



**DESK REVIEW**

**OF**

**DIRECT BUDGET SUPPORT**

**IN**

**UNDP BURKINA FASO**

**Report No. 1284**  
**Issue Date: 29 May 2014**

## **Report on the Desk Review of UNDP Burkina Faso Direct Budget Support Executive Summary**

The UNDP Office of Audit and Investigations (OAI), from 13 January to 14 March 2014 conducted a desk review of the Direct Budget Support funding mechanism managed by UNDP Burkina Faso (the Office).

During the 2013 Annual Session of the Executive Board, the following decisions were taken with regard to audit and evaluation of the Direct Budget Support Funding modality (DP/2013/10):

“The Executive Board:

- Requests that appropriate evaluations and audits of the activities during the pilot periods 2008 to 2012 and 2013 to 2014 be undertaken in order to provide information about the impact of these activities, particularly on the UNDP contribution to national capacity and policy development, and to learn from the experience gained; and further requests that the findings and recommendations be shared within UNDP and with the members of the United Nations Development Group;
- Requests UNDP to submit the evaluations and audits, as well as any refinement of the rules and regulations, for the consideration of the Executive Board at its first regular session 2015, in order for the Board to adopt a decision on continued UNDP engagement in direct budget support and pooled funding.”

OAI conducted the desk review at the request of the Executive Board. The current desk review report will provide input for UNDP’s submission to the Executive Board’s first regular session of 2015, which will take place in January 2015.

The purpose of this review is to provide feedback to the Executive Board regarding the pilot phase (2008-2012, extended to 2014) of Direct Budget Support as a UNDP funding mechanism. OAI’s feedback will be used in conjunction with feedback from other sources, as required by the Executive Board.

During the review period, the Office audited was the only UNDP Country Office that had implemented Direct Budget Support as a funding modality.

The review was limited to the procedural aspects of Direct Budget Support. In this regard, OAI reviewed processes and compliance with the ‘UNDP Programme and Operations Policies and Procedures’ and the ‘UNDP engagement in sector budget support and pooled funding’ guidelines and procedures for Country Offices and headquarter units, released by the Operations Support Group in March 2009.

Financial accountability of the projects was ensured through the external (national implementation modality) audits of the projects, which were performed by external audit firms, in accordance with UNDP guidelines.

OAI conducted the desk review remotely from New York, and through contacts with the Office via conference calls and e-mail.

The review covered policy, procedural compliance, and efficiency of the Direct Budget Support engagement life cycle, including:

- Planning
- Approval
- Implementation
- Monitoring and evaluation
- Reporting

The desk review covered the Office's Direct Budget Support activities from 1 January 2009 to 31 December 2013. During the review period, the Office recorded Direct Budget Support expenditures totalling \$564,000. This was OAI's first review of Direct Budget Support in Burkina Faso (the Country).

### Overall review rating

OAI assessed the Direct Budget Support by the Office as **satisfactory**, which means "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."

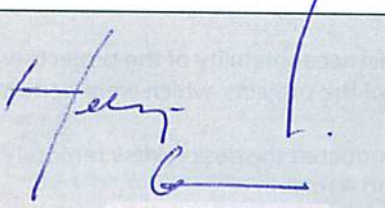
**Key recommendations:** Total = 1, high priority = 0

The desk review 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 that are considered moderate. Failure to take action could contribute to negative consequences for UNDP." The recommendation includes actions to address the lengthy approval process for Direct Budget Support basket fund engagement.

### Management comments and action plan

The Bureau for Development Policy accepted the recommendation in the area of Direct Budget Support project approval, and its implementation will be assigned to the new Bureau for Policy and Programme Support upon its formation. Comments and additional information provided have been incorporated in the report, where appropriate.

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



Helge S. Ostveiten  
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