

**UNITED NATIONS DEVELOPMENT PROGRAMME**  
**Office of Audit and Investigations**



*Empowered lives.  
Resilient nations.*

**PERFORMANCE AUDIT**

**OF**

**THE UNDP RESIDENT REPRESENTATIVE / UNITED NATIONS RESIDENT COORDINATOR**

**OPERATIONAL DELINKING PROCESS**

**Report No. 2130**  
**Issue Date: 12 September 2019**

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## Report on the Audit of UNDP Resident Representative/United Nations Resident Coordinator Operational Delinking Process Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted a performance audit of the UNDP Resident Representative/United Nations Resident Coordinator (RR/RC) operational delinking process (the process) from 18 March to 10 June 2019. Performance auditing is an independent examination of an entity to assess whether the entity is achieving economy, efficiency, and effectiveness in the employment of available resources.

The audit aimed at assessing UNDP's preparedness and progress in implementing the RR/RC delinking process, including whether UNDP had set clear objectives, whether it managed its part of the process effectively, and whether key risks stemming from the delinking process had been adequately assessed and mitigated.

The audit covered the various activities from 1 January 2018 to 30 April 2019. At the time of the audit, the delinking process was still ongoing and was expected to be completed by the end of 2021.

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

### Overall audit rating

OAI assessed the Office as **satisfactory**, which means, "The assessed governance arrangements, risk management practices and controls were adequately established and functioning well. Issues identified by the audit, if any, are unlikely to affect the achievement of the objectives of the audited entity/area."

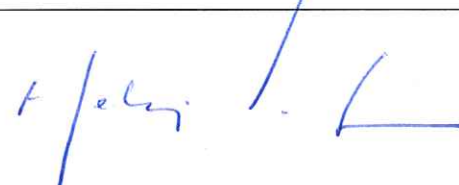
### Key recommendations: Total = 1, high priority = 0

The audit did not result in any high (critical) priority recommendations. There is one medium (important) priority recommendations, which means "Action is required to ensure that UNDP is not exposed to risks. Failure to take action could result in negative consequences for UNDP."

### Management comments and action plan

UNDP accepted the recommendation and is in the process of implementing it. Comments and/or additional information provided have been incorporated in the report, where appropriate.

Low risk issues (not included in this report) have been discussed directly with management and actions have been initiated to address them.



Helge S. Ostveiten  
Director  
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## **I. About the UNDP Resident Representative/United Nations Resident Coordinator operational delinking process**

In his December 2017 report to the General Assembly, the United Nations Secretary-General indicated that the 2030 Agenda and the subsequent changes requested by Member States demanded fully empowered and full-time Resident Coordinators (RCs). This was followed by Member States adopting, on 31 May 2018, a resolution (72/279) on the repositioning of the United Nations development system.

The resolution called on the Secretary-General to design and implement a series of reforms and present them for review by Member States. These included proposals for a reinvigorated RC system that separates the functions of the UNDP Resident Representative (RR) and the United Nations RC and strengthens accountability between the Secretary-General, the United Nations RC, and members of the United Nations Country Team. Further, the resolution envisaged that UNDP assets and expertise would be placed at the service of the wider development system through the leadership of the RC. UNDP was expected to provide back-office support to RCs and their offices, including all administrative and operational requirements related to the coordination function.

To implement this resolution, UNDP underwent a significant staffing exercises, with more than 1,000 staff directly impacted at the country, regional and Headquarters levels, including 129 RCs/RRs.

Further, the resolution required UNDP to fulfill a new role in the United Nations development system. UNDP had been called upon to serve as the “support platform of the UN development system, providing an integrator function in support of countries in their efforts to achieve the 2030 agenda” post 1 January 2019. UNDP had also been requested to provide temporary operational support to the Resident Coordinator Office (RCO).

The operational delinking process was not only a transactional migration of the RC function out of UNDP, it created two new full-time functions: a full time United Nations RC function, under the UN, and a UNDP RR function with no coordination responsibilities. To accomplish this, UNDP had to maintain the operational and programmatic continuity of its Country Offices while replacing the leadership of the RR and migrate the RC function out.

Given these potential risks in such a significant transition, OAI included the audit of the delinking process as part of its 2019 audit plan and conducted the audit in coordination with all central units.

