

UNITED NATIONS DEVELOPMENT PROGRAMME
Office of Audit and Investigations



PERFORMANCE AUDIT

OF

THE REGIONAL BUREAU FOR ASIA AND THE PACIFIC

Report No. 2583
Issue Date: 29 June 2023



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Report on the Performance Audit of the Regional Bureau for Asia and the Pacific Executive Summary

The UNDP Office of Audit and Investigations (OAI) conducted a performance audit of the Regional Bureau for Asia and the Pacific (RBAP or the Bureau) from 24 May to 15 June 2023. Performance auditing is an independent, objective, and reliable examination of an entity or process to assess whether economy, efficiency, and effectiveness in the employment of available resources is being achieved.

The audit aimed to assess the adequacy and effectiveness of RBAP governance, Country Office support, Regional Programme, and operations. To achieve its objective, it addressed the following performance audit questions:

- 1. Is RBAP effectively organized to guide and support the work of Country Offices and manage risk?**
- 2. Is the Regional Programme managed effectively and on track to achieve its expected results?**
- 3. To what extent are operations in RBAP conducted effectively and efficiently?**

The audit covered the activities of RBAP from 1 January to 31 December 2022. The last audit of the Bureau was conducted by OAI in 2017. The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing* of The Institute of Internal Auditors (The IIA).

Overall audit rating

OAI issued an audit rating of **fully 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.” These results were due to RBAP being effectively organized to guide and support the work of Country Offices and manage risks; and operations (finance, recruitment, procurement and travel) being conducted effectively and in compliance with relevant UNDP policies and procedures.

Good practices

- Country Office Business Plans: RBAP developed a Country Office planning and monitoring system with an accompanying online tool, which consisted of a series of planning and monitoring conversations between RBAP senior management and Country Office senior management around Country Office Business Plans (COBP). These were then formalized into a compact between the RBAP Assistant Administrator and Director, and Country Office Resident Representatives.
- Regional Project Management: In 2022, RBAP launched the Diversity, Equity, and Inclusion - Development Solutions Network (DEI-DSN), a working group based in the Bangkok Regional Hub. The DEI-DSN aimed to address complex development challenges related to diversity, equity, and inclusion, with a focus on marginalized communities that are often left behind.

Refer to page 2 below for details.

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

The audit did not result in any high (critical) priority recommendations. There is one medium (important) priority recommendation, 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.” This recommendation include



actions to address challenges with the financial sustainability of the Regional Programme Management Unit (Recommendation 1).

The recommendation aims to ensure the achievement of the organization's strategic objectives.

Management comments and action plan

The Assistant Administrator and Director of RBAP 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.

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I. About the Regional Bureau for Asia and the Pacific

The Regional Bureau for Asia and the Pacific (RBAP) supports 36 countries and territories through 24 offices¹ in the region and the Bangkok Regional Hub. The Asia-Pacific region is home to some of the world's largest and fastest-growing economies, as well as some of its least developed countries. While the region has made huge strides in alleviating poverty, it struggles to combat inequality, create decent jobs, especially for youth, and address risks from natural disasters and climate change.

RBAP has two locations, one in New York and one in Bangkok. In 2022, RBAP had a total of 53 staff, of which 39 staff were based in Bangkok and 14 in New York.

The RBAP New York team was divided into three sections, as follows:

- (i) The Directorate – located in both New York and the Bangkok Regional Hub – is responsible for the overall strategic vision and guidance of the Bureau.
- (ii) The Strategic Planning and Oversight (SPOT) Team is responsible for the alignment of regional plans with the UNDP Strategic Plan and the adherence to corporate policies and reporting cycles. It focuses on developing and maintaining sound policies, procedures, standards, and tools.
- (iii) The Country Office Liaison and Coordination (COLAC) Team promotes strong commitment and collaboration towards advancing the strategic agenda of the region and provides advice to key stakeholders regarding UNDP's position and interventions.

The Bangkok Regional Hub was divided into three sections, as follows:

- (i) The Country Office Support and Quality Assurance (COSQA) Team serves as RBAP's main support and oversight unit for Country Offices within the region. COSQA's primary role is to assist Country Offices to deliver and achieve sustainable development results that align with the UNDP Strategic Plan priorities. They facilitate connections between Country Offices, enabling them to access services, resources and share experiences.
- (ii) The Regional Policy and Programme Support (RPPS) Team is under the leadership of the Manager for the Regional Programme and Global Policy Network. Its primary role is to offer policy advice and programmatic support to the RBAP and Country Offices. The team is responsible for the development and implementation of the RBAP Regional Programme, ensuring its effectiveness and alignment with strategic objectives. In addition, the Regional Programme Management Unit provides oversight over the RBAP Regional Programme and its associated regional projects.
- (iii) The Operational Support Team provides crucial support for operational and transactional services in the areas of finance, procurement, travel, and other operational services. The primary recipients of this support are the UNDP Thailand Country Office, the Bangkok Regional Hub, and other UN agencies.

