



**Executive Board of the  
United Nations Development  
Programme, the United Nations  
Population Fund and the United  
Nations Office for Project Services**

Distr.: General  
13 July 2017

Original: English

**Second regular session 2017**  
5 to 11 September 2017, New York  
Item 1 of the provisional agenda  
**Organizational matters**

**Report of the annual session 2017  
(30 May to 8 June 2017, New York)**

	<i>Page</i>
I. Organizational matters .....	2
<i>UNDP segment</i>	
II. Statement by the Administrator and annual report of the Administrator .....	2
III. Financial, budgetary and administrative matters .....	4
IV. UNDP strategic plan, 2018-2021 .....	5
V. Gender equality at UNDP .....	7
VI. Human Development Report .....	8
VII. UNDP country programmes and related matters .....	8
VIII. Evaluation .....	9
IX. United Nations Capital Development Fund .....	11
<i>UNFPA segment</i>	
X. Statement by the Executive Director and annual report of the Executive Director .....	12
XI. Evaluation .....	14
XII. UNFPA strategic plan, 2018-2021 .....	15
XIII. UNFPA country programmes and related matters .....	16
<i>UNOPS segment</i>	
XIV. Statement by the Executive Director and annual report of the Executive Director .....	16
<i>Joint segment</i>	
XV. Internal audit and oversight .....	17
XVI. Reports of the ethics offices of UNDP, UNFPA and UNOPS .....	19



## I. Organizational matters

1. The annual session 2017 of the Executive Board of UNDP, UNFPA and UNOPS was held at the United Nations Headquarters in New York from 30 May to 8 June 2017.
2. The Executive Board approved the agenda and workplan for its annual session 2017 (DP/2017/L.2), and approved the report of the first regular session 2017 (DP/2017/13).
3. Decisions adopted by the Executive Board at the annual session 2017 appeared in document DP/2017/29, which was available on the UNDP Executive Board website.
4. The Executive Board agreed in decision 2017/19 to the following schedule for future sessions of the Executive Board in 2017:

Second regular session 2017: 5 to 11 September 2017.

## UNDP segment

## II. Statement by the Administrator and the annual report of the Administrator

5. In his [statement](#) to the Executive Board, the UNDP Administrator, ad interim, highlighted the arrival of the new UNDP Administrator, Mr. Achim Steiner, on 19 June 2017, which coincided with broader changes within the United Nations: the Secretary-General's reform agenda, finalization of the new UNDP strategic plan, 2018-2021, and implementation of the 2016 quadrennial comprehensive policy review of operational activities for development of the United Nations system. He also presented the cumulative review of the UNDP Strategic Plan and annual report of the Administrator 2016 (DP/2017/15 and annexes), report of UNDP on the recommendations of the Joint Inspection Unit in 2016 (DP/2017/15/Add.1 and annexes), and statistical annex (DP/2017/15/Add.2).
6. The Administrator, ad interim, stressed UNDP commitment to advancing the Secretary-General's priorities, under Member States' direction, in reforming the United Nations development system. The 2016 quadrennial review provided a blueprint for change, hinged on: (a) making United Nations country teams more agile, lean and efficient; (b) comprehensively applying the delivering-as-one approach and standard operating procedures, together with a new generation of United Nations development assistance frameworks (UNDAFs); (c) ensuring an empowered, impartial resident coordinator with authority to make cooperation work for programme countries; (d) establishing clear, common understanding of United Nations system needs and offers; and (e) increasing trust in the United Nations development system.
7. The cumulative review of the UNDP Strategic Plan, 2014-2017, and annual report of the Administrator 2016 indicated that UNDP development performance over three years had been solid, and the organization on track to achieve 2017 targets. The review pointed to progress on institutional performance, demonstrated by a rigorous programme appraisal system, commitment to transparency and accountability, and increased management efficiency. On United Nations coordination, the partnership survey showed increased partners' satisfaction with UNDP leadership of the resident coordinator system.
8. The cumulative review of the integrated budget, 2014-2017, (DP/2017/16) showed that UNDP continued to make significant progress towards objectives, achieved despite reduced regular (core) resources. The UNDP financial resource plan for 2014-2017 remained within the financial framework approved by the Board in decision 2013/28. The Administrator, ad interim, highlighted that reversing the fall in core resources was a top priority. UNDP would continue to

diversify its core funding base; in 2016, it had reached a funding agreement with its first ever private sector contributor to core resources.

9. He emphasized that the strategic plan, 2018-2021, would guide UNDP through a crucial time in gaining traction for the 2030 Agenda for Sustainable Development. Still a work in progress, the plan was more focused and integrated, and flexible enough to account for review process outcomes.

10. UNDP was supporting global efforts to advance the 2030 Agenda, helping countries translate it into national strategies addressing the Goals' integrated, indivisible nature. That included support to preparing and implementing national roadmaps for the Goals through the United Nations Development Group (UNDG) Mainstreaming, Acceleration and Policy Support (MAPS) missions, and supporting follow-up and review processes. UNDP was supporting implementation of the Paris Agreement under the United Nations Framework Convention on Climate Change, helping countries prepare and implement nationally determined contributions. On support in crisis, he highlighted UNDP work to tackle root causes and build resilience, as reflected in the New Way of Working agreed at the 2016 World Humanitarian Summit.

11. Board members commended UNDP for its performance against the Strategic Plan, 2014-2017, and success in working within the budgetary framework. They encouraged it to build on cumulative review lessons when finalizing the strategic plan, 2018-2021, while highlighting the centrality of the 2030 Agenda and the Goals – including poverty eradication and reduction of inequalities – as well as the direction set by the 2016 quadrennial review.

12. A group of delegations stressed that UNDP should address specific needs of least developed countries (LDCs), small-island developing states (SIDS) and middle-income countries (MICs). Several delegations called on UNDP to prioritize South-South and triangular cooperation and strengthen the United Nations Office for South-South Cooperation (UNOSSC) financially and in staff capacity. Other delegations underscored the importance of pursuing: gender equality and youth-focused approaches to development; human rights from a UNDP development and context-sensitive angle; and private sector partnerships, for resource mobilization and innovative approaches to development.

13. Board members expressed a range of views on the UNDP role in recovery from crises. They underlined the potential of strengthened UNDP contribution, based on its development mandate, taking a development perspective that complemented humanitarian action. Some pointed to the need to address fragility and vulnerability to prevent crises. Others saw a strong role for UNDP in bridging the humanitarian-development-peace nexus in line with the New Way of Working and sustaining peace and prevention agendas. Many encouraged UNDP to continue to engage in climate-related policies, agreements and interventions, including the Paris Agreement, Sendai Framework for Disaster Risk Reduction, 2015-2030, and SIDS Accelerated Modality of Action (SAMOA) Pathway. Many highlighted results-based management, knowledge management, and transparency and accountability.

14. Pointing to achievements of the Strategic Plan, 2014-2017, delegations encouraged UNDP to strengthen its coordination role of the United Nations development system and ensure an empowered, impartial resident coordinator. UNDP should expand and refine the delivering-as-one approach and standard operating procedures, and ensure the United Nations development system became more efficient, effective, transparent, and accountable, including improved results-based management and more coherent target setting in accordance with the 2016 quadrennial review, in close cooperation with United Nations partners.

