1.4	Yes
Regional Programme Support Project	1.5	0.9	No
Total	**27.8**	**17.6**	

The responsibility for resource mobilization was delegated to the Hub. During the planning of the Programme there were limited efforts to mobilize resources (refer to Issues 1 and 2). Recently, efforts in this field had been intensified. There were no hard commitments from external donors to fund the Programme, except $6 million for outcome 1 and $5 million for "Pole Phase II", as already included in the Project Documents. OAI was, however, informed that it was likely that some donors may fund parts of projects or new projects.

A partnership and resource mobilization strategy was developed in late 2014, and not at the outset of the Programme as indicated in the Programme Document. The Strategy included a recommendation on roles and included an indicative high-level action plan for 2015-2017. The strategy did not analyse specific donor priorities and how they related to the objectives of the Programme. Prioritization of potential partners and funding targets was part of the indicative action plan.

Because a large part of the available funds were needed for activities with hard commitments, fixed costs and the Programme's management and administration, limited funds were available for the remaining Programme's activities in 2015. Without firm commitments from donors, it may be challenging for UNDP to achieve substantial funding for the remainder of the Programme's cycle. As a consequence, there is a risk that the Programme will not reach a substantial part of its planned objectives and its foreseen contribution to the Strategic Plan.

4. Lack of an operational monitoring framework and plan

The 'UNDP Strategic Plan 2014-2017' emphasized stronger results-based management. According to the 'UNDP Programme and Operations Policies and Procedures' on programme and project management, during the project formulation process, UNDP in close collaboration with national counterparts and other stakeholders should plan for monitoring in accordance with guidelines in the 'UNDP Handbook on Planning, Monitoring and Evaluating for Development Results'. The project developer should prepare an initial monitoring and evaluation framework for the project. Project monitoring is linked to and should feed programme level and outcome level monitoring.

RBA established a Monitoring and Evaluation Unit with a Monitoring Specialist and had developed a Business Strategy for results-based management in July 2015. As noted under Issues 1 and 2, there were methodological weaknesses in the 'Integrated Results and Resources Framework'. A consultant hired by the Programme delivered a report in June 2015 with a proposal for a monitoring framework and a skeleton of a monitoring plan. The report underlined that further work was needed to refine the 'Integrated Results and Resources Framework', to clarify responsibilities for monitoring activities, to finalize the monitoring plan, and that resources were needed to implement it.

The monitoring and evaluation of the results of the projects may become a challenge without an operational resources and results framework and a monitoring plan. This may weaken the oversight and the possibility to demonstrate UNDP's and the Programme's value added in each of the outcomes. It may also make it very difficult to demonstrate achievements of results towards the Strategic Plan.

To address the weaknesses identified related to audit question 1, OAI made three recommendations, as follows:

Priority High (Critical)

Recommendation 1:

The Regional Bureau for Africa should systematically implement the most important components in the project portfolio, bearing in mind available resources, by:

(a) re-evaluating the planned activities, sharply focusing on limiting the number of activities to those which have a high potential impact and activities that do not require an investment budget;
(b) producing a financial projection for the remaining period of the Regional Programme based on realistic costs and resource mobilization estimates; and
(c) drafting a detailed activity implementation plan for the remaining programme period.

Management action plan:

(a) The process of re-evaluating the planned activities under the Regional Programme is underway as a response to the financial constraints faced by the programme.
(b) The financial projection is under preparation and will be done as part of the overall assessment of programme and prioritization of areas with potential for resource mobilization.
(c) This will be done as part of the integrated work-planning process and informed by the new refocused programme intervention areas.

