UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations

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PERFORMANCE AUDIT

OF

UNDP

RESULTS BASED MANAGEMENT

Report No. 1549

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Table of Contents

Report on the Audit of UNDP Results Based Management
Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted a performance audit of UNDP Results Based Management (RBM) from 2 November to 15 December 2015.

In UNDP RBM is a policy and a practice of management in which inter alia programmes and management activities in general should be guided by evidence from monitoring, evaluations, audits and other sources of evidence. RBM is intended to subsequently improve the quality of programmes and projects by improving the design and delivery of the programmes and projects.

The audit focused on three main audit questions:

1. To what extent are policies and practices of RBM in UNDP addressing the challenges related to the quality of programmes and projects in UNDP?

2. To what extent is information on results used as evidence to support decision-making in programming?

3. To what extent is management of the enhancement of RBM effective?

The audit covered the activities from 1 January 2013 to 30 September 2015. This was the first audit of RBM.

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

Overall audit rating

OAI assessed the policies and practices of RBM as **satisfactory,** which means that internal controls, governance and risk management processes were adequately established and functioning well. The current policy reforms and practices of RBM addressed the challenges related to the quality of programmes and projects and brought more coherence to the work of managing for results in UNDP, both at the corporate and at the field level.

In addition, in the process audited information on results was used as evidence to support decision-making in programming. Finally, the management of the enhancement of RBM was to a large extent effective at the headquarters level, as governance mechanisms were established and effective. No major issues were identified that would significantly affect the achievement of the objectives related to enhanced quality of programmes and projects in UNDP.

Key recommendations: Total = **5**, high priority = **0**

The audit did not result in any high (critical) priority recommendations. There are five medium (important) priority recommendations, which means, "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." These recommendations include actions to address the following: insufficient guidance on the concept and use of the Theory of Change; validation for the proposed quality assurance tool and updating guidance material; TRAC-2 not used as an incentive for good performance; the lack of clarity on the allocation of resources to complete the enhancement process; and the weaknesses in assessing training needs.

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

Management comments and action plan

The Director of the Bureau for Policy and Programme Support accepted all five recommendations and is in the process of implementing them. Comments and/or additional information provided had 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.

Helge S. Osttveiten
Director
Office of Audit and Investigations

1.1 Background and context of Results Based Management

The United Nations Development Group defines RBM as "a management strategy by which all actors, contributing directly or indirectly to achieving a set of results, ensure that their processes, products and services contribute to the achievement of desired results (outputs, outcomes and higher level goals or impact). The actors in turn use the information and evidence on actual results to inform decision-making on the design, resourcing and delivery of programmes and activities as well as for accountability and reporting."[1]

RBM was introduced in UNDP in 1999. The main goal was to reverse the declining resource base, to ensure predictability of programme funding, and to demonstrate to donors a focus on results. According to the 2012 Quadrennial Comprehensive Policy Review, RBM is essential to improving effectiveness and accountability in the use of resources. Further impetus for improving RBM in the United Nations came from demands from both programme and donor countries for the United Nations development system to demonstrate that it was achieving its development objectives efficiently, and that its activities were relevant to the needs and priorities of programme countries.

UNDP also recognized the importance of RBM in its Strategic Plan for 2014-2017. RBM is intended to achieve higher quality programmes through better project planning, design, monitoring and evaluation. According to the Strategic Plan, this would be achieved through a systematic, organization-wide investment for an improved RBM, which would include: the articulation of clear standards for RBM; minimum quality criteria for projects and strengthened quality assurance processes at all stages of the project cycle; reduced time frames and administrative load; and establishment of a sustainable RBM support mechanism to work with Country Offices.

Various stakeholders in UNDP have key responsibilities for RBM. These include:

- The Executive Office that is responsible for coordination of the improvement of RBM. The Corporate Planning System is also under its purview.
- The Development Impact Group in the Bureau for Policy and Programme Support that has the corporate responsibility for developing all relevant policy and guidance to support the results of the Strategic Plan. The Bureau for Policy and Programme Support is also responsible for assisting UNDP and partners to achieve higher quality development results through an integrated approach that links results based management and performance monitoring with more effective, new ways of operating.
- The Regional Bureaux that have the responsibility to develop the regional RBM strategy, including the tools and methods to support RBM implementation within the Bureaux, Regional Hub and Country Offices; they oversee the design, management, implementation and use of evaluations at regional and country levels; they identify development/training needs to support improved skills and practices in RBM, as well as planning, results-oriented monitoring and development evaluation; and they provide advisory support to local, national and regional RBM, monitoring and evaluation capacity development and actively promote the exchange of experiences and good practices through comprehensive partnerships.
- The Bureau for Management Services that also plays an important role in the allocation of resources to the business units.
- Country Offices are responsible for implementing the improvements to RBM. The majority of programmes and projects are implemented at the Country Office level. The impact of improvements to RBM will most likely be more significant at the Country Office level.