### **A. Audit Objectives**

The objective of the audit was to assess UNDP’s operational preparedness and progress in delinking the RR/RC function, including whether UNDP had clearly outlined the steps required to complete the delinking exercise, whether it managed its part of the process effectively, and whether the risks stemming from the delinking process had been adequately assessed and mitigated.

The audit addressed the following questions:

1. Did UNDP establish effective governance and risk management mechanisms for the RR/RC operational delinking and UNDP's support to the United Nations development system?
2. Did UNDP deliver on the operational delinking process effectively?

## B. Audit Methodology

The audit sought to answer these questions by reviewing documents, written inquiries, and interviewing key staff. The questions were addressed through discussions with the Bureau for Management Services, the Executive Office, Bureau for External Relations and Advocacy, and Regional Bureaux, with a view to obtain a better understanding of the progress made along with key achievements and key challenges. The audit also reviewed the (i) Management and Accountability Framework of the United Nations development and RC system; (ii) the Secretary-General's implementation plan for the inception of the reinvigorated RC system as mandated by General Assembly resolution 72/279 on the repositioning of the United Nations development system; (iii) Guidance Note: managing the transition of RC projects in Atlas (enterprise resource planning system of UNDP); and (iv) the General Assembly resolution 72/279 and the UNDP Background Paper for the 14 November Board briefing entitled "A Next Generation UNDP for a Stronger UN development system."

Further, the audit conducted a survey of all Country Offices to gather feedback on their overall experience with regards to the delinking process and what potential impact it may have had, if any, on their ability to deliver development results while at the same time supporting the UN coordination function.

Finally, the audit team reached out to the United Nations Development Coordination Office (UNDCO) for input and feedback.

## C. Audit Criteria

To form a conclusion against the audit objectives, the criteria set out in the following documents were adopted:

- UNDP Strategic Plan 2018–2021
- General Assembly resolution 72/279
- Note to the UNDP Executive Board "Preliminary analysis of the financial and other implications of resolution 72/279 for UNDP"
- UNDP Background Paper "A Next Generation UNDP for a Stronger UN Development System"
- Memorandum of Understanding on UNDP services to UNRCs in 2019
- Organizational Performance Group Action Brief on the "2018 UNDP Resident Representative Classification Exercise", "Resident Coordinator Office Transition Plans" guidance issued by the Office of Human Resources (OHR).

## II. Audit results

OAI made one recommendation 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 recommendation:

- 1) Develop guidance for recruiting UNDP Resident Representatives and include this in the HR section of the 'UNDP Programme and Operations Policies and Procedures' (Recommendation 1).

The detailed assessment is presented below, per audit area:

**A. Did UNDP establish effective governance and risk management mechanisms for the RR/RC operational delinking and UNDP's support to the United Nations development system?**

The audit concluded that UNDP established effective corporate governance in the form of decision-making processes, structure and communication to operationalize the RR/RC delinking process.

Soon after General Assembly resolution 72/279 on the repositioning of the UN development system, UNDP identified several steps that had to be implemented and communicated them to the United Nations Deputy Secretary-General. These actions required the involvement from either the United Nations, UNDP, or both to support a smooth transition process.

UNDP's Administrator established an internal task force called "Anchor Group" on United Nations development system reform, chaired by the Chief of Staff of the Executive Office, with representation from across UNDP, including Country Offices. The aim of the Anchor Group was to ensure that, internally, UNDP was ready to implement the reforms, that there was full alignment across the organization and that the Administrator regularly received updates and advice. The UN System Affairs Group, with the Bureau for External Relations and Advocacy, served as the Secretariat of the Anchor Group. The Anchor Group structured the guidance from the United Nations Secretary-General and relayed the information to the Executive Group, Organizational Performance Group, Regional Bureaux and Country Offices. A critical path action plan was developed in July 2018 to foster the smooth transition of the RR/RC function as of 1 January 2019. This included (i) RC delinking, (ii) Country Office structure reconfiguration, and (iii) interim selection and deployment of RRs, DRRs (Deputy Resident Representatives), and United Nations Development Operations Coordination Office (UN DOCO) transition.