As per the 2022 Integrated Work Plan, RBAP priorities included high-quality policy, analytics, and advocacy driving programmes in energy transition, early recovery, digital futures, and new financing. Raising team

¹ These comprise 22 Country Offices and two Multi-Country Offices in Fiji and Samoa. The Country Offices include Afghanistan, Bangladesh, Bhutan, Cambodia, China, Democratic People's Republic of Korea, India, Indonesia, Iran, Lao People's Democratic Republic, Malaysia (covering Brunei Darussalam and Singapore), Maldives, Mongolia, Myanmar, Nepal, Pakistan, Papua New Guinea, Philippines, Sri Lanka, Thailand, Timor-Leste, and Viet Nam. The Fiji Multi-Country Office covers Fiji, Federated States of Micronesia, Kiribati, Marshal Islands, Palau, Nauru, Solomon Islands, Tonga, Tuvalu, Vanuatu. The Samoa Multi-Country Office provides coverage to the Cook Islands, Niue, Samoa, and Tokelau.

capabilities, ensuring Country Office financial sustainability, and diversifying the sources of funding in an era of diminishing Official Development Assistance to the region was vital to achieving these goals.

II. Good practice

OAI identified good practices, as follows:

- i. Country Office Business Plans: RBAP developed a Country Office planning and monitoring system with an accompanying online tool, which consisted of a series of planning and monitoring conversations between RBAP senior management and Country Office senior management around Country Office Business Plans (COBP), which get formalized into a Compact between the RBAP Assistant Administrator and Director and the Country Office Resident Representatives.

The system enables RBAP to track Country Office strategic programmatic and policy priorities, resource mobilization targets, support from RBAP and the Global Policy Network units, and the performance of Country Offices.

The COBP functioned as a good oversight tool that was leveraged by RBAP to track the performance of the Country Offices under its purview. Moreover, it was directly linked to RBAP Key Performance Indicators (KPIs), which measure Country Office performance using 22 indicators in four categories (financial management and resource mobilization, accountability and risk management, staff management, programme and policy). Since the COBP was monitored throughout the year, it was also a very useful tool for Performance Management and Development between RBAP's Assistant Administrator and Director, and Resident Representatives.

- ii. Regional Project Management: In 2022, RBAP launched the Diversity, Equity, and Inclusion – Development Solutions Network (DEI-DSN), a working group of different teams² in the Bangkok Regional Hub. This working group offered knowledge and technical expertise to partners and Country Offices to address complex and interconnected development challenges around diversity, equity, and inclusion, particularly in the context of marginalized communities who are being left behind.

This initiative entailed bringing stakeholders together to facilitate the exchange of experiences, best practices, and foster Country Office collaboration by a) focusing on the intersectionality of marginalized and left behind groups, b) enabling collaboration between different teams at the Bangkok Regional Hub, and c) leveraging existing resources and assets from teams and projects working on DEI, among other efforts. This initiative worked with UNDP Country Offices, governments, other UN agencies, private sector, academia, civil society organizations and local communities with a focus on people of all ages from marginalized groups including women, LGBTI communities, persons with disabilities, Indigenous people, migrants, and displaced people, among others.

It has led to the development of a pilot Diversity Equity and Inclusion (DEI) portfolio for three Country Offices through an expanded Regional Youth Empowerment project portfolio and a Regional Leave No One Behind (LNOB) portfolio on DEI.

This initiative successfully leveraged resource mobilization engagements with private sector partners who have been eager to fund the expanded portfolio in youth empowerment in the Asia-Pacific region.

² These teams are as follows: 1) Gender, 2) Youth, 3) Mobility, 4) Health/LGBTI, 5) GEF/Small Grant Programme, 6) Rule of Law /Access to Justice, 7) Business and Human Rights, and 8) United Nations Volunteers (UNV).

III. 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:

- (a) Review and align the Regional Programme Management Unit with available resources (Recommendation 1).

The detailed assessment is presented below, per audit question:

Question 1: Is RBAP effectively organized to guide and support the work of Country Offices and manage risk?

Overall, RBAP was effectively organized to guide and support the work of Country Offices and manage risk.