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[1] United Nations Development Group, 'Results-based Management Handbook: Harmonizing RBM concept and approaches for improved development results at country level', October 2011, p.2.

1.2   Audit objectives

The audit was conducted as a performance audit and aimed to assess to what extent the improvement of RBM is likely to enhance the quality of programmes and projects in UNDP. The audit addressed three main questions:

1. To what extent are policies and practices of RBM in UNDP addressing the challenges related to the quality of programmes and projects in UNDP?

    The audit reviewed the policies and practices to improve the quality of programme and project documents, in order to assess to what extent these were addressing various challenges noted in the past, such as lack of alignment of Country Programme Documents with corporate goals and objectives, numerous country outcomes and outputs, insufficient quality assurance processes, and poor Country Programme Documents and project design.

2. To what extent is information on results used as evidence to support decision-making in programming?

    This question addressed the impact of generated results on the decision-making process. It examined whether programmes and projects are up scaled or downscaled based on development evidence and if the achievement of results is systematically linked to the use of incentives.

3. To what extent is the management of the enhancement of RBM effective?

    This question addressed the governance mechanisms and management of the process to enhance RBM.

1.3 Audit scope and methodology

The audit built on an OAI questionnaire sent to Country Offices during the planning stage, document reviews and interviews/written inquiries. Initial findings were discussed in a focus group with representatives of the Executive Office, the Regional Bureaux and the Independent Evaluation Office. This audit was carried out at the headquarters level only and the findings, conclusions and recommendations do not include validation of data at the Country Office level. The validation of the effectiveness of the measures at the Country Office level will be performed through a joint assessment of UNDP institutional effectiveness which is being conducted by OAI and the Independent Evaluation Office.

▪   Question 1 was addressed through a systematic review of proposed improvements to RBM, the justification for the improvements, draft documents and internal discussions on the improvements. A sample of Country Programme Documents that were appraised in 2015 were also reviewed. Interviews were carried out with the Executive Office, the Bureau for Policy and Programme Support, and the Regional Bureaux. Findings were discussed with the Bureau for Policy and Programme Support for validation.

▪   Question 2 was addressed through a systematic review of UNDP policies and procedures regarding critical management processes such as allocation of core resources. Interviews were carried out with the Office of Human Resources, Office of Financial Resources Management and Regional Bureaux.

▪   Question 3 was addressed through analysis of work plans of the improvement process, Organizational Performance Group and Programme Coordination Group minutes, monitoring plan and progress reports. This was complemented by interviews with the Executive Office and the Bureau for Policy and Programme Support – Development Impact Group team.

1.4 Audit criteria

Audit criteria include policies, procedures and requirements against which facts can be assessed. The main audit criteria for this performance audit were the Strategic Plan, and best practices. The criteria are presented by audit question addressed (refer to section 1.2).

1. Policies and practices addressing the challenges related to the quality of programmes and projects in UNDP

According to the Strategic Plan, higher quality programmes will be achieved through the following:

- better planning, monitoring and evaluation, underpinned by stronger results-based management;
- minimum quality criteria for projects;
- strengthened quality assurance processes at all stages of the project cycle; and
- lessons learned from evaluations regarding monitoring, which will be fed into adjustments in design, delivery and future investments.

2. Use of evidence in reporting results and decision-making

According to the Strategic Plan, the following should be considered in programme development:

- lessons learned that will be fed into adjustments in design, delivery and future investments; and
- evidence on results that will capture innovations and will sustain and scale up successful approaches.

3. Management of the enhancement of RBM

According to the Strategic Plan, UNDP will make an organization-wide investment for improved RBM and establish a sustainable RBM support mechanism to work with Country Offices.

According to best practices, RBM requires resources for training and acquiring expertise, and for a central unit to provide support to managers.

I.   Audit results

OAI made five recommendations ranked medium (important) priority.

Low priority issues/recommendations were discussed directly and agreed with the Office and are not included in this report.

