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Evaluation

Evaluation of the relationship between UNDP and UNOPS:
Progress achieved by the United Nations Office for Project Services
on the recommendations pertaining to UNOPS

I. Introduction

1. In its decision 2000/22 of 28 September 2000, the Executive Board requested the Administrator and the Executive Director to submit at the annual session 2001 a detailed report on progress achieved on the recommendations contained in document DP/2000/13 on the evaluation of the relationship between UNDP and UNOPS. Pending the issuance of a joint UNDP-UNOPS detailed report on this matter, the Executive Director wishes to present herewith a summary of progress made in implementing those recommendations that pertain directly to UNOPS. More specifically, the present report contains information on progress made on recommendations 2(b), 2(c), 2(d), 4, 6(b), 6(c), 8 and 9 of document DP/2000/13.

2. As already reported to the Executive Board in document DP/2000/35, containing a joint UNDP-UNOPS review of the recommendations, the Administrator and the Executive Director established in September 2000 the Operations Working Group (OWG) composed of senior staff from both organizations that would address and resolve operational issues affecting the UNDP-UNOPS relationship, including those arising from the evaluation report. The present report is in part based on the work undertaken by the OWG.

II. Progress on the implementation of recommendations**Recommendation 2: Delineation of responsibilities**

(b) *Existing overlaps between the two institutions, which are a source of conflict, should be corrected. An example of such overlaps is in the area of crisis and post-conflict situations, where the Emergency Response Division of UNDP and the Division for Rehabilitation and Social Sustainability of UNOPS appear to be performing similar tasks.*

3. Documents DP/2000/CRP.8 and DP/2000/35 confirmed that UNDP and UNOPS have agreed that there exists no overlap in the area of crisis and post-conflict situations between the Emergency Response Division (ERD) of UNDP and the Division for Rehabilitation and Social Sustainability (RESS) of UNOPS. The documents also

reaffirmed that the mandates and activities of the two divisions are complimentary and reinforcing. The findings reported in documents DP/2000/CRP.8 and DP/2000/35 on the absence of overlap between the activities of ERD and RESS are consistent with the results of an inter-agency consultation held in 1995 that concluded that there is a clear division of responsibilities between UNDP and UNOPS in addressing crisis situations. In October 1995, the UNOPS Management Coordination Committee (MCC) endorsed this conclusion and recognized each organization's respective responsibility in crisis situations, as follows:

UNDP would be in charge of overall coordination, essentially through the resident coordinator function, including advocacy, resource mobilization, and overall programming and monitoring;

UNOPS would be entrusted with implementation and the provision of management services during all phases of the programming cycle. UNOPS would provide services in respect of interdisciplinary projects and programmes, including regional ones as well as in respect of programmes and projects that do not fall within the competence of any individual United Nations specialized agency.

5. Based on the above understanding, UNOPS established the Division for Rehabilitation and Social Sustainability in late 1995. Since its inception, RESS has experienced sustained growth and diversification in its portfolio, which has increased from \$20 million in 1996 to \$160 million in the year 2000. Today, less than 20 per cent of its portfolio acquisition comes from UNDP funds or cost-sharing. Other major RESS clients include the Department of Political Affairs (DPA) of the United Nations Secretariat, the International Fund for Agricultural Development (IFAD), the Office of the United Nations High Commissioner for Refugees (UNHCR) and the Office of the High Commissioner for Human Rights (OHCHR). The evolution of the RESS portfolio over the period 1996-2001, both in size and content, confirms the distinct role of UNOPS in crisis situations, as was originally envisaged in 1995.

6. The distinct and complementary responsibilities of UNDP (ERD) and UNOPS (RESS) have proven to be beneficial to countries in crisis and to the overall performance of UNDP in these countries. As demonstrated below, the close collaboration between ERD and RESS has borne considerable fruit and has generally been welcomed by the national governments/authorities and by the donor countries involved. As acknowledged by evaluations undertaken by UNDP, the division of labour has produced significant results, as was the case in Tajikistan where an initial investment by ERD led to a \$35 million programme co-funded by the Asian Development Bank and to the development of close UNDP cooperation with the United Nations Political Mission, UNHCR and the World Bank. Similarly, a preparatory assistance project launched by ERD in Mozambique led to a \$20 million contribution. In the Ukraine, ERD enabled RESS to formulate and subsequently implement a social reintegration programme for formerly deported people in Crimea, praised as one of the best examples of preventive development. In Papua New Guinea, ERD requested UNOPS to formulate and implement a programme in conflict-affected Bougainvillaea with financing by several donors, including the European Union, currently amounting to \$6 million, and with a second phase under consideration, supported by DPA. In Bosnia and Herzegovina, RESS was given a significant role in the formulation and implementation of the first UNDP country programme in 1996. As a result, UNDP was able to launch its first country programme successfully, leveraging over \$10 million in donor funding for UNDP and receiving universal praise from local actors in the country.

