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Evaluation

**Independent Evaluation Office response to the review of the
UNDP evaluation policy**

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I. Context, background and findings

1. As custodian of the evaluation policy, the Executive Board has mandated that UNDP periodically facilitate an independent review of how the organization has performed against the evaluation policy that the Board first endorsed in 2006. The present document provides a response from the UNDP Independent Evaluation Office to the final report of the evaluation policy review, 2014, which was commissioned by the Executive Board and carried out by an independent review team. This is the second review of the UNDP evaluation policy. The first, conducted in 2010, focused particularly on the structure and role of the Evaluation Office. Changes to the UNDP evaluation policy brought about as a result of the 2010 review have been positively assessed in the 2014 review.
2. The Independent Evaluation Office welcomes the evaluation policy review and considers it valuable for two reasons. First, it provides a comprehensive assessment of the functioning of the evaluation system organization-wide. Second, it provides an impartial judgement of the organizational value and technical merit of the work of the Independent Evaluation Office itself.
3. The review comes at a pivotal time for UNDP, in the midst of difficult economic circumstances and a major institutional reorganization. Key stakeholders are anxious to know whether UNDP is efficiently, effectively and sustainably providing support that is having a positive impact on the lives of people, especially the poor. Evaluations are designed to answer these questions and to better enable the organization to learn from past experience. The manner in which UNDP and the Executive Board respond to the review must recognize that evaluation, along with audit and ethics, is essential to the success of the organization. The accountability-focused offices report directly to the Executive Board to instil confidence that UNDP is managed in a credible and transparent manner.
4. The findings set out in the review report address strengths and weaknesses in the performance of evaluation at both the central and decentralized levels. Many of the findings are structural in nature, and solutions will have to take into account the overriding principles of independence, credibility and utility. Revising the UNDP evaluation policy will also have to involve contextual factors such as the UNDP restructuring process now under way.
5. The evaluation policy review raises five significant issues that the review team believes the Executive Board may wish to address in a revised evaluation policy. For each issue, the review team provided a recommended approach together with a number of options. The Independent Evaluation Office response to all five options can be found in the annex to the present report. Of the five issues, the Independent Evaluation Office considers one to be preeminent and meriting a more detailed discussion: that is the issue of the quality and impartiality of decentralized evaluations.
6. The Independent Evaluation Office concurs with the key finding of the review: that there are weaknesses in the system of decentralized evaluation at UNDP. These problems are not unique to this organization, as other development organizations face similar challenges; and they are not new to UNDP, as the previous policy review also noted the need to strengthen the decentralized evaluation function.
7. Decentralized evaluations should be designed for learning, and should help improve UNDP performance, especially at the country level. The two aims of evaluation – learning and accountability – are not mutually exclusive, and a focus on learning does not reduce the need for impartiality. Decentralized evaluations must be impartial and credible, and must hold UNDP accountable to the Executive Board and to the governments and people in the countries where UNDP operates.
8. Addressing the actual and potential challenges to impartiality is extremely important, as biased evaluations do not lead to appropriate lessons being learned. Accordingly, the Independent Evaluation Office appreciates that the policy review draws attention to the issue of impartiality, notwithstanding our opinion that the review may have overstated the

extent to which lack of impartiality is a widespread problem for decentralized evaluations at UNDP.

9. Under the present evaluation policy, the Independent Evaluation Office has a limited role to play in support of decentralized evaluations, which are commissioned by policy and programme units, with rigour and independence expected through the use of independent consultants and organizations. The policy review sets out an option to strengthen the decentralized evaluation function through direct involvement from the Independent Evaluation Office. We are not in favour of that option and would rather see a strengthening of the current system. Having decentralized evaluations conducted by a professional cadre of UNDP staff evaluators would require a major increase in staff levels or, conversely, an unacceptable reduction in the number of evaluations conducted each year. A central challenge therefore relates to how best to enhance the consultant-led model for decentralized evaluation and successfully address the impartiality and quality issues that arise from that model. Since we do not believe that the options offered by the policy review fully address these challenges, we propose a number of additional features for an effective architecture of decentralized evaluation at UNDP.