15. In response, the UNDP Administrator, ad interim, assured Board members the new strategic plan, 2018-2021, was focused and in line with the 2030 Agenda and 2016 quadrennial review, with poverty eradication and reducing inequalities at its heart. UNDP was committed to implementing the quadrennial review along three tracks: within UNDP, within the United Nations development system and across the system. An effective, impartial and fully resourced

resident coordinator system was key to success. UNDP remained open to dialogue with Board members on strengthening the resident coordinator system. Other key UNDP areas of work included supporting LDCs and SIDS and continued commitment to MICs. On finances, UNDP was committed to innovative approaches to raising core resources, while pursuing greater efficiency and value for money. He underscored UNDP commitment to South-South and triangular cooperation and UNOSSC. On climate, UNDP supported countries in implementing the Paris Agreement, especially through nationally determined contributions. On crises, UNDP was helping partners realize the New Way of Working. Because its value hinged on the skills, talent and experience of its global workforce, UNDP needed to attract and retain qualified staff.

16. The Executive Board adopted decision 2017/10 on the cumulative review of the UNDP Strategic Plan, 2014-2017, and the annual report of the Administrator.

### **III. Financial, budgetary and administrative matters**

17. The Director, Bureau for Management Services, UNDP, presented the cumulative review of the UNDP integrated budget, 2014-2017 (DP/2017/16 and annexes).

18. Board members welcomed the report but reiterated concern over the core/non-core resources imbalance. They encouraged UNDP to pursue efficiency and maximize cost recovery. They urged it to explore innovative partnerships and funding approaches, especially with the private sector. Some delegations expressed satisfaction to learn UNDP had struck a funding agreement with its first private sector contributor to core resources. Another group, concerned that continued funding constraints could negatively impact hard-won gains, requested that UNDP allocate funding in a way that prioritized populations most in need.

19. A group of delegations, recognizing that cost savings of structural changes would not continue indefinitely, had expected reforms to strengthen capacities at regional level. They expressed concern that current financial constraints could hamper full implementation of organizational changes at country and regional levels. They were concerned that delays in cost recovery and non-implementation of direct charging of advisory and programme support services could slow ambitions to integrate programming and advance design and implementation of innovative financing arrangements.

20. On cost recovery, the same group had hoped that the funds and programmes would have allowed the Executive Boards to reach agreement on adjustments to methodology and rates, in accordance with decision 2013/19. They stressed that Member States would more readily contribute to core resources if the organizations showed greater transparency on cost recovery. They recommended that UNDP and United Nations organizations devise a revised roadmap for consultations on cost recovery with better analysis and proposals for methodology and rates, on which the Board could take a decision by its annual session 2018.

21. Referring to their 2016 request, the group stated that the new budget approach still lacked information on the programmatic component. They encouraged UNDP to step up efforts to link budgets to results, and expected the new integrated budget to reflect results-based budgeting better. Pointing to budget and reporting information gaps, they called on UNDP to ensure the new budget clearly showed how it would use core resources.

22. In response, the Director, Bureau for Management Services, UNDP, emphasized that UNDP ability to maintain proper functioning over three years, when core fell by \$300 million, was because it had been applying cost recovery on non-core items, testimony to its commitment to full cost recovery. The lag in implementing cost recovery on some items was a result of the cost recovery policy phasing-in process; UNDP could only apply the policy to multi-year funded projects on a delayed timeline. She assured Board members that UNDP success in meeting some budget gaps was because it had increased cost recovery on non-core programme elements, while increasingly funding its institutional budget from non-core elements. A draft

integrated budget on core resources elements would accompany the new strategic plan, 2018-2021.

23. The Board adopted decision 2017/11 on the cumulative review of the UNDP integrated budget, 2014-2017.

#### **IV. UNDP strategic plan, 2018-2021**

24. The UNDP Administrator, ad interim, presented the draft UNDP strategic plan, 2018-2021, (DP/2017/CRP.2). In a subsequent discussion, the Director, Bureau for Programme and Policy Support, UNDP, explained how the results framework supported monitoring and achievement of the draft plan.

25. Board members were pleased with the consultative process during drafting of the strategic plan, 2018-2021, and approach in developing the narrative and integrated results and resources framework, which they considered a bold, best practice. They highlighted the need to build on lessons from the Strategic Plan, 2014-2017, and reflect improvements in the draft plan before the second regular session 2017. They looked forward to input from the new UNDP Administrator, Mr. Achim Steiner, especially on priority setting.

26. A group of delegations stressed that the draft plan should build on universal United Nations documentation and principles of sustainable development, and not seek to expand the organization's mandate beyond its comparative advantages. UNDP, it was noted, should focus foremost on LDCs and SIDS and especially the most vulnerable. Other delegations stressed that UNDP had to maintain a broad but focused mandate so it could address many development issues. They called on UNDP to ensure the new plan addressed the needs and potential of MICs as drivers of sustainable development through a differentiated approach.

27. A broad section of delegations called on UNDP to prioritize poverty eradication and reduction of inequalities, based on root causes. UNDP should revisit the plan's activities through the lens of its comparative advantages, and determine priorities-against-resources to design a business plan. It should pursue more focused outcomes to promote better system-wide coordination, including better lines of responsibility and accountability, prioritizing activities and determining where other agencies had better capacity. They sought clarity on the UNDP role in the Secretary-General's peace and prevention agenda and in bridging the development-humanitarian-peace nexus. The plan should clearly define the focus of the 2+2 approach and UNDP role in conflict prevention and climate change within the 2+2 context, in line with the 2016 quadrennial review.

28. A group of delegations wished to see the draft plan address institutional effectiveness, efficiency and value for money, and explore different business models, given indications that UNDP capacity was under pressure, drawing on findings from the 2016 joint institutional effectiveness assessment. They called on UNDP to specify financial flows, cost recovery, budget lines and United Nations organizations' division of labour in the integrated budget. They encouraged UNDP to improve efficiency, transparency and accountability, in accordance with the 2016 quadrennial review, especially in light of ongoing financial constraints. UNDP should pursue innovative approaches to resource mobilization, expand the donor base, and work closely with the United Nations Capital Development Fund on finance schemes. The group underscored the importance of mainstreaming gender throughout the plan, and detailing resources spent on gender equality and annual reporting on gender.

29. Many delegations stressed UNDP leadership in United Nations system coordination. The plan should reflect global challenges and demands on UNDP and the United Nations system, as laid out in Agenda 2030 and the Goals, including 'leaving no one behind', and push to expand delivering-as-one and standard operating procedures. They wanted the common chapter to reflect how the United Nations system would collaborate in strengthening collaborative as

opposed to competitive advantages. They called on UNDP to facilitate a United Nations system division of labour, using a ‘whole-of-system approach’. They sought clarity on resident coordinator and UNDP resident representative roles, with clearer country team reporting roles. UNDP should build an enabling environment through its country office network and United Nations system. They called for a strengthened resident coordinator system and resident coordinator authority.

30. In a common statement, addressed to UNDP, UNFPA, UNICEF and UN-Women, a group of delegations welcomed the common chapter, and requested more information on innovative ways in which the organizations were working together – to be detailed in the common chapter and in strategic plans, budgets and results frameworks with common results, indicators and implementation modalities. They looked forward to revised plans and frameworks that reflected greater coherence, efficiency and effectiveness in agencies’ operational work.

31. The Board took note of the five common areas of work the organizations identified as critically important for collaborative engagement – (a) poverty eradication, (b) prevention, peacebuilding and sustaining peace, (c) climate change, (d) gender equality and empowerment of women and girls, and (e) and sustainable data – and requested complementarities to be strengthened at global, regional and country level, in line with new UNDAF guidance.