Medium priority recommendations, arranged according to significance:
    (a) Clarify and provide written guidance on the concept and the use of Theory of Change (Recommendation 1).
    (b) Enhance the project quality assessment process (Recommendation 2).
    (c) Assess if the required resources to implement all the measures are sufficient, and if necessary revise the roadmaps and targets accordingly (Recommendation 4).
    (d) Enhance the use of TRAC-2 as an incentive to promote evidence of good performance at the Country Office (Recommendation 3).
    (e) Identify the training needs of staff in Country Offices (Recommendation 5).

The detailed assessment is presented below, per audit question:

1. To what extent are policies and practices of RBM in UNDP addressing the challenges related to the quality of programmes and projects in UNDP?

The audit reviewed the Country Programme Documents and project documents prepared. The audit also reviewed the policies and procedures developed, in order to assess to what extent they were addressing various challenges noted in the past, such as lack of alignment of Country Programme Documents with corporate goals and objectives, numerous country outcomes and outputs, insufficient quality assurance processes, and poor Country Programme Documents and project design. The review noted that UNDP has already taken the following measures to address these challenges:

(i) Alignment with UNDP corporate goals and objectives

Evaluation reports noted that Country Office activities in the field were not aligned to UNDP corporate goals and objectives. This negatively impacted the measurement of the achievement of corporate goals. Through the alignment exercise of the Strategic Plan, UNDP required Country Offices to align their results frameworks to corporate goals. This resulted in a more coherent corporate results-framework and indicators that positively enhance oversight and control, as well as data gathering and interpretation.

(ii) Limiting the number of outcomes and outputs in programming

Country Programme Documents previously contained numerous outcomes and outputs, which negatively impacted available resources. This also led to diverse project portfolios with small budget allocations that could not contribute to the Country Office outcomes. Through the alignment exercise of the Strategic Plan, UNDP limited the number of outcomes to a maximum of four per Country Office, which resulted in the Country Programme Documents being more focused on programme delivery and results.

(iii) Corporate quality standards and criteria

Prior to the current measures, there were no clear corporate quality standards in the design of Country Programme Documents and project documents. This was addressed by introducing corporate quality standards (e.g., relevance and effectiveness), which to a large extent meet industry-standards, and are expected to reduce implementation risks.

(iv) Programme and project assurance tool

Audits and previous evaluations noted ineffective quality assurance at the appraisal stage, during implementation, and at the closure phase of the Country Programme Documents or project documents. To address this, a new quality assurance tool was introduced in 2014. The tool was an enhancement to the existing quality assurance mechanisms for projects, i.e., the Project Appraisal Committee and the Project Board. The quality assurance tool is a self-assessment of the quality of programmes and is mandatory at all stages of the programme/project life cycle. If quality criteria are not met, remedial actions are required. The tool enhances control by establishing a clearer segregation of duties among project designer, implementer, quality assessor, quality approver and the final decision maker. The use of the quality assurance tool also requires uploading of evidence to prove that quality criteria are met, which has a positive impact on evidence-based decision-making. The self-assessment process is completed by "spot checks" (verification of evidence) conducted by the Regional Bureaux and the Bureau for Policy and Programme Support.

(v)   Programme and project design

A review of previous evaluations and audit reports confirmed that programmes and projects encountered quality issues in their design, which were caused by the lack of corporate and mandatory guidance. To address this, UNDP revised the programme and project management policies and procedures and introduced new templates for Country Programme Documents and project documents. In addition, UNDP introduced the mandatory use of Theory of Change underpinned by stronger reliance on the use of evidence.

The audit review showed that the Country Programme Documents developed using the new guidance have already positively impacted the quality of indicators in terms of supporting baseline data and being specific and measurable. Out of 20 Country Programme Documents reviewed, 10 were assessed as fully meeting the quality criteria of indicators, and the remaining 10 were assessed as acceptable.

(vi)   Monitoring policy

The OAI performance audit of UNDP Monitoring Practices (Report No. 1397) noted the absence of a monitoring policy, insufficient tools and practices, poorly designed results frameworks, and poor collection of data. As a result, UNDP designed a monitoring policy which now provides the purpose of monitoring, the data to be collected to track performance, analysis of evidence for decision-making reporting, resources for monitoring and the procedures to be followed when monitoring. Since the policy was rolled-out in 2016, after the date of fieldwork for this review, its effectiveness was not tested. The corporate planning system integrates results from the Country Offices for corporate reporting, and includes a feature for monitoring development results and performance against the Strategic Plan.

