



3 March 2011

The Executive Director

Dear Andrew

~~Dear Lord Mitchell,~~

The United Nations Population Fund (UNFPA) wishes to express its appreciation for the Multilateral Aid Review (MAR) Assessment conducted by the Government of the United Kingdom in 2010, to assess its aid expenditures through multilateral organizations.

For many years, the Government of the United Kingdom and UNFPA have enjoyed close cooperation and UNFPA very much appreciates the overall findings of this review. My colleagues and I have taken note of, and are carefully reviewing internally, all of the areas identified by the Multilateral Aid Review as needing improvement. Kindly find attached some reflections on the points raised in the review.

I am encouraged that, in other similar assessments carried out recently, such as MOPAN, of which the Government of the United Kingdom is a member, UNFPA received high marks in the clarity of its mandate, country focus, and good operational management decisions, including ensuring financial accountability. I am pleased that these assessments also recognized UNFPA's good work in support of national plans and its contribution to policy dialogue, articulating human rights and gender perspectives within a result-based management approach.

UNFPA welcomes the MAR's recognition of the organization's critical role in advancing MDG5. As you know, UNFPA's work to advance gender equality is quite unique within the United Nations system, as it combines and integrates gender mainstreaming, human-rights based programming and culturally sensitive approaches to build broad ownership of the reproductive rights agenda by local communities.

I would like to take this opportunity to reaffirm that UNFPA is fully committed to further strengthening oversight and accountability and, thus, to becoming more efficient and effective in responding to countries' needs.

May I once again express my gratitude to you and your colleagues in the Government of the United Kingdom for this assessment. I look forward to our ongoing close collaboration that will provide valuable guidance to UNFPA in its efforts to further improve organizational performance.

Please accept, Lord Mitchell, the assurances of my highest consideration.


Dr. Babatunde Osotimehin
Under-Secretary-General

The Right Honourable Andrew Mitchell, MP
Secretary of State for International Development
Department for International Development
1 Palace Street London
SW1E 5HE
United Kingdom

UNFPA's Reflections on the 2010 Multilateral Aid Review (MAR) Assessment

Performance management, financial resources management, cost and value consciousness and accountability

Following his appointment in January 2011, the new Executive Director he has made strengthening accountability the number one priority for UNFPA in 2011. In this context, and to address key issues raised by various stakeholders, including the United Nations Board of Auditors, the organization has adopted a prioritized and systematic approach to strengthen controls and ensure compliance. While some of the actions will take time for their full effects to show, the organization is determined to address issues effectively and will continue to engage in a systematic and comprehensive effort to strengthen accountability.

Attention to cross-cutting issues - Fragile contexts

An increasing number of countries are facing severe development challenges including protracted conflicts and recurrent natural disasters. Although UNFPA has a long and well-established track record of providing support to countries in crises, there is recognition in the Fund that a new business model needs to emerge that can accommodate the working realities in countries with low capacities. Building on the experiences and lessons learnt in managing crisis responses, UNFPA is in the process of developing a framework for support to countries in fragile settings, and reviewing its guidance and procedures to offer Country Offices greater programmatic and operational flexibility, enabling them to redirect resources as needed and to speed the delivery of support. In developing these modified guidelines, UNFPA will draw from the procedures and practices of other United Nations agencies, in particular UNDP and UNICEF.

Climate change and environmental sustainability

Building on the significant work already undertaken in the area of environmental and climate change, UNFPA has built the foundation for a bold new agenda on the links between population dynamics and sustainable development. Pillars of this foundation include the 2009 State of World Population Report on women, population and climate, the 2007 State of World Population Report on unleashing the potential of urban growth, the 2009 State of the World Population Report on population, gender and climate change and the 2009 book *Population Dynamics and Climate Change*. Vulnerability to climate change impacts and other types of environmental vulnerability are regularly assessed and their links to population dynamics included in UNFPA's Population Situation Analyses (PSA).

In close collaboration with its partners within the United Nations family and the non-governmental community, UNFPA has developed a strategy for strong engagement on Rio+20. This includes rigorous technical work, the development of programmatic guidance on environment and climate change, outreach to Rio+20 delegates through UNFPA's network of country offices, and active engagement in the Rio+20 preparatory process and the United Nations Climate Change Talks.

UNFPA closely collaborates with the International Institute for Environment and Development and actively participates in interagency fora such as the HLCP Working Group on Climate Change, the undg Task Team on Climate Change and Environmental Sustainability, and many others. With these partnerships, UNFPA is well-positioned to expand and strengthen its work in the area of climate change and environmental sustainability.

Focus on Poor Countries

While UNFPA indeed focuses on poor countries, the resource allocation approved by the Executive Board is not exclusively based on economic factors. UNFPA applies a set of indicators related to the ICPD Programme of Action priority areas to identify the countries in need of assistance. UNFPA is also – like UNICEF, UNDP and other development agencies – concerned with *equity*. While keeping its focus on the poorest countries, UNFPA remains engaged with – and has also developed a strategy for more effective engagement with – middle-income countries.

Contribution to Results

UNFPA recognizes and is aware of the limitations in its results frameworks, and that there is a need to strengthen indicators and have clearer definitions of outputs and outcomes. This is being addressed in the ongoing mid-term review of the Strategic Plan 2008-2013, which will strengthen the link between outcomes and outputs, and better demonstrate UNFPA's contribution to results.

UNFPA is also aware of the need to strengthen the evaluation culture in the organization, and is undertaking significant efforts in this area. Subsequent to the introduction of an evaluation policy in 2009, a biennial organization-wide evaluation plan was put in place in 2010, and this is being closely monitored to ensure that all evaluations – especially mandatory country programme evaluations – are conducted in a timely manner. In 2010, Evaluation Guidelines were introduced to improve the quality of evaluations and efforts are underway to ensure a more systematic utilization of evaluation tools and findings.

Transparency

In conjunction with the implementation of the evaluation policy, it is being ensured that all new country programmes have performance information - including performance summaries, programme results, performance data and evaluations - posted on the UNFPA Executive Board website.