In addition to the meetings with key staff in New York and the Bangkok Regional Hub, the audit team reviewed the services provided by Bangkok Regional Hub to Country Offices.

RBAP used the System for Tracking Advisory Requests and Services (STARS) to track and manage the services requested by Country Offices in the system. The audit team noted that Country Office service requests had been adequately addressed by the respective teams in the Bangkok Regional Hub. Moreover, the project risk entries were up to date and were closely tracked by the Country Office Support and Quality Assurance (COSQA) Team.

RBAP automated the Delegation of Authority process, which was managed through RBAP's Online Service Portal (OSP) for the Internal Control Framework and Delegation of Authority. This tool was used to manage the Delegation of Authority throughout the region.

No reportable audit issues were noted.

Question 2: Is the Regional Programme managed effectively and on track to achieve its expected results?

The review of the previous Regional Programme (2018 – 2021) showed that overall, it achieved its objectives. While it was too soon to assess the progress of the current Regional Programme (2022–2025) since 2022 was the first year of implementation of the four-year Regional Programme, the audit noted that the 14 medium-term review recommendations were used to design the Regional Programme 2022 -2025. The recommendations included the need to strengthen the connection between results reported by the regional projects and Country Offices and the Regional Programme Document's Theory of Change.

The review of six sampled projects showed good progress against individual objectives and outputs. In addition, the design of the projects sampled were in line with the UNDP's Programme and Project management requirements for the formulation and implementation of Regional Programme and Projects. Monitoring and evaluation plans were in place and effectively implemented.

According to the Regional Programme Document for Asia and the Pacific, the estimated resources envelope was \$152 million. In 2022, the delivery reached \$26.8 million against a budget of \$55 million. The expenditures and total delivery for the sampled projects are provided in the table below.

Project Output ID	Project Output Description	Budget	Total Utilization	Delivery Rate
110712	O2.3_Business and Human Rights	1,205,511	1,177,370	98%
110732	O1.6_Climate Change Finance	1,449,341	1,380,963	95%
110753	O2.3_Youth Co:Lab	1,759,500	1,561,175	89%
110865	O3.1_PreventViolentExtremism	1,150,213	802,353	70%
124811	O2.4_ROK Solar Irrigation	2,421,973	2,134,260	88%
131775	Climate Finance Network	794,693	786,418	99%

Source: RBAP Regional Programme Management Unit

The overall Regional Programme mid-term review (2018–2021), together with project evaluations, showed that overall, the 2018–2021 Regional Programme achieved its objectives. The mid-term review process could not begin as planned due to the COVID-19 pandemic and as a result, the overall evaluation of the 2018–2021 Regional Programme which was planned for December 2021 was cancelled.³ The Bureau explained that it considered that in the circumstances, a second evaluation would have been a duplication of the mid-term review. The 14 recommendations from the mid-term review were used to design the Regional Programme for the period 2022–2025.

The Bureau was effective in: a) ensuring coherence in strategic planning and management and alignment of Regional Programme and project plans with the UNDP Strategic Plan; b) harmonizing processes, tools and procedures including the implementation and management support (programme and operations); and c) ensuring quality assurance of the Regional Programme and projects and assurance *vis-à-vis* UNDP's accountability for results, compliance with corporate rules and regulations, timely and quality reporting, and oversight of evaluations.

Moreover, the audit team noted a good practice in the portfolio approach to regional project implementation of the Bangkok Regional Hub Youth Empowerment Portfolio in Asia and the Pacific (see section II above on good practices).

An audit finding and corresponding recommendation was made in relation to challenges in the financial sustainability of the Regional Programme Management Unit, as explained below. No further issues were identified.

Question 3: To what extent are operations in RBAP conducted effectively and efficiently?

Overall, operations (finance, recruitment, procurement and travel) were conducted effectively and in compliance with relevant UNDP policies and procedures.

The Operational Support Team, which is located at the Bangkok Regional Hub, was responsible for providing operational support to the UNDP Thailand Country Office, the Regional Hub and UN agencies.

³ As planned in the 2018-2021 evaluation plan and provided in the Independent Evaluation Office – Evaluation Resource Center (ERC) portal - <https://erc.undp.org/evaluation/plans/detail/1498>.

The operational support provided included transactional financial management and procurement support, recruitments for regional projects and Bangkok-based teams, and assets and inventory management, among other services.

There was an audit finding in relation to the application of the guidance for the payment of Daily Substance Allowance for staff members on detail assignment. No further reportable issues were identified.