The Anchor Group met regularly to discuss substantive issues related to the delinking process. The review of the Anchor Group's minutes as well as discussions with some of its members showed that the Group met weekly and was very active in sharing information, preparing UNDP's inputs to various draft documents and policies prepared by UN DOCO, as well as coordinating UNDP's strategic alignment with the United Nations Secretary-General reform agenda. The Group was very active in providing feedback on the country-level chapter of the Management and Accountability Framework, as well as all other policy documents.

Management constantly communicated during the delinking process and used various means to convey key messages. The UNDP Administrator communicated the progress made in the delinking process, including the use of a dedicated website containing FAQs, circulars, and briefings. Communication was also maintained with the Executive Board, whereby UNDP updated the Executive Board members of the progress made in the delinking process as well as the financial implications. UNDP further communicated with Member States on the appointment of the new RRs to facilitate the accreditation process, as well as the new funding mechanisms (a 1 percent levy on earmarked third-party non-core contributions) as part of the United Nations Secretary-General Funding Compact.

The uncertainties surrounding the RC delinking process' immediate outcomes were considered. In terms of risk management, UNDP prepared a paper containing the preliminary scoping/assessment of the main risks related to the delinking process in January 2018. The paper presented a first step towards a corporate understanding of the potential risks for UNDP associated with the United Nations development system reform process. As this was a preliminary assessment of the main risks, the paper did not assess the likelihood of risks occurring. The paper did present risks with potentially significant implications for the organization's financial and operational future without prioritization. Further, in 2018 the RR/RC delinking had four out of seven corporate risks that were elevated to the Risk Committee due to the significance to the organization. The financial risks to UNDP's institutional budget were similarly considered in this light, and a financial scenario was prepared as a result. The



possible disruption to business continuity was considered and options evaluated included having RRs serve on an ad interim basis to lead country operations versus rapidly deploying newly designated RRs via a fast track. As such, there was an integrated, whole-of-organization approach and the existing corporate risk register was used. Further, the audit team learned that the Executive Group also had a standing item throughout 2018–2019 on various elements of UN reform, including RC delinking.

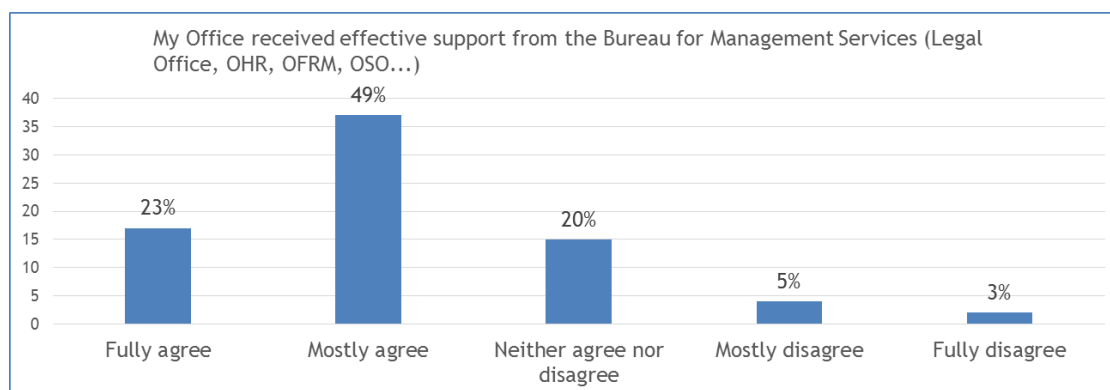
Funding for the delinking process to cover expenditures anticipated to be borne by UNDP were planned and sourced. UNDP management indicated that it had set a dedicated budget to support transitional expenditures related to UN reform funded by some donors through cost sharing contributions. Under the direct supervision of the Administrator, special funds were allocated from this source to support the recruitment and onboarding process of the RRs and the DRRs. Further, funds were set aside in the 2019 corporate budget, institutional budget managed by the Bureau for Management Services, to support the reassignment costs of RR deployment in 2019. This was done in agreement with the Regional Bureaux, as these funds fell within the annual allocation but were managed centrally.