10. First and foremost, UNDP needs a comprehensive strategy for strengthening the system of decentralized evaluations. The Independent Evaluation Office considers this to be critically important, as decentralized evaluations are building blocks for the independent evaluations it conducts at country, regional and global levels. The UNDP decentralized evaluation strategy should include specific staffing levels and a detailed budget within a costed programme of work, as well as annual milestones and performance indicators. It would be comprised of the following elements:

- (a) Updating and revising the ‘Handbook for Planning, Monitoring and Evaluating for Development Results’ as an online guidance tool to ensure that appropriate guidance is delivered in a useful manner and can be easily updated when necessary;
- (b) Further incorporating evaluation into the formulation and design of projects and programmes;
- (c) Providing decentralized units commissioning and managing evaluations with increased advisory services support on issues of evaluation design and methodology; and
- (d) Other forms of capacity development, such as country office staff training.

11. The strategy must be anchored in evaluation standards that should be included in the evaluation policy or in evaluation guidance, as appropriate. Such standards should be jointly developed by the Independent Evaluation Office and UNDP management and, where necessary, approved by the Executive Board. For example, if the new and improved decentralized evaluation system is to work, the new evaluation policy must establish minimum levels of evaluation staffing across UNDP at the regional and country levels. Individual UNDP staff should not combine responsibilities for monitoring *and* evaluation but should focus on one or the other. What is clear is that additional and more experienced evaluation professionals are needed across the organization.

12. Reform of the decentralized evaluation system will require significant effort and the strong commitment of UNDP senior management to address clearly identified problems in a holistic and strategic manner. While some actions can be taken quickly, with immediate gains, the Independent Evaluation Office recognizes that greater professionalization of decentralized evaluation will take time, and UNDP will need to do it in a more coherent fashion than has been attempted in the past. Work on the revised system should, to the extent possible, start immediately, with the expectation that adequate capacities will be in place by the start of the next strategic plan, in 2018.

13. Evaluation at UNDP is underfunded. Evaluation is estimated to account for 0.4 per cent of the UNDP budget; half goes to the Independent Evaluation Office and the other half towards decentralized evaluation. This means that \$16 million is spent annually on evaluation for a global organization spending \$5 billion a year across 170 countries. We propose a phased increase in the budget to surpass 1 per cent over time, with most of

the additional funding to be used at the regional and country levels. Although tripling the evaluation budget at UNDP is not a panacea, it would be an important step to in raising the quality of decentralized evaluation and demonstrating that UNDP is committed to results.

14. The appropriate role for the Independent Evaluation Office in decentralized evaluation is to provide oversight. It should not play a major role in capacity development or provide direct support to decentralized evaluation, but should establish standards and guidance, and assess the quality of decentralized evaluations. Effective oversight is essential if the decentralized evaluation system is to improve rapidly. In a revised oversight system, the Independent Evaluation Office should be responsible for:

(a) *Supporting the impartiality of evaluations.* Impartiality can be improved through better communication of the standards of impartiality and increased transparency of the evaluation process.

(b) *Assessing the quality of evaluations.* The Independent Evaluation Office recognizes that the existing system of quality assessment (ex-post assessment of evaluation reports) must be strengthened. Quality assessment reports must be more consistent and provide useful feedback on specific problems.

(c) *Monitoring implementation of the UNDP decentralized evaluation strategy.* The Independent Evaluation Office should closely monitor the timeliness and results of the new UNDP strategy in order to promote a better evaluation culture in the organization.

(d) *Reporting on compliance with the evaluation policy.* Annual reporting should include checking whether evaluations contained in evaluation plans have been carried out as planned. The quality of evaluation plans should be assessed, on a sample basis, through assessments of development results.

15. The evaluation policy review, 2014, sets out several suggestions that are specific to the role of the Independent Evaluation Office. It also provides an opportunity to reflect on relevant issues, such as: the number of recommendations in our reports; the quality of lessons learned, and the knowledge management systems now in use. The review notes some weaknesses in the quality assessment role of the Independent Evaluation Office with respect to decentralized evaluations. The office has therefore suspended the quality assessment system while commencing a comprehensive examination of the system.