Estimated completion date: February 2016

Priority	High (Critical)
Recommendation 2: The Regional Bureau for Africa should improve monitoring of the Programme and its projects by: (a) reformulating the 'Integrated Results and Resources Framework' through re-assessing the formulation of outcome and output targets, reducing the number of indicators, and avoiding making use of indicators that cannot be supported by reliable and readily available baseline data; (b) implementing a monitoring plan for quarterly and annual reporting; (c) establishing baselines and a system for data collection and clear roles and responsibilities for data delivery, analysis and quality assurance; and (d) closing all projects from the previous Regional Programme Cycle.	
Management action plan: In parallel with the revision (reduction) of the Programme: (a) Programme and project resources and 'Integrated Results and Resources Frameworks' will be revised. Formulation of outcomes and outputs will be assessed and if necessary revised. SMART indicators will be defined, making sure that data is or will be available to evaluate those indicators. (b) A planning, monitoring, evaluation and reporting plan will be defined and implemented. (c) Linked to the monitoring plan, a data collection system will be established with clear deadlines and responsibilities for both data collection and quality assurance of data. (d) The old projects from the previous cycle are already operationally closed and some financially closed. Note that the 'UNDP Programme and Operations Policies and Procedures' allows a year after project completion for projects to be financially closed. We are within the prescribed timeframe. **Estimated completion date:** December 2015	

Priority	Medium (Important)
Recommendation 3: RBA should strengthen the planning of the successor of the Programme by: (a) starting the conceptualization as early as possible, and at least 18 months before its starting date; (b) strengthening the consultation with the donor community at the early stage; and (c) initiating the process of project planning in parallel with programme planning.	
Management action plan: While RBA appreciates that this would provide ample time for design and consultation with stakeholders we prefer to wait until after the mid-term review of the Strategic Plan to guide us in identifying the substantive areas of intervention and base it on the lessons learned of the mid-term review. **Estimated completion date:** September 2016	

B. Is there an adequate management structure to support the Programme?

It was positively noted that RBA developed an Accountability Framework for the Programme. The double reporting lines of the cluster leaders to BPPS and RBA worked well.

1. Limited consultations with the Programme Advisory Board

The Programme Advisory Board supports the RBA Directorate in its decision-making on critical matters pertaining to the Programme. The Board serves an important role in ensuring effective communication, oversight and implementation of the Programme Document. Chaired by the Director of the Bureau, with the assistance of the Deputy Regional Director, the Board has a maximum of eight other representatives, including from the African Union, regional economic communities, United Nations bodies, the private sector and civil society organizations. The management and technical review of the previous Regional Programme recommended that the Programme Advisory Board should be activated and provided with regular information on issues and progress at least every six months. The 'UNDP Strategic Plan 2014-2017' emphasizes stakeholder engagement.

The Programme Advisory Board had one meeting in July 2014. The Board members were Directors from the Crisis Response Unit, Bureau of Management (now Bureau for Management Services), BPPS, Bureau for External Relations and Advocacy (BERA), UN Capital Development Fund (UNCDF), and the UN Office for South-South Cooperation, 11 Resident Coordinators/Resident Representatives, and 3 senior staff from RBA. The Board also included the following seven external partner organizations & institutions: the African Union Commission, UN Economic Commission for Africa, Economic Community of West African States, Economic Community of Central African States, Centre for Citizen's Participation on the African Union, Alliance for Commodity Trade in Eastern & Southern Africa, and the African Civil Society Platform on Principled Partnership. The fact that the Board of the new Programme consisted of external stakeholders was positive. The majority of the participants were, however, internal to UNDP.

At a meeting held in 2014, the Board adopted its Terms of Reference, was briefed on the Programme Document, and endorsed the outcome concept notes. According to the meeting minutes, RBA planned to continue to engage the partners and Board members on the Project Documents' development and seek the Board's approval prior to signing them. The Board agreed to meet twice per year.

The Board did not convene after its last meeting in 2014 and there was no evidence that it was involved in the challenges related to priorities and resource mobilization, following the cuts in core resources. Consultations took place, however, in the project development phase. RBA management reported that due to budget cuts, it was difficult to find financial room for the Board meetings.

If the Programme Advisory Board is not consulted on critical matters, there may be a risk of weakened stakeholder involvement in the Programme. Non-UNDP Board members may enhance the effectiveness of the Board and its advisory quality as they bring in independent views and opinions and facilitate the recommended constant dialogue between UNDP and its stakeholders.