## **B. Did UNDP deliver on the operational delinking process effectively?**

The implementation plan for the new RC system was presented as per General Assembly resolution 72/279 on the repositioning of the UN development system. The plan was focused on inception measures, including funding arrangements required to ensure that the new RC system became operational in 2019. According to the “Secretary-General’s Implementation Plan for the Inception of the Reinvigorated RC System”, dated 14 September 2018, the focus was on creating the authorizing environment for a RC system decoupled from UNDP by looking at all administrative, legal and oversight arrangements.

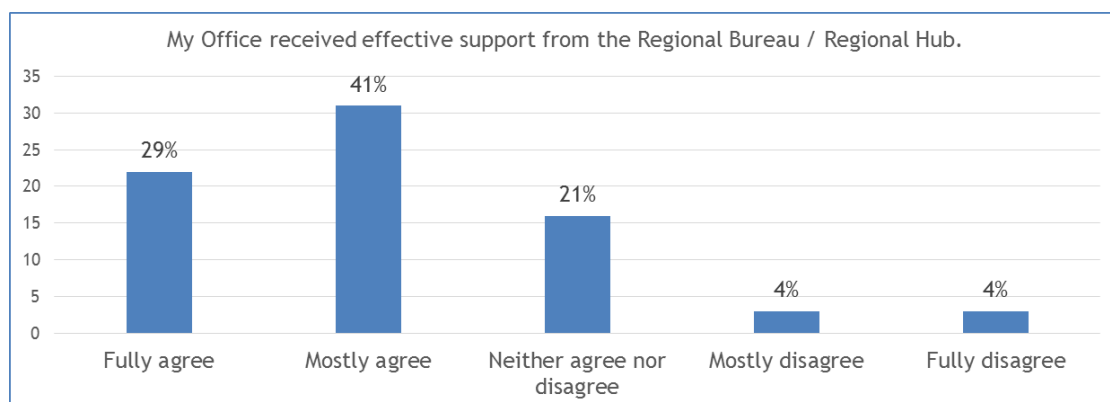
An important part of the operational delinking was the Country Office Implementation Checklist, which contained actions required to be undertaken by each Country Office in order to support the RR/RC delinking process. There were 22 actions to be undertaken, divided into 13 operational areas: Management, Internal Control Framework, Atlas, Finance, HR, Assets, General Administration, Procurement, Office Space, ICT, Security, Memorandum of Understanding/Service Level Agreement, and Resource Management. As at 29 April 2019, Country Offices had made progress – on average, 90 percent of the 22 action points specified in the checklist were completed. The outstanding areas were mainly regarding the signature of the Memorandum of Understanding/Memorandum of Understanding (item 20) and Resource Management (item 22). Following the audit fieldwork, the Office of Financial Resources Management issued a memo on 13 June 2019 providing the status of the UN DOCO/RCO legacy projects (item 22 of the checklist) and indicated that 203 UN DOCO/RCO legacy projects were closed, while 159 were operationally closed and 352 remained ongoing. The Office of Financial Resources Management was following up with the Regional Bureaux on the status of the ongoing projects and set a target of 31 July 2019 to complete the task.

The results of the survey developed by OAI to query Country Office management showed that the majority of Country Offices received effective and timely support from the Bureau for Management Services. Out of 72 Country Offices that responded 72 percent of respondents indicated that they received effective support from the Bureau for Management Services, while 20 percent neither agreed nor disagreed, and 8 percent disagreed, as seen below.



Source: Survey conducted by OAI, April 2019

Further, out of 72 Country Offices that responded 70 percent indicated that they received effective support from the Regional Bureaux/Hubs, while 21 percent neither agreed or disagreed, and 8 percent disagreed, as seen below.



Source: Survey conducted by OAI, April 2019

In addition, in order to support the provision of management and administrative services to the new UN development system and RC function in 2019, a Memorandum of Understanding was signed between the UN Secretariat and UNDP on 21 December 2018. According to the Memorandum of Understanding, in 2019 UNDP was to provide human resources, financial, administrative, office space, IT and other services to the UN RCOs in 131 countries and three regional support centres (Panama, Istanbul and Amman). To deliver services to the UN RCO an institutional effectiveness management project, "Client Services Support to the UN Secretariat for a Reformed UN RC System" was developed and approved. The project envisaged the establishment of a central project team within the Bureau for Management Services Directorate to manage the implementation of the Memorandum of Understanding. The team would provide overall corporate support and serve as surge capacity, complementing the work of Regional Bureaux and Country Offices on the seamless provision of services to the RC system. The team's assignment was time-bound and results-based.