32. On the integrated results and resources framework, a group of delegations asked UNDP to specify its role in addressing 2016 quadrennial review indicators, and avoid oversimplifications at the expense of reporting on certain results. They sought elaboration of the framework’s three focus areas on institutional effectiveness and how its bottom-up approach worked. There was a call to include a stand-alone gender outcome and projects, backed by resources, while mainstreaming gender throughout. They requested that the results framework specify agency contributions through specific indicators, in addition to common indicators and five areas of common work. They asked UNDP to clarify how the results framework would measure its contribution to eradicating poverty and reducing inequalities.

33. There was a call for UNDP to be cautious in using risk-informed approaches in the national context, especially with regard to political issues, pursuing fragility-sensitive approaches (unless specifically requested by the national government) since the definition of ‘fragility’ was not universally accepted by Member States, and engaging in ‘preventing violent extremism’, an area in which UNDP should only work via its development mandate.

34. In response to comments on the strategic plan, 2018-2021, the Administrator, ad interim, assured Board members that UNDP would review delegations’ points, along with input from the new Administrator, as it revisited the draft plan.

35. The Director, Bureau for Programme and Policy Support, UNDP, reiterated UNDP commitment to implementing the quadrennial review and leading United Nations system coordination. UNDP had agreed to engage with United Nations organizations on five common areas and identify its contribution. UNDP was also engaged in system-wide coordination through the New Way of Working and humanitarian-development-peace nexus. UNDP would remain focused on sustainable development and root causes. UNDP was guided by the Secretary-General’s reform agenda, and keen to spearhead the development-for-prevention principle. It was working on getting to scale, using country results to measure performance, and diversifying partnerships. UNDP was a champion, together with United Nations organizations, of women’s empowerment and gender equality, which the new plan mainstreamed. UNDP welcomed Board guidance on achieving greater organizational effectiveness.

36. The Director, Bureau for External Relations and Advocacy, UNDP, explained that the partnership survey entailed a consultative process with an array of stakeholders and for which UNDP outsourced the services of an outside contractor. UNDP would share the survey results

with the Board and partners on its [website](#)<sup>1</sup> as soon as they were ready so they could inform the strategic plan, 2018-2021, and improve institutional effectiveness.

37. The Executive Board took note of draft UNDP strategic plan, 2018-2021 (DP/2017/CRP.2).

38. The Executive Board adopted decision 2017/9 to convene a special session in November 2017 to consider and adopt the UNDP strategic plan and integrated budget, 2018-2021.

## V. Gender equality at UNDP

39. The Director, Bureau for Programme and Policy Support, UNDP, presented the annual report on the implementation of the UNDP gender equality strategy in 2016 (DP/2017/18).

40. Board members commended UNDP achievements and were pleased it was expanding its work on gender, including in crisis and recovery. They were encouraged by the organization's intensified work on gender in the security sector. They praised UNDP for being the highest performer among United Nations organizations in using the United Nations system-wide action plan (UN-SWAP) on gender equality and empowerment of women, and looked forward to the roll-out of the next generation of UN-SWAP and scorecard.

41. The same group encouraged UNDP to target girls and women, especially those in vulnerable situations, such as migrants and women and girls living in conflict, and address the role, responsibility and engagement of men and boys in gender equality. They wished to see UNDP continue to deliver projects that had gender equality as the main objective, currently at 4 per cent compared to the target of 15 per cent.

42. There was a call for UNDP to dedicate a full outcome to gender equality in the new strategic plan, 2018-2021, while ensuring all outcomes were gender-responsive and used gender-sensitive indicators and disaggregated data. They were pleased to see innovative UNDP work to increase capacity for the gender equality seal, and called for more rigorous gender-based analysis. UNDP should improve financing for gender equality and place gender advisors in country offices with budgets above \$25 million. They urged UNDP to achieve gender parity at senior staff levels (P5 and above).

43. The group requested that UNDP inform the Board how gender equality mainstreaming would contribute to outcomes in the new plan, and how the results framework would improve tracking, monitoring, accountability and financing for gender equality in line with the next generation of UN-SWAP and scorecard. They urged UNDP to ground the new plan in a strong rights-based, gender-equality approach to ensure full realization of women's rights and address discrimination against women and girls. They requested that UNDP update the gender equality strategy to operationalize gender mainstreaming, with clear targets, indicators and resource allocations, in support of Goal 5. They encouraged it to align its gender equality and women's empowerment work with United Nations organizations, especially UN-Women, step up inter-agency coordination at country level and present to the Board analysis on how interagency collaboration at global, regional and national levels supported strategic plan implementation on gender.

44. In response, the Director, Bureau for Programme and Policy Support, UNDP, welcomed delegations' support for UNDP gender work in the security sector, which was groundbreaking and well received by national authorities. UNDP rating as the top UN-SWAP performer, due mainly to country offices' work, was a badge of honour. He highlighted that contributions to core resources fully supported the organization's gender work. He underscored the organization's joint engagement with UNFPA, UNICEF and UN-Women on five areas of inter-

---

<sup>1</sup> <http://www.undp.org/content/undp/en/home/ourwork/funding/partners/>

agency collaboration, including gender equality, the most developed of the five areas. UNDP looked forward to the next gender equality strategy, building on lessons and achievements.

45. The Executive Board took note the annual report on the implementation of the UNDP gender equality strategy in 2016 (DP/2017/18).

## **VI. Human Development Report**

46. The Director, Human Development Support Office, presented the oral report on consultations regarding the Human Development Report 2017 in accordance with General Assembly resolution 57/264.

47. The President of the Board sought clarification on the plausibility of aligning the indicators of the *Human Development Report* and the Sustainable Development Goals, and on the universality of the sustainable development agenda as a point of departure for the report.

48. One delegation, recognizing the report's historic value in collecting data from reliable sources and serving as a catalyst for analysis, stated that the human development index had lost relevance in light of the 2030 Agenda and the Goals, which had established common indicators and comparable parameters based on solid data. The human development index no longer reflected current reality, and new measurements and mechanisms, such as the multi-dimensional poverty index, had led to public policies that brought about a more precise assessment of country needs. The measures, currently anachronistic, needed revision, and reform of the United Nations system demanded a better development data methodology. UNDP had to analyse how it would transform its data to drive innovations needed for the 2030 Agenda, focusing on data useful to Member States grounded in transparency and accountability.

49. Another delegation sought clarification on how the *Human Development Report* and comparable reports, such as the World Bank *World Development Report*, would build knowledge, complement each other and set the stage for the Goals. He sought details on how the report would evolve and maintain its comparative advantage, and on the report's impact in terms of numbers of readers, policies generated, frequency and financial requirements.

50. In response, the Director, Human Development Support Office, highlighted the report's *comparative advantages*, grounded in its universality. The report: (a) viewed each topic through a human development, people-centred lens; (b) provided both analysis and policy options; (c) produced 900 national, regional and subregional reports, in addition to the global report, which had galvanized momentum for human development; and (d) advocated for issues critical to civil society, while extending development thinking. A 2015 *impact evaluation* showed that the report's usage surpassed that of comparable reports, while, at policy level, it had demonstrated impact in linking social protection policies to poverty reduction. While the office *budget* to undertake report activities was \$5.1 million in 2017, it had continued to drop yearly. An adequate office budget was in the range of \$5.7 million; he highlighted innovative approaches to raise funds. He concurred with the need to *revisit human development measures, including indices*, in light of changing development challenges. As a secondary user of *data*, the office collaborated closely with national statistical partners to ensure data integrity. He concurred with the need to align the report's indicators with those of the Sustainable Development Goals, a difficult but achievable task.