16. The review addresses the independence of the evaluation function. A critical area of independence and credibility is the process by which the budget for evaluation is decided upon and administered. In its decision 2014/4, the Executive Board made clear that it expected management to allocate adequate, timely funding for the implementation of the medium-term evaluation plan, 2014-2017, at global, regional and country levels. Revisions to the evaluation policy should clarify the role of the Board in approving the budget for evaluation, and the process for determining the budget allocated to the Independent Evaluation Office as compared to the Board-approved budget. It is not appropriate for UNDP management to make final decisions on the proportion of the budget spent on the oversight of its operations. If management decides to reduce the evaluation budget without due consultation with the Board, the degree of independence is compromised.

17. Finding solutions to the problems highlighted in the review will require collective commitment and effort, and a strategic approach that allows for the progressive building of a new evaluation system that can effectively meet multiple needs at multiple levels. The Independent Evaluation Office is confident that UNDP will be able to respond to the imperatives of the policy review. We also recognize our significant responsibilities in this reform of the UNDP evaluation function, and appreciate the trust placed in us by the Executive Board. The Independent Evaluation Office will support the implementation of appropriate reforms to the evaluation policy and the strengthening of the evaluation function across the organization, which should include the development of a new strategy for decentralized evaluation, and associated standards. Concerning next steps, the Independent Evaluation Office looks forward to broad consultations on the future of the decentralized evaluation system and to working with other UNDP units, as well as with UNCDF and UNV, throughout the process of revising the evaluation policy.

Annex. Key recommendations and Independent Evaluation Office response to independent review of the UNDP evaluation policy

<p>Review recommendation 1. The policy should require management to introduce and enforce effective quality assurance systems for decentralized evaluations, with verification by the Independent Evaluation Office (IEO) and penalties on units that do not comply with standards. This should be supported by updated and additional guidelines and an assessment by the Executive Board of the value added to available management information by large numbers of low-budget evaluations of variable quality.</p>				
<p>IEO response: IEO agrees with the policy review team that management needs to introduce effective quality assurance systems for decentralized evaluation. Such a system needs to be complemented with (a) an effective oversight system that assess the quality and impartiality of decentralized evaluations; and (b) a system of incentives to strengthen the evaluation culture across the organization.</p>				
Key actions	Time frame	Responsible unit(s)	Tracking	
			Comments	Status
1. A comprehensive medium-term, organization-wide strategy for strengthening quality assurance of decentralized evaluation developed and approved by the Executive Board (it would be presented together with the evaluation policy at the annual session 2015 of the Executive Board)	Strategy discussed informally with the Executive Board in January and presented to the Board in June	Regional bureaus, Bureau for Policy and Programme Support (BPPS), Bureau of External Relations and Advocacy, Bureau of Management (BOM)		
2. A new system for the oversight of decentralized evaluation established. The system would cover compliance with the evaluation policy, assessment of the quality and impartiality of decentralized evaluations, assessment of the quality of evaluation plans, and implementation of the strategy to strengthen quality assurance of decentralized evaluations.	Proposal discussed informally with the Executive Board in January and presented to the Board in June	IEO		
3. Contribution to the production of evaluative evidence included in the performance management and development process.	Proposal discussed informally with the Executive Board in January and presented to the Board in June	BOM		
4. Strategy to effectively communicate revised evaluation policy to all staff and partners developed and implemented.	Strategy complete by June 2015 and implemented by December 2015	BPPS and IEO		

