



INTERNAL AUDIT DIVISION

REPORT 2017/008

Audit of livelihoods and self-reliance programmes in the Office of the United Nations High Commissioner for Refugees

There was a need to further strengthen strategic planning, resource management and partnership management in operations that implement livelihoods programmes

10 March 2017

Assignment No. AR2016/163/02

Audit of livelihoods and self-reliance programmes in the Office of the United Nations High Commissioner for Refugees

EXECUTIVE SUMMARY

The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes over livelihoods and self-reliance programmes at the Office of the United Nations High Commissioner for Refugees (UNHCR). The audit covered the period from 1 January 2014 to 30 September 2016 and included a review of: strategic planning; resource management (financial management and staff deployment); and management of partners implementing livelihoods projects on UNHCR's behalf.

There was a need to ensure that country operations conduct socioeconomic baseline and market assessments and use these inputs for preparing livelihoods strategic plans. Action also needed to be taken to ensure deployment of experts to operations with significant livelihoods expenditures, and partner selection and monitoring of livelihoods projects implemented by partners needed strengthening.

OIOS made three recommendations. To address issues identified in the audit, the Division of Programme Support and Management, in coordination with the Regional Bureaux, needed to:

- Further strengthen and document the mechanisms for monitoring compliance with the requirement for country operations to have context-specific livelihoods strategic plans informed by socioeconomic baseline and market assessments;
- Develop an action plan for the mobilization of staffing resources to ensure that country operations implementing significant livelihoods programmes will be able to have access to requisite livelihoods expertise and skills in a timely manner; and
- Clarify the monitoring and support roles and responsibilities and further strengthen the mechanisms and tools for ensuring that country operations: (i) select partners for implementing livelihoods projects that possess the required skills and development experience; (ii) undertake effective performance monitoring of livelihoods programmes; and (iii) measure the context-specific impact of livelihoods interventions.

UNHCR accepted the recommendations and has initiated action to implement them.

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Audit of livelihoods and self-reliance programmes in the Office of the United Nations High Commissioner for Refugees

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of livelihoods and self-reliance programmes in the Office of the United Nations High Commissioner for Refugees (UNHCR).
2. Livelihoods are activities that allow people to secure the basic necessities of life, such as food, water, shelter and clothing. The concept of livelihoods is based on the assumption that the individual concerned has the capabilities, assets, and opportunities required to be able to make a living from the activities he or she undertakes. Self-reliance is the social and economic ability of an individual, household or community to meet their own basic needs and to enjoy social and economic rights in a sustainable manner and with dignity. Livelihoods interventions in UNHCR operations therefore aim to enable refugees to become self-reliant, while reducing or removing long-term reliance on humanitarian or external assistance. UNHCR livelihoods and self-reliance programmes had total expenditure of \$62 million in 2014 and \$60 million in 2015. The budget for such programmes for 2016 was \$61 million.
3. The UNHCR Global Strategic Priorities for 2016 and 2017 state that UNHCR will promote individual's potential through increased opportunities for quality education and livelihoods support. The UNHCR Global Strategy for Livelihoods 2014-2018 contains four objectives: (a) promoting the right to work and personal development; (b) enabling people to preserve and protect their productive assets as well as meet their immediate consumption needs; (c) developing innovative ways of promoting self-reliance; and (d) improving planning, learning and practice on successful approaches to livelihoods development. The UNHCR Operational Guidelines on the Minimum Criteria for Livelihoods Programming issued in March 2015 contain nine criteria which became mandatory in January 2016 and a prerequisite for any livelihoods programming.
4. The Livelihoods Unit at UNHCR headquarters consists of three staff members and four individuals working under affiliated workforce arrangements and reporting to the Chief of the Operations Solutions and Transition Section (OSTS) in the Division of Programme Support and Management (DPSM). In addition to the OSTS team at headquarters, one Senior Livelihoods Officer and four livelihoods experts contracted by OSTS as affiliated workforce are based in the field. The OSTS team is responsible for supporting the implementation of the Global Strategy for Livelihoods, and for strengthening the related framework of policy, procedures and guidelines. It also assesses compliance with the Operational Guidelines on the Minimum Criteria for Livelihoods Programming by conducting annual surveys. The team provides technical support to country operations through the issuance of country-specific action plans that highlight the level of compliance and set out the specific actions required to fulfil each criterion. Country operations are responsible for complying with the minimum criteria for livelihoods programming. The Regional Bureaux, to which country operations report, share the responsibility with OSTS for ensuring compliance with the operational guidelines.
5. Under Global Conclusion 20 from the 2015 Annual Programme Review (APR 20), UNHCR required all country operations with livelihoods programmes to examine if they were on track to meet the nine prescribed criteria by 1 January 2016, in line with the Operational Guidelines on the Minimum Criteria for Livelihoods Programming. OSTS, with support from the Regional Bureaux, conducted a first Global Livelihoods Survey in 2015 to establish a global baseline on the status of compliance with APR 20. The survey was completed by 97 country operations and, based on its results, OSTS recommended that: (a) 38 out of the 97 operations be provided with an extension, with appropriate justification, for achieving compliance; (b) 37 out of the 97 operations should cease their livelihoods activities unless they