The delinking exercise resulted in the need for UNDP to recruit new RRs on a large scale, in cases where the incumbent RR/RC opted to serve as RC rather than remain as RR. Of the 74 RCs that were UNDP staff members, 64 decided to serve as RCs and only 10 remained as UNDP RRs as of 1 January 2019. For those RR/RCs who were seconded from other UN agencies, by 31 December 2018, UNDP facilitated their return to the agencies they were seconded from.



It was estimated that UNDP would need to recruit approximately 110 RR positions by the end of 2018. To minimize the impact to UNDP's activities and delivery, UNDP ensured that each Country Office had an RR or RR a.i. on 1 January 2019, with the aim of placing all RRs within the first quarter of 2019. Additionally, there would have to be a recruitment process for DRRs where the DRR filled the position of RR or RR a.i. The audit team noted that this *en masse* recruitment of Country Office leadership was an unprecedented step taken by UNDP. As at May 2019, 135 RRs had been selected and candidates for UNDP DRRs in 125 countries had been identified.<sup>1</sup>

**Issue 1** Guidance for recruiting UNDP Resident Representatives to be incorporated into 'UNDP Programme and Operations Policies and Procedures'

Prior to the delinking process, the recruitment for the RR/RC was guided by a separate policy and procedure agreed upon by the Funds, Programmes and Agencies of the UN system. This process was not outlined in the 'UNDP Programme and Operations Policies and Procedures' and would also no longer be relevant once the delinking process was complete. Due to the large-scale appointment under the delinking process, UNDP developed a process for RR selection, which involved an open call for applications to be a part of the RR pool through an assessment process. The call was announced via the UNDP jobs page, as well as a range of relevant websites and publications. This was followed by a process to identify a longlist of candidates, further narrowed down to a shortlist, involving blind screening and scoring by a select committee and a sign off process by UNDP's Organizational Performance Group and Executive Group. Following these processes, successful applicants attended an assessment centre to identify successful candidates to join the RR pool and be placed in the RR posts.

The audit team recognized that the RR recruitment was a new process, not previously defined in the 'UNDP Programme and Operations Policies and Procedures'. This process was contained in an Executive Group document, and as of the audit, not outlined in the policies and procedures.

<b>Priority</b>	Medium
<b>Recommendation 1:</b>	
The Bureau for Management Services should develop guidance for recruiting UNDP Resident Representatives, including guidance on necessary documentation, and include this in the HR section of the 'UNDP Programme and Operations Policies and Procedures'.	
<b>Management action plan:</b>	
The RR and DRR selection procedures are being documented as part of the holistic policy updates to be undertaken 2019–2020 as part of the People Strategy implementation. Furthermore, it is anticipated that the OHR reorganization, which will include the recruitment and succession management functions, will see an updated process workflow and policy elaboration that will then be reflected in the 'UNDP Programme and Operations Policies and Procedures'.	
<b>Estimated completion date:</b> December 2020	

<sup>1</sup> UNDP Administrator's memo dated 23 May 2019.

## **Issue 2**      Shortlisting process not adequately documented

The UNDP Administrator informed all staff on 24 August 2018 that the delinking process provided UNDP with a unique opportunity to appoint a new generation of leaders at Country Offices to implement the Strategic Plan. He added that the future RRs would position UNDP as a strategic partner for sustainable development, with the capabilities to partner at scale and deliver world-class knowledge and technical expertise. The RRs were expected to provide both the managerial and the substantive leadership for sustainable development, as well as the vision and strategic direction to implement the UNDP Strategic Plan in the national context.

OHR put in place a timeline to meet the organizational objective of deploying new RRs globally in January 2019. To do so, UNDP adopted a new approach, which included an open self-nomination process. The longlisting was performed against the requirements of the published job description; prioritizing the appointment of internal candidates. It also put in place a quality control process, whereby an external professional company ran the assessment centre.