51. The Executive Board took note of the oral report on consultations regarding the Human Development Report 2017.

## **VII. UNDP country programmes and related matters**

52. The Director, Regional Bureau for Africa, UNDP, introduced the item and presented the country programme document for Cameroon, the first one-year extensions of the country



programmes for Lesotho and Liberia from 1 January to 31 December 2018, the second one-year extension of the country programme for Burundi from 1 January to 31 December 2018. In turn, the Deputy Director, Regional Bureau for Africa, presented more detailed information on the country programme document for Cameroon.

53. Following discussions, the Executive Board reviewed and approved, in accordance with its decision 2014/7, the country programme document for Cameroon (DP/DCP/CMR/3).

54. The Executive Board took note of the first one-year extensions of the country programmes for Lesotho and Liberia from 1 January to 31 December 2018, as contained in document DP/2017/19.

55. The Executive Board approved the second one-year extension of the country programme for Burundi from 1 January to 31 December 2018, as contained in document DP/2017/19.

## VIII. Evaluation

56. The Director, Independent Evaluation Office, UNDP, presented the annual report on evaluation, 2016 (DP/2017/20), and the Director, Bureau for Programme and Policy Support, UNDP, provided management commentaries.

### *Annual report on evaluation*

57. A group of delegations welcomed UNDP implementation of its new evaluation policy. They were pleased that as of 2017 the Independent Evaluation Office (IEO) had planned 100 per cent country programme evaluation coverage for country offices submitting new programmes for Board endorsement, which would help the Board to fulfil its oversight role. The group welcomed the 2016 high rate of management responses, but called on UNDP to address the 12 per cent overdue follow-up actions reported in 2013-2016. They called on management to hold country office managers accountable for implementing evaluation recommendations and showing improvements in programme performance. They called on IEO to link the costed annual work programme and annual reporting, and strive to make the UNDP evaluation policy the template for the United Nations system.

58. The group expressed concern with the steep decline in the number of decentralized evaluations at country level. They sought clarity on how and when an evaluation should take place and data on compliance levels. They encouraged management to work with IEO to strengthen the quality and process of decentralized evaluations through the decentralized evaluation strategy and action plan, and to collaborate with United Nations organizations on quality assurance of decentralized evaluations, in accordance with UNDAF guidelines.

59. Delegations underscored the importance of an adequately funded evaluation function, a particular concern in light of reported deficits in evaluation quality and coverage and financial constraints. They requested that the integrated budget, 2018-2021, allocate resources to evaluation, as agreed in the evaluation policy. One delegation stated that those resources, even for evaluation, should focus foremost on those most in need.

60. In response, the Director, Bureau for Programme and Policy Support, UNDP, underscored UNDP readiness to implement the new evaluation policy. Following a previous assessment, UNDP had opted to undertake larger, more impactful evaluations, which accounted for fewer reported but better evaluations. The quality of decentralized evaluations was improving as shown by the IEO-led assessment and the utility rating through the results oriented annual report, both within a 75 to 78 per cent range, although UNDP was striving for a quality score within the 90 per cent range. He assured Board members that UNDP was shifting from a compliance to a learning culture.

61. The Director, Independent Evaluation Office, UNDP, highlighted that UNDP had begun implementing the new policy in 2017, given its endorsement at the second regular session 2016. One key catch-up provision was budget, which IEO had addressed; the other, quality of decentralized evaluations. IEO was working to train monitoring and evaluation specialists in all regions to strengthen capacity while revising guidelines. IEO and UNDP would produce a joint report on capacity building and support, and, in 2018, would review quality/quantitative performance of management responses. IEO would implement independent country programme evaluations in 2018, growing progressively each year to ensure 100 per cent coverage by 2019. The Audit and Evaluation Advisory Committee, to which the ethics, audit and evaluation offices reported, was a first in the United Nations system, introducing a higher level of rigour. The UNDP evaluation function was a model for the United Nations system as it entrenched United Nations Evaluation Group (UNEG) norms and standards for transparency and learning. Future annual reports would be linked to the costed programme of work.

*Joint assessment of institutional effectiveness*

62. The Director, Independent Evaluation Office, UNDP, presented the joint assessment of institutional effectiveness (DP/2017/21), which the Director, Office of Audit and Investigations, UNDP, followed with detailed results of the assessment. The Director, Bureau for Programme and Policy Support, UNDP, provided the management response (DP/2017/22).

63. Board members welcomed the assessment's results and viewed the organization's heightened focus on evaluation, audit and investigation as a positive trend. They were pleased with the increased number of UNDAF evaluations in 2016. A group of delegations requested details on their quality. They expressed concern with risks to programming implicit in UNDAF design and content weaknesses. They stressed the need for a strong UNDAF evaluation mechanism to generate evidence of system-wide coherence at country level. It was crucial for UNDP to show measureable results to ensure programme sustainability and long-term funding, and to support United Nations organizations and the 2030 Agenda. The group requested information on UNDG and UNDP actions for improved coverage, quality and resourcing of UNDAF evaluations, in accordance with the 2016 independent system-wide evaluation. The group and other delegations agreed with the assessment's recommendation that UNDP focus more on learning and knowledge management, and asked that institutional effectiveness indicators be included in the new strategic plan, 2018-2021.

64. One delegation requested details on country offices' comparative advantages, while another stressed the importance of aligning the UNDAF to nationally identified priorities. Another delegation stressed that results-based management was foremost about obtaining more and better results in partner countries. Another delegation commended UNDP for recent reforms that strengthened its regional capacities to support country offices, and welcomed improvements in UNDAF quality and focus on United Nations system value-added and role of UNDP. Another delegation praised UNDP transparency and welcomed the assessment, especially the joint approach of IEO and the Office of Audit and Investigations.

65. In response, the Director, Bureau for Programme and Policy Support, UNDP, concurred that the goal of results-based management was country-level impact and that information gleaned from evaluations had to serve country priorities. UNDP remained committed to regional decentralization, despite its difficult implementation process. Determining agencies' value-added at country level was not always clear; 'stepping aside' to allow another agency to fulfil its mandate should be the guiding principle. Likewise, UNDP was deeply committed to transparency, as evidenced in its renewed audit and evaluation functions.

66. The Director, Office of Audit and Investigations, UNDP, welcomed management's commitment to following up on assessment findings. The culture change would take time and constant leadership attention, but he was confident senior management would deliver.

67. The Director, Independent Evaluation Office, UNDP, highlighted that the joint assessment formed an integral part of the much larger evaluation infrastructure linked to the strategic plan evaluation. He looked forward to UNDP follow up and arrival of the new UNDP Administrator who would use the evaluation material to identify priorities going forward.

68. The Executive Board adopted decision 2017/12 on UNDP evaluation.

## **IX. United Nations Capital Development Fund**

69. The Executive Secretary, United Nations Capital Development Fund (UNCDF), presented the integrated annual report on results for 2016 and cumulative report on the strategic framework, 2014-2017 (DP/2017/25 and annexes).

70. Delegations welcomed UNCDF 2016 achievements against its strategic framework, 2014-2017. The Fund provided the catalytic tools, technical expertise and innovative thinking needed for the 2030 Agenda. Delegations commended UNCDF for local development finance and financial inclusion in LDCs, and a market-focused business model. They drew attention to the Fund's contribution to gender equality and women's empowerment.