reallocated funds from their current activities and invested those funds in implementing the nine minimum criteria; and (c) 11 operations would first need to implement the required actions mandated in the operational guidelines, if they wanted to continue implementing livelihoods programmes. Of the operations surveyed, 11 did not have significant livelihoods activities at the time of the survey.

6. In 2016, OSTs conducted a second survey to assess progress toward meeting the minimum criteria, the results of which were being consolidated at the time of this audit. OSTs acknowledged that operations would need time until at least 2020 to frame strategies and achieve systematic compliance with the minimum criteria. Revised operational guidelines on the minimum criteria for livelihoods programming were therefore being drafted.

7. Comments provided by UNHCR are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

8. The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes over livelihoods and self-reliance programmes at UNHCR.

9. This audit was included in the 2016 risk-based work plan of OIOS due to the risk that unless livelihoods and self-reliance activities are implemented effectively, persons of concern will not be able to meet essential needs and enjoy social and economic rights with dignity and in a sustainable manner.

10. OIOS conducted this audit from March to October 2016. The audit covered the period from 1 January 2014 to 30 September 2016. Based on an activity-level risk assessment, the audit covered higher and medium risks in the implementation of livelihoods and self-reliance programmes, which included: strategic planning; resource management (financial management and staff deployment); and management of partners implementing livelihoods projects on UNHCR's behalf.

11. The audit methodology included: (a) interviews of key personnel; (b) review of relevant documentation; (c) analytical reviews of data including financial data from Managing for Systems, Resources and People (MSRP), the UNHCR enterprise resource planning system, and performance data from FOCUS, the UNHCR results based management system; (d) review of a sample of livelihoods projects implemented in various regions globally, selected judgmentally; and (e) visits to UNHCR country operations in Chad, Ethiopia, Iraq, Niger, Turkey and Uganda.

III. OVERALL CONCLUSION

12. There was a need to ensure that country operations conduct socioeconomic baseline and market assessments and use these inputs for preparing livelihoods strategic plans. Action also needed to be taken to ensure deployment of experts to operations with significant livelihoods expenditures, and partner selection and monitoring of livelihoods projects implemented by partners needed strengthening.

IV. AUDIT RESULTS

A. Strategic planning

There was a need to ensure that country operations implementing livelihoods activities conduct socioeconomic baseline and market assessments

13. The Operational Guidelines on the Minimum Criteria for Livelihoods Programming require country operations to conduct socioeconomic baseline assessments and market assessments. Baseline assessments provide information on the existing socioeconomic situation of refugees. The purpose of market assessments is to identify and design livelihoods interventions that, if implemented, will increase the employment opportunities and improve the living conditions of refugees and host communities. Operations should also use information from the baseline and market assessments together with qualitative data, to target interventions.

14. The first livelihoods survey conducted by OSTs in 2015, shortly after the minimum criteria were issued, identified that out of 97 operations, 23 per cent were fully compliant with the requirement for socioeconomic baseline assessments, while 40 per cent were partially compliant and 37 per cent were non-compliant. As regards market assessments, the survey found that 39 per cent of the operations were compliant with the requirement, 41 per cent were non-compliant and 20 per cent were partially compliant. These results were supported by OIOS' detailed review. Of the six country operations visited during this audit, only Niger had an approved and updated socioeconomic baseline assessment. In the other five operations (Chad, Ethiopia, Iraq, Turkey and Uganda), the baseline assessment was either not conducted or not updated to reflect the current situation. In addition, in each of the six country operations reviewed, the market assessment was either not conducted or was limited in coverage and scope or the results were not utilized to target interventions. The weaknesses observed included the following:

- In Chad, the Representation's socioeconomic baseline assessments carried out in 2011 in Gozbeida and in 2014 in Iriba had not been updated to reflect the current status of persons of concern after implementation of the livelihoods programmes. The market assessment conducted was limited in nature and covered only some agricultural activities. No market assessment was done for commodities frequently traded in local markets, which would have been beneficial in ensuring targeted interventions. A partner conducted vocational trainings that were not linked to tangible demand for such services; for example, plumbing and electricity courses were offered, although there was no electricity and running water in the nearest town and villages.
- In Ethiopia, whilst a socioeconomic baseline assessment conducted by a consulting company engaged by UNHCR in the refugee camps in Dolo Ado was finalized in June 2015, at the time of the audit the results of the assessment had not yet been used to improve livelihoods programming. A second baseline assessment report related to the same camps was in draft; however, it no longer reflected the current situation in the camps. An international partner carried out a market assessment for the Kule and Tierkidi refugee camps in Gambella; however, this assessment had not been updated to reflect changes in the camps, such as courses already offered to refugees by various partners. In December 2015, the UNHCR Representation in Ethiopia decided to undertake a market survey under a direct implementation arrangement as it was not satisfied with the assessments conducted by the partners implementing livelihood activities.
- In Iraq, the Representation did not prepare a socioeconomic baseline assessment for project activities or a market assessment, because of the fragile security situation in the country.

Nonetheless, secondary data was collected through profiling of persons of concern living outside camps and from studies conducted by partners.

- In Niger, at the Tabareybarey camp, refugees received training to produce handcrafts; however, they encountered challenges selling these products because of lack of markets, an issue that would have been identified had a market assessment been conducted by the Representation.
- In Turkey, a socioeconomic baseline assessment was not possible due to government restrictions, but the UNHCR Representation was able to collect relevant some fragmented data. The market assessment study had been updated in June 2016; however, the Representation did not ensure that its partners were targeting the self-reliance sectors identified by the market assessment.
- In Uganda, as of March 2016, the Representation had carried out six socioeconomic baseline assessments at the refugee settlement level. However, these baseline assessments did not clearly identify families and individuals, and some of them were not conducted before targeting the livelihoods interventions. Some of the assessments were also not updated to reflect the current population context, such as those done in Rhino Camp and Adjumani settlements in the West Nile region where there had been a significant increase in the number of South Sudanese refugees. The Representation subsequently confirmed to OIOS that it would be contracting a consultancy service to undertake a country-wide baseline assessment. The Representation relied on two market assessments conducted by specialized partners; however, both assessments were limited in scope, one being restricted to cash-based interventions and the other to the agriculture sector.

15. These weaknesses in the conduct of socioeconomic baseline and market assessments occurred because: (a) UNHCR management at the field level had not fully integrated these requirements into the planning and implementation of livelihoods programmes; and (b) DPSM and Regional Bureaux had not collectively ensured that country operations systematically complied with the mandatory requirement to conduct baseline and market assessments, for which both the Division and the Bureaux had been given monitoring responsibilities. Although the compliance plans for each country operation, prepared by OSTs in coordination with the Bureaux, identified actions that operations needed to take to meet the minimum criteria, including in respect of baseline and market assessments, these plans did not have timeframes for each deliverable and did not elaborate on the respective monitoring mechanisms to be applied by OSTs and the Bureaux in following up on compliance.

16. As a result of not utilizing adequate socioeconomic baseline and market assessments for strategic planning purposes, the country operations were exposed to the risk of not being able to design effective livelihoods programmes for persons of concern. However, as this issue is closely associated with the preparation of strategic plans for livelihoods programmes discussed in the next section of this report, OIOS is not raising a separate recommendation in this regard.

There was a need to ensure that country operations implementing livelihoods activities have an updated context-specific and multi-year strategic plan

17. The Operational Guidelines on the Minimum Criteria for Livelihoods Programming and the Global Strategy for Livelihoods 2014-2018 require country operations to develop a three to five year context-specific livelihoods strategic plan. The multi-year strategic plan should be regularly reviewed and updated and be informed by socioeconomic baseline and market assessments. The strategic plan should present clear objectives, a detailed outline of project interventions with well-defined target groups and an appropriate timeframe.