The detailed assessment is presented below:

Issue 1 Challenges with the financial sustainability of the Regional Programme Management Unit

According to the Regional Programme Document for Asia and the Pacific (2022–2025) dated 21 November 2021, the Programme Management Unit, Regional Programme team leaders and regional project managers, and the Hub Manager are responsible for ensuring effective day-to-day management, monitoring and quality assurance of the Regional Programme and projects.

In 2019, RBAP established a Regional Programme Management Unit to provide effective management and operations for the Regional Programme and projects under the RBAP Regional Programme Document, during the programme and project lifecycle.⁴

The Regional Programme Management Unit ensured strategic planning coherence by aligning plans with the UNDP Strategic Plan. It provided management support, oversight and coordination of activities carried out by Country Offices within the Regional Programme.

The Regional Programme Management Unit consisted of seven positions with funding sources shown in the table below:

Position	Source of Funding
Regional Programme Management Specialist (P4)	TRAC Resources (100%)
Regional Programme Analyst (NOB)	
Regional Programme Management and Implementation Analyst (NOB)	
Programme Management and Oversight Specialist (GEF) (P3)	Institutional Budget (IB) Fund (100%)
Programme Management Associate (G7)	
Regional RBM and Risk Management Specialist (P4 – Technical Expert Secondment Programme) (currently vacant) ⁵	Donor funded through the secondment programme
Monitoring and Evaluation Analyst (Graduate Programme, P1)	UNDP Fund (Graduate Programme)

Source: RBAP Regional Programme Management Unit

In 2022, the Regional Programme’s overall delivery was \$16.6 million, and the delivery target for 2023 was expected to reach \$18.3 million. The RBAP Regional Programme included some regional Global Environment Facility (GEF) projects. These were excluded from the audit scope.

During the preparation process for the 2023 budget, the TRAC resources allocated to the Regional Programme budget were reduced from \$5.7 million to \$2 million. Additional funds received from the 2023

⁴ Includes programme and project design and initiation, implementation, monitoring and evaluation, result reporting, and closure.

⁵ This position allocates 80 percent of the time to the Regional Programme Management Unit functions. This position was vacated in October 2022.



supplemental non-core programme budget (Fund 11057)⁶ amounting to \$1.7 million were allocated to the Regional Programme. The supplemental budget raised the Regional Programme budget to \$3.7 million, which was still 65 percent lower than the 2023 requested budget envelope of \$5.7 million for the Regional Programme. The reduction in funding to the Regional Programme was due to the reduction of core funding in UNDP, which led to a corporate readjustment in the budgets of units and offices. In the case of the Regional Programme, the TRAC resources were used to fund three positions: a Regional Programme Management Specialist (P4), a Regional Programme Analyst (NOB), and a Regional Programme Management and Implementation Analyst (NOB), of the seven positions of the Regional Programme Management Unit.

The reduction in funding to the Regional Programme impacted the activities of the programme. Project teams were asked to reprioritize their project activities/proposals considering the budget cuts. The Regional Programme Management Unit had to revise its budget with the most significant cut being the delayed recruitment of the Results Based Management and Risk Management Specialist.

The Regional Programme Management Unit revised the TORs for the Results Based Management and Risk Management Specialist position and submitted them to a donor who expressed interest in financing it. At the time of the audit fieldwork, the UNDP Office of Human Resources, which was overseeing this process on behalf of the Regional Programme Management Unit, had indicated that the donor was still working on the identification of the candidates and no specific timelines on when the process would be concluded had been provided.

The audit team was informed that there was uncertainty as to whether there would be more budget cuts in the next financial year, including the availability of the supplemental non-core programme budget (Fund 11057) that was used to bridge the funding gap in the Regional Programme in 2023.

There is a risk that the oversight and guidance role of RBAP over the Regional Programme and projects may be negatively impacted if alternative sources of funding the staffing and activities in the Regional Programme Management Unit are not identified.

Priority	Medium (Important)
Recommendation 1:	
The Regional Bureau for Asia and the Pacific should review and align the Regional Programme Management Unit with available resources.	
Management action plan:	
The Regional Bureau for Asia and the Pacific will initiate a review after the arrival of the new Regional Programme Manager and finalize it when Institutional Budget and Regional Programme Budget allocations are available.	
Estimated completion date: December 2023	

⁶ This funding stream is allocated to Country Offices and bureaux as alternate resources supporting the reduction of TRAC1, TRAC2 and TRAC3, Programme of Assistance to the Palestinian People and part of the global programme. Offices are required to use these resources as a first call to core allocation.

Definitions of audit terms - ratings and priorities

A. AUDIT RATINGS

- **Fully 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.
- **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.