2. Salaries of staff not based on actual time spent on Programme

According to the 'UNDP Programme and Operations Policies and Procedures', project resources should be used for the purposes of achieving the objectives of a project and its expected development results, in a manner consistent with the principles of economy, efficiency and effectiveness. The preferred modality for recovering costs is the application of the workload study results.

The audit indicated the following:

- Inactive projects from the previous Regional Programme used for paying staff salaries

  For the period between January and June 2015, a total of $518,000 was paid to five staff members through inactive projects from the previous Regional Programme.[1] These projects should have been closed at the end of the previous Regional Programme. These salary costs had no contributions to the projects that they were being charged to.

- Lack of tracking actual time spent on the Programme

  BPPS staff within the cluster teams were partly paid from the Programme, and were responsible for managing and supporting the projects of the Programme in addition to other tasks, for example, team management and country support. Salaries were also paid for the operations and support staff through the Programme. There was no evidence of a workload study to determine the actual time spent on projects of the Programme. The financing of the BPPS staff was still under discussion with BPPS at the time of the audit.

By paying staff through projects from the previous Regional Programme, the costs for the current Programme were not accurately reflected. Further, without an overview of time spent (e.g. a workload study), costs may not be accurately recovered. This may result in lack of accountability in the use of resources.

To address the weaknesses described for audit question 2, OAI made two recommendations, as follows:

Priority	Medium (Important)
Recommendation 4: RBA should strengthen the role of the Programme Advisory Board of the Programme through: (a) enhancing the involvement of the Board on strategic matters, bearing in mind the possibility for virtual meetings and in-between session consultations; and (b) reconsidering the composition of the Board, aiming at broader external stakeholder representation and engagement.	
Management action plan: The next Programme Advisory Board meeting will be held in Addis Ababa in December 2015. The issue of the composition of the Board will be discussed and approval will be sought. **Estimated completion date:** December 2015	

[1] A Special Advisor, two Programme Specialists, a Capacity Development Specialist and a Project Management Specialist.

Priority	Medium (Important)
Recommendation 5: The Regional Bureau for Africa should review the project expenditures and ensure that staff working for the Programme are being charged according to actual time spent (e.g. workload study), and discontinue the payment of salaries through projects from the previous Regional Programme.	
Management action plan: Going forward, the Regional Bureau for Africa intends to address this recommendation as follows: (a) reach an agreement with units managing positions which fall outside the Programme's scope (BPPS in particular) on the predictable and sustainable funding linked to their post-Structural Review staffing in the Regional Service Centre; (b) conduct a workload analysis to further delineate position functions and link to corresponding funding sources; and (c) supplement the review by Country Office surveys (similar to the one done in 2014) benefitting from Regional Service Centre advisory services. This will allow us to better understand the demand for services and readiness to pay for them, thereby relieving Programme resources. **Estimated completion date:** December 2016	

Definitions of audit terms - ratings and priorities

A. AUDIT RATINGS

- **Satisfactory** — Internal controls, governance and risk management processes were adequately established and functioning well. No issues were identified that would significantly affect the achievement of the objectives of the audited entity.

- **Partially Satisfactory** — Internal controls, governance and risk management processes were generally established and functioning, but needed improvement. One or several issues were identified that may negatively affect the achievement of the objectives of the audited entity.

- **Unsatisfactory** — Internal controls, governance and risk management processes were either not established or not functioning well. The issues were such that the achievement of the overall objectives of the audited entity could be seriously compromised.

B. PRIORITIES OF AUDIT RECOMMENDATIONS

- **High (Critical)** — Prompt action is required to ensure that UNDP is not exposed to high risks. Failure to take action could result in major negative consequences for UNDP.

- **Medium (Important)** — Action is required to ensure that UNDP is not exposed to risks that are considered moderate. Failure to take action could contribute to negative consequences for UNDP.

- **Low** — Action is desirable and should result in enhanced control or better value for money. Low priority recommendations, if any, are dealt with by the audit team directly with the Office management, either during the exit meeting or through a separate memo subsequent to the fieldwork. Therefore, low priority recommendations are <u>not included in this report</u>.