18. The initial OSTs 2015 survey provided a compliance baseline showing that 46 out of 97 operations did not have a livelihoods strategy, 29 operations were in the process of drafting a strategy, while only 22 operations had submitted a strategy document to OSTs. OIOS review of the six country operations visited also supported these results, as it identified that the operations in Chad, Niger, Turkey and Uganda had prepared a multi-year strategic plan for targeting livelihoods interventions, while those in Ethiopia and Iraq had not:

- In Ethiopia, the Representation did not have a country-wide livelihoods strategic plan. There were two separate strategies, one each for urban livelihoods projects in Addis Ababa and for projects in Melkadida. A new livelihoods strategy for Addis Ababa was in draft and had been shared with the Government partner in March 2016 for feedback and response was awaited. The latest compliance survey conducted by OSTs in September 2016 reported that the Gambella operation was in the process of developing a context-specific livelihoods strategy, while the operations in Jijiga and Shire had not developed livelihoods strategies and the Melkadida operation's strategy was incomplete as key components were missing.
- In Iraq, although livelihoods programming was identified as a programme critical activity in 2015, the Representation did not develop a multi-year strategy for livelihoods programming to respond to the high likelihood of an increase in the number of internally displaced persons in 2016. Livelihoods activities were limited to vocational training and quick impact projects.

19. In the four operations that had prepared a strategic plan, it was not adequately informed by socioeconomic baseline and market assessments. For instance, in Niger, there was a livelihoods strategy for Malian refugees but it had not been updated to reflect changes in operational circumstances and did not cover Nigerian refugees.

20. The above resulted as there was a need for strengthened management supervision at the country level and monitoring by DPSM and Regional Bureaux to ensure that country operations developed and regularly updated their context-specific, multi-year livelihoods strategic plans. Although DPSM was aware, through its surveys, of the countries that did not have a strategic plan, there was a need for DPSM and the Bureaux to formally agree and document how they would collectively ensure that the remaining operations would also prepare one.

21. In the absence of strategic plans, UNHCR operations were exposed to the risk of implementing unsustainable livelihoods programmes that were not aligned with UNHCR's global strategy and local circumstances.

(1) The UNHCR Division of Programme Support and Management, in coordination with the Regional Bureaux, and building on the livelihoods compliance plans already in place, should strengthen and document the mechanisms for monitoring compliance with the requirement for country operations to have context-specific livelihoods strategic plans informed by socioeconomic baseline and market assessments.

UNHCR accepted recommendation 1 and stated that DPSM had taken steps to strengthen collaboration with Regional Bureaux to ensure that recommendations related to strategic planning and fulfilment of minimum criteria related to livelihoods were effectively processed at the field level. Since the launch of the Operational Guidelines on the Minimum Criteria for Livelihoods Programming in March 2015, DPSM had implemented two mid-year compliance assessment surveys targeting all UNHCR operations budgeting for livelihoods. As part of this process, and after each mid-year survey, DPSM provided Regional Bureaux and country operations with specific recommendations incorporated in comprehensive and action-oriented compliance plans and, as a

result, 38 operations developed socioeconomic assessments and another 28 country operations developed market assessments. Currently, 29 country operations had completed strategic plans for livelihoods. DPSM would continue to engage Regional Bureaux in all stages of the minimum criteria compliance assessment for 2017 to strengthen their role in the monitoring process. Recommendation 1 remains open pending receipt of documentation of the monitoring mechanisms established by DPSM and Regional Bureaux to collectively follow up that the recommendations incorporated in the compliance plans regarding preparation of context-specific livelihoods strategic plans informed by socioeconomic baseline and market assessments are implemented within specified timelines.

B. Resource management

Country operations needed to improve budgeting, tracking and reporting of livelihoods expenditures

22. UNHCR annual planning instructions require Representations to ensure that UNHCR's Global Strategic Priorities are integrated into operational plans and that each operation allocates adequate resources to these objectives. Only relevant account codes should be used in detailed budgeting, in order to facilitate expenditure variance analysis at the account code level. The UNHCR Programme Manual requires Representations to ensure that budgets are prepared following the principle of results-based management in which resource allocation is directly linked to the outputs and objectives to be achieved.

23. OIOS review of the adequacy of budgeting, tracking and reporting of livelihoods expenditures identified that:

- The Representation in Ethiopia did not ensure that budgets were prepared prudently and monitored properly. For example: (a) \$80,000 meant as livelihoods cash support for refugees was erroneously budgeted under procurement; (b) \$44,475 had been budgeted as livelihoods activity but used for rental of a Land Cruiser vehicle; (c) expenditure in livelihoods activities in Melkadida in 2015 exceeded the approved budget of \$667,821 by \$281,870, whilst expenditure items aggregating to \$424,000 lacked a clear connection to livelihoods activities.
- In Niger, activities related to cash-based interventions were erroneously budgeted and expensed as a livelihoods project.
- In four operations, Chad, Ethiopia, Iraq and Niger, four international livelihoods partners were overpaid a total of \$140,000 for project headquarters support costs due to incorrect computation of such costs, thereby diverting resources from livelihoods activities to support and administration costs.