7. Notwithstanding the above achievements, which have produced tangible benefits for all parties involved, including programme and donor countries, UNOPS has witnessed, in the recent past, the active promotion by ERD of direct execution by UNDP as the preferred implementation modality. UNOPS has serious reservations about this development, especially when it pertains to cases where UNOPS has demonstrated its ability and

readiness to provide cost-effective and efficient services. In its decision 98/2 of 23 January 1998, the Executive Board reiterated that the role of UNDP as executing agent shall remain limited to countries in special circumstances and apply only when it can be demonstrated that it is essential to safeguard the full responsibility and accountability of the Administrator for effective programme and project delivery. In the spirit of this decision, UNOPS questions the rationale for promoting direct execution in instances where UNOPS is able and willing to provide cost-effective and efficient services. UNOPS would consider it unacceptable if promoting direct execution in such instances were to imply that UNOPS is unable to preserve the full responsibility and accountability of the Administrator.

8. In the opinion of UNOPS, there is ample opportunity for future collaboration between ERD and RESS through the implementation of Executive Board decision 2001/1 on the role of UNDP in crisis and post-conflict situations. UNDP, in its role as principal manager of the resident coordinator system, would ensure cooperation among United Nations entities including in areas of project execution and provision of services. In addition, UNOPS believes that there is merit in jointly promoting further cooperation with other United Nations specialized agencies, funds and programmes, and with departments of the United Nations Secretariat, which would facilitate synergies and complementarity with services provided to UNDP in this area.

B. Recommendation 2: Delineation of responsibilities

(c) UNDP and UNOPS should urgently conclude the subsidiary agreements envisaged in the 1997 Memorandum of Understanding. These should be further elaborated in detailed procedural manuals clearly indicating the responsibility and authority of the two parties at all levels, including detailed decision-making, reporting and information flows.

9. The UNDP-UNOPS OWG established a sub-working group (SWG) in early 2001 to review the functions performed by UNDP on behalf of UNOPS, both at headquarters (central services) and country-office levels. The SWG has made some progress on work relating to country office services. UNOPS, which paid \$2.3 million in the year 2000 to UNDP country offices as reimbursement for services provided at the request of UNOPS, remains committed to making such payments. UNOPS has conveyed to UNDP its concern that there must be a direct link between the work effort, the level of services rendered, and the reimbursements requested. In this regard, UNOPS is supporting the efforts of the UNDP Bureau of Management to refine the guidelines for reimbursement used by country offices in order to make cost-recovery consistent among the different offices. UNOPS has provided UNDP with its initial assessment of the areas requiring modification, clarification or decision. UNOPS has also recommended that an agreement be reached not only between UNDP and UNOPS, but also with other United Nations specialized agencies, funds and programmes who benefit from UNDP country office services.

10. Regarding headquarters central services, a number of substantive meetings have taken place between UNDP and UNOPS. Progress has, however, been limited. Nevertheless, in the area of human resources, UNOPS has completed a review of the level of services provided by UNDP and a report thereon will be finalized shortly. The report will be used in the negotiations pertaining to the annual level of reimbursement to UNDP for services rendered. The uncertainty surrounding the background to the review recently undertaken by the United Nations Office of Internal Oversight (OIOS) of the relationship of UNOPS with UNDP and organizations of the UN system has recently delayed further progress; UNOPS is hopeful, however, that work will resume shortly in order to come to closure before the next biennium.