(vii)   Reporting

Audit and evaluations reports in the past noted issues related to the quality of reporting. This was due to inadequate monitoring processes, which did not provide sufficient and reliable evidence that could sustain UNDP's reporting. To address this, the corporate Results Oriented Annual Report template for 2014 and 2015 was enhanced. Communication to Country Offices emphasized the quality of evidence, and feedback and recommendations were provided to each Country Office on the quality of information provided in the Results Oriented Annual Report. The audit review noted an improvement in the use of evidence in the information presented in the Results Oriented Annual Report. As an example, the 2014 Annual Report of the Administrator for the first time included a report card for development performance, which was part of the Integrated Results and Resources Framework.

The following areas for improvement were noted:

 Issue 1   Insufficient guidance on the concept and the use of Theory of Change

The Center for Theory of Change defines Theory of Change as "a comprehensive description and illustration of how and why a desired change is expected to happen in a particular context. It is focused in particular on mapping out or 'filling in' what has been described as the 'missing middle' between what a programme or change initiative does (its activities or interventions) and how these lead to desired goals being achieved. It does this by first identifying the desired long-term goals and then works back from these to identify all the conditions (outcomes) that must be in place (and how these related to one another causally) for the goals to occur. These are all mapped out in an Outcomes Framework." The Theory of Change was introduced as a design tool for all UNDP Country Programme Documents and project documents in 2013.

The UNDP quality criteria for programme and project design require a root-cause analysis and a Theory of Change backed by rigorous and credible evidence justifying why the programme or project priorities are appropriate and most likely to contribute to higher-level development impact.
The audit noted that the UNDP policy on Theory of Change was not well developed and the guidance on how to use it was not readily available. The practical use of the Theory of Change differed between programmes and projects, as the latter require a more specific and detailed level of activity planning, and there was no specific guidance on how to apply Theory of Change in specific programming contexts.

Theory of Change at the Country Programme level

The audit reviewed the revised template and guidance on Country Programme Documents and identified the following:

- The template refers to the use of Theory of Change, but does not provide further guidance on how to apply the Theory of Change methodology. For example, the proposed instructions direct the user to an external website which is not under UNDP's control.
- The Strategic Plan for 2014-2017 requires a specific Theory of Change per outcome; however, the Country Programme Document template does not include such a requirement. This may lead to challenges in demonstrating the effectiveness of the selected initiatives aimed at change at the country level.

To assess the extent to which Country Offices were meeting the quality criteria for programme and project design, the audit selected a sample of 20 Country Programme Documents out of the 28 that were reviewed by the Programme Appraisal Committee and submitted to the second session of the Executive Board in 2015 and to the first session in 2016. These Country Programme Documents were drafted in accordance with the new instructions on the Country Programme Document template and guidance issued in February 2014. The guidance required that Country Programme Documents include a Theory of Change.

The audit review identified the following: in 3 Country Programme Documents, a Theory of Change was not included in the text of the reviewed document, and in 12 Country Programme Documents, the Theory of Change was partly developed. Often missing was the explicit pathway leading from problem statement to intended outcome, i.e., why a specific outcome was selected. Also, the use of evidence feeding the Theory of Change was incomplete. For example, many Country Programme Documents made reference to lessons learned from evaluations, but did not explain how these lessons had influenced the developed Theory of Change and the new Country Programme Documents.

Project level

At the conclusion of phase 1[2] of the quality assurance exercise of projects, the Bureau for Policy and Programme Support circulated a survey to the 23 participating countries. Feedback was requested on the concepts introduced, the instruments used and guidance provided during the first phase. Theory of Change was the most common area on which Country Offices requested for more guidance in the survey. Fifty-eight percent of the respondents stated that they had difficulties in understanding and applying Theory of Change.

Although the majority of the Country Offices had responded that they had difficulties in understanding and applying Theory of Change, when self-assessing the quality of the project design, 82 percent of the projects in the design stage were rated satisfactory or higher on Theory of Change. Furthermore, 70 percent assessed that

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[2] Phase 1 of the Quality Assurance exercise was launched back in 2014 and involved 23 Country Offices that tested the Project QA standards and rating tool.

evidence generated through earlier project experiences had been explicitly used to confirm or adjust the Theory of Change.