71. Least developed countries remained keen to benefit from the Fund's work to unlock public and private finance for poverty eradication and reducing inequalities. UNCDF played a key role in supporting governments in LDCs to implement the Sustainable Development Goals and the 2030 Agenda. They noted its work in helping local governments mobilize and invest resources, and micro, small and medium enterprises and individuals to access finances for local initiatives. They pointed to the Fund's work in helping governments implement infrastructure projects, unlocking financial and human national resources and building national and local capacities.

72. Other delegations praised the Fund's results in 'last mile' finance in LDCs. UNCDF offered good value for money, at a time of constrained aid resources, and financing that unlocked private and market resources. They encouraged UNCDF to continue to invest in places where other financial actors were absent, de-risking investment for the benefit of local communities. They were pleased with the Fund's work to expand access to financial tools to include loans, guarantees and blended finance. UNCDF was a model for a more efficient, impactful United Nations system.

73. Concerned with the core resources downturn, Board members called on delegations to step up contributions to ensure the Fund's delivery. LDCs pointed to the Addis Ababa Action Agenda for guidance on commitments, innovative ways to mobilize resources and forging stronger partnerships. While recognizing the value of a broad donor base and financing schemes, delegations underscored the importance of resource efficiency. They appreciated the Fund's approach to financing the Goals through community involvement in project design and private sector partnerships.

74. Delegations, pleased with the consultative process, looked forward to further developing the strategic framework, 2018-2021. They welcomed results-to-resources work and detailed modelling to forecast the scope of UNCDF footprint. They welcomed the new diagnostic tool to identify and treat structural barriers to women's participation in local economies, and collaboration with UNDP and UN-Women in fostering enabling environments for women's access to financial services. They encouraged UNCDF to track long-term impacts of its work on women, and deepen its data collection and analysis. They expected the new framework to better position UNCDF to support LDC graduation and make finance work for the poor.

75. In response, the Executive Secretary welcomed delegations' strong support and looked forward to engaging closely with them on the new strategic framework, 2018-2021, including discussing its diverse funding scenarios, in the lead-up to its scheduled adoption at the first regular session 2018.

76. The Executive Board adopted decision 2017/13 on the UNCDF integrated annual report on results for 2016 and cumulative report on the strategic framework, 2014-2017.

## **UNFPA segment**

### *Tribute to Dr. Babatunde Osotimehin*

77. The Executive Board cancelled the first day of the UNFPA segment out of respect for UNFPA Executive Director Dr. Babatunde Osotimehin who had unexpectedly passed away the day before. The UNFPA segment opened with a tribute to the late Executive Director, and the Board observed a moment of silence in his memory. The President of the General Assembly and the Secretary-General's Chef de Cabinet, together with a number of Member States delegations, on behalf of their respective regional groups, and senior representatives of the United Nations funds and programmes, offered expressions of condolence and personal reflections on Dr. Osotimehin's life and work. The Deputy Executive Director (Programme), having been appointed Acting Executive Director, delivered a [tribute](#) on behalf of UNFPA (all tributes are available on the [United Nations PaperSmart portal](#)).<sup>2</sup>

## **X. Statement by the Executive Director and annual report of the Executive Director**

78. In her statement to the Board, the Acting UNFPA Executive Director focused on the Fund's achievements, challenges and lessons from the Strategic Plan, 2014-2017, in supporting countries in achieving the Sustainable Development Goals and the programme of action of the International Conference on Population and Development (ICPD). She drew attention to the Fund's ongoing funding crisis, especially regarding regular (core) resources, while highlighting its life-saving work in gender equality, women's empowerment, family planning and sexual and reproductive health and reproductive rights. She underscored the Fund's work in data collection and analysis. She also presented the progress report on implementation of the UNFPA Strategic Plan, 2014-2017 (DP/FPA/2017/4 (Part I) and annexes), the statistical and financial review, 2016 (DP/FPA/2017/4 (Part I.Add.1) and annex) and the report on the recommendations of the Joint Inspection Unit in 2016 (DP/FPA/2017/4 (Part II)).

79. The Acting Executive Director highlighted the Fund's application of a diversified business model to respond to the diverse needs of developing countries and to ensure "no one is left behind". UNFPA would use the strategic plan, 2018-2021, to think innovatively on how to identify and scale up solutions in an environment of resource constraints and rapid changes, and to continue building alliances and partnerships across regions.

80. She highlighted the Fund's work in humanitarian settings, bridging the humanitarian-development-peace nexus, helping countries align their development plans to benefit from the demographic dividend, and collaborating with partners in Africa to develop the 2017 gender scorecard for Africa. She noted the Fund's readiness for greater engagement on women's empowerment, especially through the South-South Cooperation Centre of Excellence on Population and Development in China.

81. She underscored ongoing funding constraints. UNFPA hoped to see Member States pledge financial commitments at the Summit on Family Planning in London in 2017. She appealed to Board members to step up contributions, especially to core resources, and highlighted that UNFPA was exploring innovative ways to mobilize resources and expand partnerships, notably by showing results achieved on the new web-based donor and transparency portals and by

---

<sup>2</sup> See Statements for Tuesday, 6 June 2017 (<http://papersmart.unmeetings.org/executive-boards/undp-unfpa-unops/annual-session-2017/statements/>).

developing a new branding strategy. The Fund had reinforced those efforts to complement austerity measures through a comprehensive resource review and focus on greater efficiency and effectiveness. UNFPA expected to complete all adjustments by end 2017.

82. She highlighted three transformative results of the strategic plan, 2018-2021, to end: (a) preventable maternal deaths; (b) unmet demand for family planning; and (c) gender-based violence and harmful practices against women and girls. Those results aligned with the Goals' targets and the Fund's goals to "deliver a world where every pregnancy is wanted, every child birth is safe, and every young person's potential is fulfilled". The Fund was committed to delivering-as-one and system-wide coordination and coherence, including through joint indicators and results frameworks.

83. Board members reflected on the legacy of the late Executive Director, and attributed the Fund's many successes under the current Strategic Plan, 2014-2017, to his leadership and guidance. Delegations expressed strong support for the UNFPA mandate, in line with the ICPD programme for action and the 2030 Agenda, and progress made against the UNFPA Strategic Plan, 2014-2017. Many commended UNFPA for placing human rights at the centre of its work. They praised the Fund's leadership in applying the 2030 Agenda principle of "leaving no one behind" and prioritizing the most vulnerable. They commended UNFPA for having brought about substantial economic benefits, thanks to its sexual and reproductive health and reproductive rights services, and for helping to prevent female genital mutilation (FGM) and unintended pregnancies.

84. Board members recognized progress made against the Strategic Plan, 2014-2017, targets and ICPD programme of action, and praised the heightened focus on context-specific results and stronger modes of engagement, especially important given diverse country contexts. Delegations, however, sought further analysis on challenges and lessons relative to each outcome area, particularly on UNFPA efforts to: improve access to safe abortion and post-abortion care; protect lesbian, gay, bisexual, transgender community rights; and specify the added value of the Maternal Health Thematic Fund.

85. Board members welcomed the Fund's pursuit of data-driven, evidence-based decision-making, which gave a broad perspective on achievements and lessons. They welcomed UNFPA engagement with small-island developing states and in the Pacific region, especially 2017 consultations that had led to the subregional programme design. They looked forward to in-depth discussions on budgets and country allocations for such programmes.