<p>Review recommendation 2. IEO should be given clear authority to proceed according to the pre-established timetable with all steps in the independent evaluation process, absent timely feedback from management. Enduring objections by management to evaluation findings or recommendations should be reserved for inclusion in the management response and should not be allowed to delay national workshops or report publication. UNDP units (such as country offices) that hinder the completion of independent evaluations should be penalized through a 'red flag' system.</p>				
<p>IEO response: IEO recognizes that undertaking an independent evaluation confers responsibilities on all parties concerned. Those responsibilities are set out in the evaluation policy. It also appreciates that UNDP management has intervened to reduce delays in the evaluation process. IEO has made efforts to ensure that more effective processes that do not lead to delays. IEO will continue to strengthen and codify its procedures to facilitate the rapid identification of solutions where disputes occur.</p>				
Key actions	Time frame	Responsible unit(s)	Tracking	
			Comments	Status
1. New process guidelines for assessments of development results incorporate actions to reduce the likelihood of disputes and address them effectively should they occur.	Completed by November 2014	IEO		
2. New thematic evaluation process guidelines incorporate actions to reduce the likelihood of disputes and address them effectively should they occur.	Completed by February 2015	IEO		
<p>Review recommendation 3. The review recommends that the Executive Board amend the policy to specify the lead role of the Board in recruitment procedures for the Director of IEO; the duration of the post (subject to performance assessment), renewal processes and duration, and powers of the Director to report directly to the Board as necessary. The advantage would be strengthened structural independence for the Independent Evaluation Office, in keeping with its new title.</p>				
<p>IEO response: IEO acknowledges that UNDP management has undertaken a number of measures in recent years to strengthen the structural and operational independence of IEO and agrees with the recommended approach of codifying those measures in the revised evaluation policy. IEO agrees with the additional amendments to the policy recommended by the review team, including the lead role to be played by the Executive Board in the recruitment, renewal and dismissal of the IEO Director.</p>				
Key action	Time frame	Responsible unit(s)	Tracking	
			Comments	Status
1. Amend policy to implement the recommendation	Draft policy changes completed by December 2014	Evaluation policy drafting team		

Review recommendation 4. The review notes that the evaluation units of the associated funds and programmes have developed in quite different ways and recommends that the policy incorporate new and flexible approaches, as follows: evaluation units should be required *either* to submit their independent evaluations to IEO for quality assurance (to ensure comparable “best international evaluation standards”); *or* to collaborate directly with IEO to manage and report on their independent evaluations. Associated with these measures, it is recommended that the policy require IEO to pay more systematic attention to the contribution of the associated funds and programmes to UNDP results in all of its independent evaluations.

IEO response: IEO can incorporate additional work but will require commensurate resources and authority. IEO can include UNV and UNCDF evaluations in the quality assessment systems and, as with UNDP decentralized evaluations, work together with UNCDF and UNV to introduce processes to ensure impartiality. IEO can also conduct a small number of strategic independent evaluations, if requested by the Executive Board, to include in its medium-term evaluation plan. UNCDF will still need its own decentralized evaluation quality assurance capacity in order to continue its work in this area, especially in embedding evaluation in its projects and programmes.

Key actions	Time frame	Responsible unit(s)	Tracking	
			Comments	Status
1. Include UNCDF and UNV in reinvigorated decentralized evaluation quality assessment system	1 January 2015	IEO		
2. Undertake key strategic independent evaluations, if requested by the Executive Board, to include in a revised medium-term programme	As requested by the Executive Board	IEO		
3. Amend assessment of development results guidance to explicitly examine the contribution of partnerships with UNCDF and UNV	Completed by November 2014	IEO		

Evaluation recommendation 5. The review recommends that the section in the policy on definitions be replaced by a more general text indicating that IEO will periodically update and disseminate current evaluation topics and definitions on the basis of best international standards, through operational handbooks and other appropriate means.

IEO response: IEO agrees that including certain definitions within the evaluation policy may not allow sufficient flexibility to adapt to changing contexts. Nonetheless, certain other concepts should be clearly defined in the evaluation policy to ensure a common understanding across the entire organization. These include the concept of independent evaluation as well as distinctions between evaluation and the areas of monitoring and audit.

All definitions, either within the policy or elsewhere (for example, in guidance) should be consistent across UNDP (especially with those used in results-based management), and should reflect international norms and standards, including those set by the United Nations Evaluation Group.

Key actions	Time frame	Responsible unit(s)	Tracking	
			Comments	Status
1. Revised policy to include definitions of only selected key terms. Other definitions to be provided in guidance.	June 2015 (policy) and December 2015 (guidance)	Evaluation Policy drafting team (policy), and IEO (guidance)		
2. All guidance to use a consistent set of terms	Ongoing	IEO, BPPS		