To test if Country Offices were over-rating themselves, the audit reviewed a non-representative sample of 20 self-assessed project documents (from 10 Country Offices out of the 23). The following differences were noted between the assessment by the Country Offices and OAI on the 20 projects were noted:

Area of measurement	Self-assessment by Country Offices	OAI assessment
Use of Theory of Change	71 percent satisfactory	58 percent satisfactory
Use of evidence in Theory of Change	85 percent satisfactory	64 percent satisfactory

The differences in rating can be explained by the fact that Country Offices seemed to define the use of evidence in project documents by summarizing the lessons learned only. In most cases there was no explanation on how these lessons learned (or other evidence such as academic studies and best practices) were used in enhancing the robustness of the Theory of Change, or to support the validity of the assumptions presented in the Theory of Change. This also reflected the insufficient guidance on the use of Theory of Change.

Insufficient guidance about the concept and the use of Theory of Change as a central tool in programme and project planning and design may lead to sub-optimal design, affecting the reliability of quality assessments and resulting in inconsistencies.

Priority	Medium (Important)
Recommendation 1: The Bureau for Policy and Programme Support, in coordination with the Regional Bureaux should clarify and provide written guidance on the concept and the use of Theory of Change by: (a) including the use of evidence, taking into account the different contexts of programming; (b) adding Theory of Change as an annex to the draft Country Programme Document when appraised by the Programme Appraisal Committee; and (c) including Theory of Change per programme outcome.	
Management action plan: The Bureau agrees with the audit team's conclusion that the use of sound, evidence-informed Theory of Change strengthens the quality of programmes and projects and enables high quality development results. According to the long piloted and recently adopted quality assurance tool and policy, high quality of Theory of Change underpinning programmes and projects is a prerequisite for their endorsement. To ensure organization-wide alignment with new quality requirements, UNDP is currently piloting a draft guidance on Theory of Change to support the preparation of high quality Country Programme Documents and new projects at the country, region, and global levels. The Bureau agrees with the audit assessment that the Theory of Change guidance needs to take different contexts of programming into account. As the Theory of Change guidance is being rolled out, feedback received from various units currently using it will inform its revision.	

In terms of use of evidence, according to the new quality assurance criteria, all programmes and projects need to draw on lessons learned from independent evaluations in an explicit manner, referencing findings and recommendations of such evaluations that were relevant.

The Bureau agrees with the audit team's recommendations for (b) and (c) and will pilot this with Country Programme Documents appraised by the Programme Appraisal Committee in 2016.

Estimated completion date: September 2017

Issue 2   Validation for the proposed quality assurance tool and updating of guidance material required

According to the Strategic Plan, the enhancement of RBM in UNDP will include strengthened quality assurance processes at all stages of the project cycle.

In 2014, the Bureau for Policy and Programme Support designed an online quality assurance process, which rates indicators against set criteria. This system was being piloted at the time of the audit. Changes made based on the experiences gathered during the first phase of this pilot have been incorporated in the templates for phase 2. To get feedback on the appropriateness of the quality assurance tool, the Bureau for Policy and Programme Support conducted a survey among the 70 participants of the second phase of the quality assurance exercise. Over 70 percent of the respondents considered the quality assurance tool as useful to a larger extent, while over 78 percent considered the quality criteria to be relevant to a large extent. This system will be fully rolled out in 2016. Project designers will be required to meet quality criteria before submitting a proposal to quality approvers. The presence of quality indicators will need to be demonstrated by evidence and the standardized procedure will enforce a higher degree of objectivity.

The audit reviewed the quality assurance process and instructions regarding the quality of design of projects that were being piloted during phase 2 within 70 Country Offices, and noted that the questions often contained more than one quality indicator, which made it hard to give specific and reliable answers. For example, the indicator 'relevant' contained the following sub-indicators: appropriate specification, prioritization, participation rigor and use of evidence. The quality assurance process and the tools to assess quality were developed in-house, which meant that there was no independent feedback on the validity of the instruments developed. The Bureau for Policy and Programme Support was fully aware of that risk, but due to financial constraints, quality control of the assessment instrument by independent experts was not yet possible.

The quality of programmes and projects also depends on the instructions that programme managers receive. The proposed new programme and project management policies do not include specific instructions on how to apply them. So far, guidance on planning monitoring and design for results was provided in the 'UNDP Handbook on Planning, Monitoring and Evaluating for Development Results' (Handbook). The 'UNDP Programme and Operations Policies and Procedures' make specific reference to this Handbook. However, the Handbook that was last revised in 2010 does not reflect the quality standards introduced in 2015. The quality assurance checklists submitted to the appraisal committees have also not yet been adapted to the new quality standards.