86. In response, the Acting Executive Director noted, on funding, that UNFPA sought to build a stronger, more diverse coalition of donors to ensure stable income and avoid negative impacts.

87. She appealed for increased contributions to core resources, highlighting that UNFPA would use key platforms, such as the Board and international forums, to mobilize resources. The new strategic partnerships strategy, aligned with the strategic plan, 2018-2021, included an internet fundraising strategy in selected countries in 2018, a pilot project establishing UNFPA national committees, and new innovative financing tools, while strengthening regional and country partnerships. UNFPA was committed to strengthening its humanitarian work, focused on the humanitarian-development-peace nexus, and fostering South-South and triangular cooperation.

88. The Acting Executive Director reiterated that UNFPA did not support coercive programmes anywhere. The Fund was committed to United Nations reform, especially at country level and for those most in need. UNFPA welcomed delegations' comments on the draft strategic plan and its emphasis on innovation, which the new plan would reflect in indicators and outcomes, and would be embedded in country programmes. The change management strategy would support actions by strengthening country-level leadership. Committed to the needs of SIDS and multi-country programmes, the Fund would undertake joint fundraising with

United Nations organizations. UNFPA would strive to simplify performance reporting and reflect intergenerational issues more clearly in its new plan.

89. The Director, Programme Division, UNFPA highlighted that the new strategic plan addressed 'cultural barriers' in outcome and output theories of change. On implementation partners, national implementation was the Fund's preferred modality, UNFPA supporting national institutions. The harmonized approach to cash transfers and similar modalities worked to gauge and build national capacity where needed. The Fund was designing capacity development approaches in UNFPA specialty areas for implementing partners.

90. The Executive Board adopted decision 2017/14 on the annual report of the UNFPA Executive Director: progress made in implementing the UNFPA Strategic Plan, 2014-2017.

## **XI. Evaluation**

91. The Director ad interim, Evaluation Office, UNFPA, presented the annual report of the Evaluation Office (DP/FPA/2017/5 and annexes), highlighting the achievements, challenges and lessons learned from the 26 country programme evaluations the Fund had undertaken in 2014-2015. The Acting Executive Director delivered the management response (DP/FPA/2017/CRP.3), stressing management's strong support for the Evaluation Office and the evaluation function.

92. On corporate and programme-level evaluations, a group of delegations commended UNFPA for improving the quality of evaluations, marking real progress in the Evaluation Office. They expressed concern, however, about the high cancellation rate of evaluations planned and the decline in decentralized evaluations at country-office level. Requesting further explanation as to why delivery had fallen short of planning, they welcomed efforts to increase coordinated interaction between the Evaluation Office, regional offices and the programme division. They urged the Evaluation Office to prioritize improvement of its implementation rate, focusing on programme-level evaluations.

93. On evaluations' role in policy and learning, the group commended management's improved implementation of evaluation recommendations, noting it was key to ensuring evaluation findings led to learning and better results. They welcomed the new management response tracking system, and urged UNFPA to continue shifting its focus from 'proving' results to 'improving' results.

94. On resource allocation, delegations stressed the need to allocate and efficiently use resources for evaluation. They welcomed management's decision, despite austerity measures, to maintain planned funding levels for evaluation in 2017, and the 50 per cent increase in the number of country offices with dedicated monitoring and evaluation officers, while urging UNFPA to achieve gender parity across monitoring and evaluation staff. Expressing concern that the budget for decentralized evaluations had fallen, they looked forward to the launch of the global programming system. They expected UNFPA to adequately resource evaluation in the integrated results framework, 2018-2021, and called for increased budget allocations for operational efficiency. The group welcomed UNFPA engagement in independent system-wide evaluations and its active participation in UNEG, including UN-SWAP.

95. In response, the Director ad interim, Evaluation Office, UNFPA, pointed out that the rise in corporate and programme-level evaluations was possible thanks to recruitment of junior staff (P2 and P3 levels). The need to recruit junior-level staff was a priority to ensure the evaluation function's effectiveness and sustainability, an issue addressed in the integrated budget, 2018-2021. She highlighted that most cancelled evaluations were those conducted at a centralized level; the new integrated budget would determine financial and human resources required to complete those evaluations.

96. The Acting Executive Director affirmed the Fund's commitment to the evaluation function and to working closely with the Evaluation Office. She thanked the Board for supporting the appointment of the new Director of the Evaluation Office, and stressed that UNFPA expected to undertake more real-time evaluations moving forward.

97. The Director, Programme Division, UNFPA, stressed management's commitment to fully resourcing the evaluation function, noting that the function was fully funded through core resources. Raising additional funding for evaluation would require either a higher cost-recovery rate or Member States' commitment to the 3 per cent principle in budgets negotiated at all levels. With the FACE 2 tool, 2017 reporting would reflect a more complete evaluation picture. He reiterated the effectiveness of real-time evaluations for decision-making and future programming.

98. The Executive Board adopted decision 2017/15 on UNFPA evaluation.

## **XII. UNFPA strategic plan, 2018-2021**

99. The Acting Executive Director presented the draft UNFPA strategic plan, 2018-2021 (DP/FPA/2017/CRP.6 and annexes), highlighting the extensive consultations with Member States in developing the new plan. That, she said, deeply reflected the vision of the late Executive Director.

100. Board members commended the Fund for excellent consultations and timely issuance of the draft strategic plan, 2018-2021, and integrated results framework. They called for continued broad-based consultations in the lead-up to the second regular session 2017. They welcomed the plan's renewed strategic focus on universal access to sexual and reproductive health and reproductive rights, its four priority areas, the three transformative results, and its business plan, as well as focus on adolescents and youth, grounded in a human rights-based approach. They stressed the fundamental role of UNFPA in achieving the 2030 Agenda and Sustainable Development Goals, and welcomed 2030 Agenda integration in the new plan.

101. Delegations emphasized the importance of poverty eradication and reducing inequality in the new plan, focusing on the most vulnerable, and stepping up support to LDCs, in accordance with the Istanbul Programme of Action midterm review. Stressing the importance of nationally defined needs, they encouraged UNFPA to continue to explore South-South and triangular cooperation to complement but not substitute North-South cooperation. They underscored the importance of a strategic plan that reflected a diversified approach, addressing fundamental issues of particular regions, taking into account the needs of MICs and SIDS, in accordance with the SAMOA Pathway.

102. Board members called on UNFPA to reinforce, protect and prioritize its normative and operational work on human rights, sexual and reproductive health and reproductive rights, gender equality and empowerment of women and girls. They supported increased engagement in humanitarian action, in line with the Sendai Framework, delivering sexual and reproductive health and reproductive rights services and preventing gender-based violence, and looked forward to its larger role in the humanitarian-development-peace nexus, focused on human rights, especially for women and girls.

103. Delegations expressed concern over the ongoing funding decline, especially to core resources, which risked curtailing the Fund's ability to deliver, and appealed to Board members to step up core contributions to ensure a stable, predictable funding base. They called on UNFPA to incentivize donors by improving its operational efficiency and coordination with United Nations system partners, and to explore innovative approaches to resource mobilization and partnership building. Others requested clarity on mitigation strategies and austerity measures to address risks associated with the changing financial landscape and growing political opposition to sexual and reproductive health and reproductive rights services.