OHR developed a set of criteria for shortlisting candidates for the RR assessment, which included (a) at least 15 years of substantive experience and results at the international level (including five years of cumulative experience in development and/or humanitarian work at the country level); (b) provision of advisory services, engagement in inter-organization and international cooperation; (c) prior experience in the negotiation of partnerships; and (d) management and leadership of programmes/projects in development-related areas, while working with national, regional and international entities. There was a different criterion used for those already serving as Country Directors (CDs), Deputy Resident Representatives (DRRs), and Deputy Country Directors (DCDs). For existing CD/DRR/DCD staff, the criteria included: at least two DRR assignments or one CD assignment, and for HQ-based staff, Country Office experience, with evidenced knowledge of operations and programme matters.

OHR organized the RR review process as follows:

- First-tier review: Candidates that were selected for the shortlist, based on the criteria above, were reviewed by two independent reviewers.
- Second-tier review: Members of the Organizational Performance Group, working in groups of two, validated the shortlisted candidates. This group included the following HQ bureau: Bureau for Management Services, Bureau for External Relations and Advocacy, Bureau for Policy and Programme Support, Crisis Bureau, and the five Regional Bureau Deputies and the Chief of Staff.
- Third-tier review: Candidates selected by the Executive Group.

OHR requested all Bureaux to identify staff to complete the shortlisting process and to fill out a template that included the following criteria:

- Proven track record in development thought/content leadership in at least one of the SDG thematic areas.
- Proven ability in strategic leadership and the ability to lead people.
- Proven ability to lead inter-disciplinary programme teams.
- Operational experience and track record in delivery in UNDP or development organization at the country level in a developing country context.
- Demonstrated knowledge of UNDP's operational and financial model.
- Track record in resource mobilization.
- Track record in innovative programme design.
- Ability to work with multiple stakeholders (governments, civil society, business and academia).

The audit disclosed that there was insufficient documentation in the RR shortlisting process. The audit team noted that of the 404 internal candidates that were reviewed at the first-tier level:

- 254 were longlisted, and 150 of the longlisted were not considered for shortlisting, without justification.
- Of those longlisted, the evaluators provided short feedback on the candidates, and three out of nine evaluators provided a “yes/no” response but did not document their decision, although the expectation was for them to fill in all columns of the selection template and criteria. As a result, the basis of their assessment of transition from longlisting to shortlisting was unclear and might have been subjective.
- Though the criteria for selection required the candidates to have served as DRR at least twice before, some candidates who did not meet that criteria, were selected.

The detail distribution of successful candidates per bureau and globally is as follows:

<u>Bureau</u>	<u># of Staff Applied</u>	<u># of Staff Successful</u>	<u>Average Success rate by Bureau</u>
<b>RBA</b>	137	46	34%
<b>RBAP</b>	52	23	44%
<b>RBAS</b>	41	18	44%
<b>RBLAC</b>	45	18	40%
<b>RBEC</b>	28	17	61%
<b>BPPS</b>	59	7	12%
<b>BERA</b>	11	3	27%
<b>Other bureaux</b>	30	3	10%
<b>Total</b>	403	135	33%

**OAI Comment:**

OAI is not raising a separate recommendation. Addressing recommendation 1 would ensure that future recruitment processes are fully documented.

## Definitions of audit terms - ratings and priorities

### A. AUDIT RATINGS

- **Satisfactory** The assessed governance arrangements, risk management practices and controls were adequately established and functioning well. Issues identified by the audit, if any, are unlikely to affect the achievement of the objectives of the audited entity/area.
- **Partially Satisfactory / Some Improvement Needed** The assessed governance arrangements, risk management practices and controls were generally established and functioning, but need some improvement. Issues identified by the audit do not significantly affect the achievement of the objectives of the audited entity/area.
- **Partially Satisfactory / Major Improvement Needed** The assessed governance arrangements, risk management practices and controls were established and functioning, but need major improvement. Issues identified by the audit could significantly affect the achievement of the objectives of the audited entity/area.
- **Unsatisfactory** The assessed governance arrangements, risk management practices and controls were either not adequately established or not functioning well. Issues identified by the audit could seriously compromise the achievement of the objectives of the audited entity/area.

### 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. Failure to take action could result in 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.