Quality assurance is an important part of the planning process. When the quality of projects is not sufficiently assured, interventions may be lacking effectiveness.

Priority	Medium (Important)

Recommendation 2: The Bureau for Policy and Programme Support should enhance the project quality assessment process by: (a) validating the content of the quality assurance tool through expert review, taking into consideration the feedback received from users; and (b) synchronizing and updating guidance material such as the Handbook and checklists for appraisal committees in line with the UNDP quality requirements.
Management action plan: The recently adopted quality assurance tool reflects feedback received from Country Offices in the piloting phase. Moving forward, the Bureau for Policy and Programme Support agrees that the quality assurance tool should be reviewed independently, following the first year of rollout. The Project Quality Assurance rating tools will be independently reviewed in mid-2017, following the first full year of implementation and spot checks by Regional Bureaux. The Bureau for Policy and Programme Support also agrees that the 'Handbook on Planning, Monitoring and Evaluating for Development Results' should be updated to take into account new developments, including the quality standards for programming and the application of theories of change. **Estimated completion date:** December 2017

2. To what extent is information on results used as evidence to support decision-making in programming?

Issue 3   TRAC-2 not used as an incentive for good performance

According to the Strategic Plan, innovation, replication opportunities, and lessons learned will be explicitly considered in programme development, management and review so that results achieved with assistance from UNDP can be sustained over the long term. Lessons learned should feed into adjustments in design, delivery and future investments. These measures will be used to inform ongoing evidence-based policy development through the Strategic Plan period, as well as adjust implementation, help capture innovations that work and sustain and scale up successful approaches.

The Strategic Plan refers to giving incentives to programmes and projects that have demonstrated positive results. UNDP prepared criteria for the allocation of TRAC-2 (Target for Resource Assignment from the Core) by programme countries which was presented to the Organizational Performance Group in January 2014. In their decision, the Organizational Performance Group noted that TRAC-2 was to be used as an incentive for good performance. The allocation criteria included results achieved as one of the criteria to be used by the Regional Bureaux when allocating TRAC-2 resources. Bringing this approach to practice has been limited by the lack of resources, and the following requirement of the Executive Board on the allocation of TRAC-2 resources. Per the Executive Board decision 2013/4, 85 to 91 percent of all TRAC-2 resources are to be allocated to low-income

countries, out of which at least 60 percent to least developed countries. For some Regional Bureaux (e.g. Europe and the Common Wealth of Independent States, Latin America and the Caribbean and Asia Pacific) only very limited countries fall into this category. In addition, it was not always possible to use TRAC-2 for upscaling programmes or projects as the amount of TRAC-2 was not sufficient to make an impact. However, taking these limitations into consideration, the Regional Bureau for Asia and the Pacific had set up a fund for scaling up operations based on results. In 2013-2014, $9.3 million was allocated to scaling up operations and a total of 14 projects benefited from the fund. Apart from this single initiative, no follow-up was conducted in order to continue basing the allocation of resources on results achieved. Where it was used, TRAC-2 was mainly used on a need basis for Country Offices and not to reward performance.

In response to the draft report, management indicated that UNDP's performance and results are acknowledged by partners in the annual dedicated survey as well as by direct counterparts and beneficiaries. According to management UNDP works under high scrutiny by the Executive Board and by joint governing bodies of the United Nations Development Group; therefore, low performance is not an option. According to the Integrated Results and Resources Framework, in 2014, most of the offices exceeded the annual milestones of their work. While exploring ways to recognize and reward achievement of results, including through linking planning and delivery with individual performance, UNDP's aim is to ensure there is no underperformance at any level in the organization.

Not fully incorporating lessons learned and not systematically using relevant available evidence may result in UNDP missing opportunities to improve its programmes.