104. Board members expressed support for the Secretary-General's reform agenda and its reflection in the new strategic plan, noting the need to step up coordination with United Nations organizations. They commended UNFPA for following up on many 2016 quadrennial review recommendations, and encouraged it to analyse coordination efforts in the new plan, building on agencies' comparative advantages. Delegations stressed the importance of evaluation, audit and investigations, and strengthening the Board's oversight role. They commended UNFPA commitment to data collection and analysis, and highlighted the importance of credible and reliable data.

105. In a common statement, addressed to UNDP, UNFPA, UNICEF and UN-Women, a group of delegations welcomed the common chapter, and requested more information on innovative ways in which the organizations were working together – to be detailed in the common chapter and in strategic plans, budgets and results frameworks with common results, indicators and implementation modalities. They looked forward to revised plans and frameworks that reflected greater coherence, efficiency and effectiveness in agencies' operational work.

106. The Director, Programme Division, UNFPA, noting progress on United Nations reform, looked forward to targets emerging from the Deputy Secretary-General's leadership on system-wide coherence and 2016 quadrennial review implementation. He pointed to two key approaches: (a) taking stock of achievements, reflecting them in the strategic plan, 2018-2021, and results framework; and (b) maintaining inter-agency informal working mechanisms following the plan's approval. Agency frameworks had to be flexible enough to adapt to system-wide coherence requirements of the United Nations quadrennial review working group. UNFPA would reflect the full spectrum of its partnerships in the new strategic plan.

### **XIII. UNFPA country programmes and related matters**

107. The Acting Executive Director introduced the item and introduced the country programme document for Cameroon and the first one-year extension of the country programme for Nicaragua, followed by the Regional Director for West and Central Africa who presented more detailed information on the country programme document for Cameroon.

108. The Executive Board reviewed and approved, in accordance with its decision 2014/7, the country programme document for Cameroon [DP/FPA/CPD/CMN/7], and took note of the one-year extension of the country programme for Nicaragua [DP/FPA/2017/8].

### **UNOPS segment**

### **XIV. Statement by the Executive Director and annual report of the Executive Director**

109. The Executive Director, UNOPS, presented her annual report 2016 (DP/OPS/2017/2 and annexes). She stressed that implementation, especially of the Sustainable Development Goals, was UNOPS primary focus. Implementation achievements in peace and security were the fruit of inter-agency cooperation and coordination. The annual report showed that the top measures of UNOPS impact were job creation and technical assistance, and consistent demand for UNOPS services. In 2016, procurement topped the delivery list, focused on national capacity building and supporting local economies. Equally important was UNOPS work on infrastructure, in creating waste management facilities, building resilience of coastal zones and improving the safety of refugee camps, while exploring pioneering models to address population growth and urbanization through 'evidence-based infrastructure'.

110. The UNOPS strategic plan, 2018-2021, sought to reflect those approaches while aligning them with UNOPS core competencies. Human resources are paramount; its internal system



allowed the organization to adjust deployment of human resources and provision of procurement to changing needs. UNOPS held itself to international standards to ensure its internal processes improved operational effectiveness. In 2016, UNOPS again received the gold award of the Chartered Institute of Procurement and Supply, while it expanded ISO certifications, extended its coverage of international standards in health and safety, and gained accreditation in quality management. Innovation was key to its ability to deliver, thanks to its renewed enterprise resource planning platform and expansion of its new governance, risk and compliance framework.

111. Board members welcomed 2016 results, recognizing that many took place in challenging contexts. They reiterated strong support for UNOPS role in sustainable project management, infrastructure construction and procurement. They noted UNOPS success in creating three million days of work for local populations and establishing training and certification programmes locally. They showed support for the organization's mainstreaming of capacity building and self-financing model, and commended its good financial health and growing operational reserve. Delegations welcomed UNOPS readiness to lead on technical design processes, and expressed support for its seed capital facility, innovation and technology hub and crowdfunding pilot for social impact investment.

112. Board members encouraged UNOPS to focus on improving gender balance, both among staff and local implementing partners, in the new strategic plan. Delegations were pleased that UNOPS first sustainability report was aligned with the global reporting initiative model, and welcomed its benchmarking against international standards. They felt there was room to improve the annual report to capture broader outcomes and impacts. They encouraged UNOPS to reflect challenges and lessons of the Strategic Plan, 2014-2017, in the new strategic plan, 2018-2021, and to more widely publicize its innovative practices.

113. UNOPS work was vital for the United Nations system to deliver. Recognizing UNOPS unique operational mandate and role in joint procurement, delegations encouraged United Nations system organizations to work closely with UNOPS for efficient programme implementation and cost efficiency. There was a call for UNOPS to engage more broadly in partnership with SIDS and MICs where its expertise could boost capacities for the Goals. UNOPS work in procurement and infrastructure sustainability were critical to MICs, SIDS and regions vulnerable to shocks.

114. Board members appreciated the consultative process in developing the strategic plan, 2018-2021, and looked forward to discussions in the lead up to its adoption. The new plan should be focused and aligned with the 2030 Agenda, the Secretary-General's reform agenda and 2016 quadrennial review, and ensure UNOPS was a results-based, innovative, learning organization, coordinated with the United Nations system in accordance with country demands and priorities. The new plan should focus on youth, recognize the rights and role of women as change agents, bridge the humanitarian-development-peace divide, deliver-as-one, and prioritize partnership building and innovation.

115. In response, the Executive Director highlighted that UNOPS had improved its services, aligned with the 2030 Agenda, and launched the social impact investment initiative. It had strengthened its governance, risk management and compliance processes, and aligned its reporting with the global reporting initiative. UNOPS adoption of enterprise risk management and a quarterly review had allowed managers to monitor and address risk regularly. UNOPS had many successes thanks to its local presence focused on employing local skilled personnel and engaging local businesses. UNOPS had launched innovation centres where it connected local needs and entrepreneurs to larger tech companies and educational institutions. UNOPS had also taken steps to achieve gender balance among staff, project personnel and in results.

116. The Executive Board adopted decision 2017/16 on the annual report of the Executive Director.

## Joint segment

### XV. Internal audit and oversight

117. The Director, Office of Audit and Investigations (OAI), UNDP, presented the report on internal audit and investigations (DP/2017/26 and annexes), and the Director, Bureau for Management Services, UNDP, provided the management response. The Director, Office of Audit and Investigations Services (OAIS), UNFPA, presented the report on the UNFPA internal audit and investigations activities in 2016 (DP/FPA/2017/6, Add.1, Add.2 and annexes), and the UNFPA Acting Executive Director provided the management response (DP/FPA/2017/6/CRP.4). The Director, Internal Audit and Investigations Group, UNOPS, presented the activity report for 2016 of the Internal Audit and Investigations Group (DP/OPS/2017/3) and the Deputy Executive Director, UNOPS, provided the management response.

118. In common comments, delegations highlighted that the UNDP and UNFPA reports helped them become more sustainable, effective and efficient. They were pleased the reports confirmed the offices' independence and backing by external reviews. They welcomed the overall opinion on adequacy and effectiveness of their frameworks for governance, risk management and control. They welcomed information provided on investigations, but wished to learn how they interpreted the level, spread and mix of cases, and effectiveness of systems to prevent and detect fraud. They requested information on efforts to recover losses, while encouraging timely loss-recovery. The organizations should strengthen and prioritize preventing, detecting and sanctioning fraud through a stronger United Nations system approach. They urged them to address recurring audit recommendations and provide details on responses, with implementation milestones and targets.