C. Recommendation 2: Delineation of responsibilities

(d) *The Executive Director of UNOPS should issue, in consultation with UNDP, clear instructions on the precise role of the UNDP Resident Representative in his/her capacity as UNOPS Representative.*

11. At its third regular session 2000, the Executive Board was informed that, later in the year, a letter from the Executive Director would be sent to the UNDP Resident Representatives detailing their role as UNOPS Representatives. Accordingly, the UNDP-UNOPS OWG reviewed extensively the draft Letter of Appointment prepared by UNOPS. By the end of 2000, UNOPS was under the impression that, through the intense work of the OWG on this subject, basic agreement had been reached, and that only minor editing work remained. Subsequently, however, UNDP indicated that major disagreement with the main contents of the draft letter remained and that, moreover, UNDP had concluded that the Letter of Appointment should be drafted only after the MCC had delineated the roles and responsibilities between UNDP and UNOPS, as called for in recommendation 2(a) of the evaluation report. Since the MCC has not yet taken up recommendation 2(a) of the evaluation report, the issue remains unresolved.

D. Recommendation 4: Users Advisory Group

It is recommended that the Users Advisory Group be maintained. It should be convened by and meet under the Chairmanship of the Executive Director of UNOPS to serve as a regular forum for consultation between UNOPS and its clients. It should meet at least once a year.

12. UNOPS originally planned to hold a meeting of the Users Advisory Group by the end of the year 2000. However, in the course of the yearly UNOPS senior management retreat, which was held in November 2000, UNOPS decided to realign its organizational structure more forcefully and orient its service-delivery systems more explicitly around clients. It was therefore decided to postpone the meeting to a later period when UNOPS will be in a better position to discuss with its clients, who constitute the Users Advisory Group, the impact of its renewed efforts to meet their service delivery expectations better. In the meantime, consultations with individual clients continue to be carried out on a formal, regular basis, in addition to the usual informal consultations in the course of UNOPS provision of services.

E. Recommendation 6: Execution modalities

(b) *UNDP should in all circumstances endeavour to identify on a competitive basis the most cost-efficient and effective executing agent (government authority, UNOPS, United Nations specialized agency, fund or programme, non-governmental organization, etc). Direct execution should be used only when no other executing agency is capable of executing the project and willing to do so. This principle, which at present is one of the four conditions for direct execution, should be strictly enforced.*

13. This recommendation conforms to the spirit of Executive Board decisions 94/28 of 10 October 1994 and 98/2 of 23 January 1998, as well as to the UNDP Programming Manual guidelines. While the recommendation primarily addresses UNDP, UNOPS has actively followed up on this recommendation by demonstrating its competence, experience and readiness to provide execution services whenever it was made aware of projects that UNDP was considering for direct execution. In addition, UNOPS has also provided UNDP with comments and suggestions on the draft report of the recently concluded UNDP evaluation on direct execution.

F. Recommendation 6: Execution modalities

(c) *The respective responsibilities of UNDP and of the executing/implementing entity should be clearly defined for each project in a project management matrix.*

14. Document DP/2000/35 reported that the model project management matrix had been developed by UNOPS and was expected to be finalized shortly. The matrix was expected to be forwarded to all resident representatives

together with the letter outlining the role of the UNOPS Resident Representative. It was also envisaged that, at the same time, instructions on the specific authorities to be delegated by the Executive Director in relation to the provision of project and programme inputs in the field. However, as already mentioned in paragraph 11 of the present report, progress has stalled on this matter.

G. Recommendation 8: Financial reporting

It is recommended that both UNDP and UNOPS urgently review their financial reporting systems in order to ensure full compatibility between the systems and to meet the requirements of Governments, donors and other clients for accurate, timely and comprehensive information.

15. In his annual report for 2000 (DP/2001/19), the Executive Director notes that measures taken in close collaboration with partners are expected to enable UNOPS to provide all partners with financial reports by the end of 2001.

H. Recommendation 9: Administrative issues

(a) *Both UNDP and UNOPS should review their programme/services delivery structures to achieve a better balance between headquarters and field activities.*

(b) *UNOPS should strengthen its project management capacities, including its capacities to backstop its project personnel adequately.*

(c) *UNOPS should review its fee setting mechanisms with a view to increasing transparency.*

16. Similar to the follow-up to recommendation 8 on financial reporting, the Executive Director has, in his annual report for 2000 (DP/2001/19), elaborated on a number of actions taken to address recommendations on administrative issues. The follow-up to these recommendations is ongoing and progress made in this area will continue to be reported on by the Executive Director to the Executive Board, as appropriate.