Priority	Medium (Important)
Recommendation 3: The Bureau for Policy and Programme Support, in coordination with the Bureau for Management Services and the Regional Bureaux should enhance the use of TRAC-2 as an incentive to promote evidence of good performance at the Country Office level.	
Management action plan: Taking note of the OAI recommendation, UNDP will analyse the criteria for allocating TRAC-2 when sufficient TRAC-2 becomes available so that it can be used as an effective incentive for Country Offices to continue good performance. It is important to also note that in the first two years of rolling out the quality standards, the Bureaux will focus on providing incentives for rigorous, credible and evidence-based self-assessments of project quality. The focus will be on cultivating a corporate culture that prizes learning and accountability while acknowledging slow progress and making course corrections. UNDP will turn to providing incentives for higher quality projects once we have evidence that the self-assessments of quality are rigorous and credible. To this end, UNDP will rely on independent sources of evidence such as thematic, programme, outcome and project evaluations and partnership surveys. **Estimated completion date:** December 2018	

3. To what extent is the management of the enhancement of RBM effective?

The responsibility for the enhancement of the RBM process is shared among a number of stakeholders, mainly, (a) the Executive Office, which is responsible for the coordination of the process and the Corporate Planning System; (b) the Bureau for Policy and Programme Support, which is responsible for developing policies and procedures as well as the quality assurance exercise; and (c) the Regional Bureaux, which have the mandate to ensure successful implementation of RBM. The Bureau for Policy and Programme Support and the Executive Office have prepared roadmaps for the different RBM initiatives. To bring key stakeholders together, a Programme Coordination Group was set up at the beginning of 2015 and met at least once a month to discuss the various RBM initiatives. The process was noted to be well coordinated. However, the audit identified the following:

Issue 4   Lack of clarity on the resources required to complete the enhancement process

The successful implementation of the measures aimed at the improvement of RBM require a plan with clear and measurable results, resources required, and a time frame.

The measures aimed at improving RBM were not supported by a separate resources plan, as not all resources required to complete the enhancement exercise had been allocated at the time of the audit. The required resources, both human and financial, were to be absorbed within allocations already available for the concerned teams. There was also no clarity on whether resources would be allocated in the foreseeable future. For example, for the Corporate Planning System, the Executive Office submitted three options on the way forward to the Organizational Performance Group in October 2015. All options were for delivery of the full product in 2017. Although the Organizational Performance Group agreed that the work on the Corporate Planning System should proceed, there was no specific option selected, as the final decisions were to be part of internal budget decisions and the ICT investment plan.

The potential disparity between the level of ambition of UNDP to enhance RBM and the resources available may lead to slower than expected or non-delivery of RBM enhancements.

Priority	Medium (Important)
Recommendation 4: In coordination with the Executive Office, the Bureau for Policy and Programme Support should assess if the required resources to implement all the measures are sufficient, and if necessary revise the roadmaps and targets accordingly.	
Management action plan: UNDP agrees to assess the resources required to implement the measures for improving RBM, and to revise the roadmaps and targets accordingly if necessary. **Estimated completion date:** December 2016	

Issue 5   Weaknesses in the assessment of training needs

The 'UNDP Results Based Management Handbook' identifies ongoing support, training and technical assistance as some of the key challenges of RBM. It recommends establishing RBM focal points and coaches, and organizing training workshops. Best practices also require building learning approaches into the organization, such as regular learning forums, sharing of results information, fostering learning when things go wrong and ongoing training for managers.

The audit indicated that all Regional Bureaux had nominated RBM focal points both at the headquarters and at Regional Hub levels. Workshops were held in all Regional Hubs where information on the current RBM initiatives were relayed to Country Offices staff as well as training on the implementation of the initiatives. The workshops were mainly designed in order to share with colleagues the latest policies and tools, including the alignment exercise, the new Corporate Planning System and quality assurance.

The training needs of programme and project developers, quality assurers, oversight staff and monitoring and evaluation staff have not been systematically mapped except for one Regional Bureau, which had done a capacity assessment of Country Offices in its region. Workshops focused on the new initiatives that were being introduced and they were not based on a needs assessment.

Without relevant and targeted training based on needs, UNDP may not be able to fully realize the improvements to RBM, which will consequently will hinder the attainment of higher quality programmes and projects.

Priority	Medium (Important)
Recommendation 5: The Bureau for Policy and Programme Support, in coordination with the Regional Bureaux should identify the training needs of staff in Country Offices and develop the appropriate training contents and methods.	
Management action plan: The Regional Roadmaps for Improved RBM will be reviewed in 2016, including full assessment of the training needs of staff in Country Offices, and targets will be revised accordingly. Training needs will be assessed by the Regional Bureaux as appropriate and training content will be developed to address capacity gaps and remain within available resources. **Estimated completion date:** December 2018	

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 not included in this report.