#### *UNDP*

119. Delegations were pleased with the reduction in audit recommendations, open for more than 18 months, and improvement in implementation rate. They encouraged UNDP to address shortfalls in vendor management and procurement, especially of implementing partners. They urged UNDP to manage potential high risks of corruption in procurement. Given the 'partially satisfactory' rating, they noted the need for improvements in governance, risk management and control, while recognizing they were generally established and functioning. They encouraged UNDP to continue to offer analysis of organizational risks and show how it informed overall opinion. They were concerned that weaknesses in procurement, and programme and financial management, might pose fiduciary and delivery risks and undermine its ability to deliver value for money. There was a call for details on progress against two 'unsatisfactory' ratings for the United Nations Office for South-South Cooperation (UNOSSC) and procurement process. On loss recovery, they requested that UNDP provide better year-by-year information.

#### *UNFPA*

120. Delegations welcomed the analysis explaining the opinion on adequacy and effectiveness of the UNFPA framework for governance, risk management and control, and inclusion of good practices. They noted OAIS concern that resources were insufficient to expand internal audit coverage or manage its growing, complex investigation caseload. They requested that UNFPA elaborate on envisaged additional support to OAIS. They noted the increased number of audit recommendations implemented, and welcomed the decline in 'unsatisfactory' ratings in 2016 in office governance, programme management and operations management. Noting the higher number of outstanding audit recommendations in 2016, they requested details on underlying factors. Noting issues on supply-chain management and availability of reproductive health commodities, they encouraged UNFPA to pay greater attention to last-mile delivery to ensure commodities reached beneficiaries. One delegation urged UNFPA to prioritize audit

recommendations on fraud and financial management, and commended its commitment to implementing audit recommendations and pursuing zero-tolerance on fraud, mismanagement and retaliation.

121. Delegations made no comments on UNOPS.

122. In response, the Director, Office of Audit and Investigations, UNDP, highlighted that UNDP would conduct a follow-up audit on audits having received ‘unsatisfactory’ ratings, including vendor management. On the ‘unsatisfactory’ audit rating for UNOSSC, he reported that UNDP had closed all 16 recommendations, with no outstanding issues remaining.

123. The Director, Bureau for Management Services, UNDP, highlighted that UNDP was pleased that both investigation case numbers and substantiated cases and financial losses were down. One case involving fraud accounted for the majority of the loss. UNDP had applied its zero tolerance policy, using all means possible, including voluntary surrender of the staff-member-in-question’s pension to contribute towards loss-recovery, which required collaboration with United Nations system entities and national authorities on prosecution. UNDP would provide the Board with a year-by-year update on losses and recovery. UNDP was addressing 40 per cent of vendor management recommendations, part of which included establishing a system to filter duplications and archive inactive vendors. UNDP had assigned additional procurement specialists to regional hubs for country office support, and centralized higher risk procurement to ensure it received top priority. UNDP had clustered the financial function in two regions to improve oversight and financial control.

124. The Director, Office of Audit and Investigation Services, UNFPA, noted that rising case numbers was promising (because it meant greater staff confidence in the office and an effective working relationship between audit and investigation) and discouraging (because cases might arrive en masse and would have to be prioritized). Half the cases were fraud-related and external, the rest internal; the magnitude of potential losses was different, with external cases usually of higher value. In assessing losses, the office focused on (and presented) what could be substantiated; for corruption cases, there were no mechanisms to measure the total loss at stake had corruption not occurred. On loss recovery, the office worked with the UNFPA legal office. On audit coverage, a number of factors – caseload and overall resources, austerity measures, reverted mid-year – affected the office’s ability to address its workload. With additional resources in 2017, the office was striving to reach – barring staff movements – its projected audit coverage, for which management support was crucial. Noting the drop in ‘unsatisfactory’ ratings in 2016, she emphasized that audit work was risk-based and findings fluctuated yearly. Stressing continuous work with management on combatting fraud, she encouraged management to address outstanding recommendations holistically.

125. The UNFPA Deputy Executive Director highlighted the strong collegial relationship between OAIS and management, built on a culture of accountability, which emboldened staff to speak out and bring forward cases. On the last mile, UNFPA was partnering with a consultancy firm to undertake rapid assessments and define an optimal community security supply-chain management focused on beneficiaries.

126. The Director, Division for Management Services, UNFPA, stated that recent austerity measures were not applied to OAIS nor had management – concerned with ensuring the office’s independence – proposed budget cuts. The office’s budget derived from the institutional budget, with expected increases the following year; that, however, meant cuts to other areas. On inventory management, UNFPA had taken a holistic approach in its supply-chain policy. He reaffirmed the close relationship with OAIS, the legal office and management, and the Fund’s strict zero tolerance for fraud and pursuit of loss recovery.

127. The Executive Board adopted decision 2017/17 on the reports of UNDP, UNFPA and UNOPS on internal audit and investigations and management response.

## **XVI. Reports of the UNDP, UNFPA and UNOPS ethics offices**

128. The Director, Ethics Office, UNDP, presented the activities of the UNDP Ethics Office in 2016 (DP/2017/27) and the Director, Bureau for Management Services, UNDP, provided the management response. The UNFPA Ethics Advisor presented the UNFPA report of the Ethics Office 2016 (DP/FPA/2017/7) and the UNFPA Deputy Executive Director (Management) provided the management response (DP/FPA/2017/CRP.5). The Legal Counsel, UNOPS, presented the activities of the UNOPS Ethics Office in 2016 (DP/OPS/2017/4) and the management response.

129. A group of delegations recognized the UNDP Ethics Office's role in fostering a culture of ethics, integrity and accountability. They welcomed the successful implementation of outstanding Ethics Office recommendations in 2016, and looked forward to implementation of the UNDP code of ethics. They commended the Ethics Office for being adaptable, innovative and strategic in undertaking its workload. Stressing adequate funding was key to the office's effective functioning, they encouraged management to explore permanent solutions to staffing gaps. They applauded UNDP support for Ethics Office participation in Organizational Performance Group meetings and encouraged the office to continue to provide policy input to it and other groups. They appreciated the office's ethics training, innovative awareness-raising and expansion of online staff courses. The rising numbers of staff seeking Ethics Office advice was a positive sign, though difficulty resolving one substantiated case, owing to poor inter-agency cooperation, raised concern. They urged UNDP management to work with the Ethics Office to strengthen inter-agency cooperation on ethics matters. The delegations called on UNDP to treat Ethics Office resources as a priority.

130. The Board addressed no comments to UNFPA or UNOPS.

131. In response, the Director, Ethics Office, UNDP, explained that in the one substantiated case the complainant was no longer at risk of retaliation because the retaliator was forced to exit the country in question. UNDP extended the complainant's contract an additional year and permitted him to attend out-of-country training courses previously denied. Those outcomes were in line with Ethics Office corrective actions. The one unresolved issue was its inability to retransfer the complainant to his previous position, owing to the agency-in-question's administrative policies – though the complainant stated to be satisfied with his current role. The Ethics Office was engaged with the United Nations Ethics Panel in exploring ways to more effectively address similar cases and harmonize practices.

132. The Director, Bureau for Management Services, UNDP, underscored UNDP management's commitment to promoting a culture of ethics and supporting the Ethics Office. She stressed that despite financial constraints UNDP management had prioritized resource allocation for the Ethics Office.

133. The Executive Board adopted decision 2017/18 on the reports of the ethics offices of UNDP, UNFPA and UNOPS.

---