24. The above occurred because Heads of Offices/Representatives did not ensure proper budgeting, tracking and reporting of livelihoods expenditures. As a result, there was an increased risk of funding shortfalls, ineffective allocation of resources for livelihoods activities and incorrect reporting of livelihoods expenditures, which could eventually hamper effective implementation of livelihoods programmes.

25. However, the weaknesses observed were not specific to livelihoods activities, but related to programme and project budgeting and expenditure tracking as a whole, as well as monitoring thereof, and therefore, OIOS is not raising a separate recommendation in this report. These issues will continue to be reviewed as part of future audits of country operations and Regional Bureaux.

There was a need to ensure that all livelihoods programmes benefit from the requisite livelihoods expertise and skills

26. The Operational Guidelines on the Minimum Criteria for Livelihoods Programming require country operations to have a dedicated livelihoods expert when the livelihoods programme has a budget of more than \$1 million.

27. All six operations reviewed by OIOS had livelihoods budgets in excess of \$1 million. Two of the six operations, Iraq and Uganda, did not have a dedicated livelihoods expert. In Uganda, the responsibilities for livelihoods programmes were entrusted to community services or protection officers who managed the livelihoods programmes in addition to their other responsibilities, impacting on the amount of time they could effectively devote to livelihoods activities.

28. In two other county operations, although livelihoods positions existed, they did not cover the whole country. The Representation in Chad had livelihoods experts positions in Iriba and Goz Beida; however, it did not have an expert in Baga Sola. In Ethiopia, a P-4 Livelihoods Officer was deployed to Gambella, assisted by a P-3, as well as temporary staff and consultants; however, the Representation did not have expert capacity in other locations implementing livelihoods programmes, such as in Shire, Melkadida and Addis Ababa.

29. The above resulted from inadequate funding for livelihoods positions, and also because DPSM and the Regional Bureaux had not yet developed a time-bound action plan to ensure that operations benefitted from the requisite and necessary livelihoods expertise and skills. This exposed operations to the risk of not implementing livelihoods programmes efficiently and cost-effectively.

(2) The UNHCR Division of Programme Support and Management, in coordination with the Regional Bureaux, and building on the livelihoods compliance plans already in place, should develop an action plan for the mobilization of staffing resources to ensure that country operations implementing significant livelihoods programmes will be able to have access to requisite livelihoods expertise and skills in a timely manner.

UNHCR accepted recommendation 2 and stated that DPSM had taken tangible actions towards the effective mobilization of staffing. In early 2016, DPSM developed an online roster of livelihoods experts, and 40 candidates had been approved for deployment with the goal of having adequate livelihoods expertise available when operations require or request technical support. In late 2016, a livelihoods talent pool was also created and advertised on the UNHCR website. Furthermore, DPSM provided global technical support for livelihoods recruitment by conducting functional clearance not only for temporary and fixed term assignments, but also for consultancies and hiring of national officers and affiliated workforce. Based on the findings of the minimum criteria compliance assessment, DPSM shared with Regional Bureaux a list of positions that were required to be filled and agreed with Senior Desk Officers on the technical support required to fill these posts. In 2017, OSTs would follow-up with Senior Desk Officers on the technical support required to fill these posts. Recommendation 2 remains open pending receipt of the findings of the latest minimum criteria compliance assessment on staffing and the resulting action plan developed for the mobilization of staffing resources to ensure that country operations implementing significant livelihoods programmes can have access to requisite livelihoods expertise and skills in a timely manner.

C. Partnership management

There was a need for further improvement in the livelihoods partner selection and assessment processes

30. The Operational Guidelines on the Minimum Criteria for Livelihoods Programming require country operations to conduct an assessment of the capacity and performance of current livelihoods partners, in order to ensure that the partners have experience and expertise in economic development. Country operations should also complete an institutional mapping to find new partners, especially from the development community and private sector.

31. Of the six country operations reviewed by OIOS, only Turkey had conducted an institutional mapping exercise to identify new partners and also reviewed the performance of current partners on the basis of their impact on employment and changes in income. The Representation in Turkey had also reached out to the private sector to improve the employment prospects for persons of concern. The Representation in Niger, whilst not having done an assessment of its current partners at the time of the audit, took prompt action to assess the performance and capacity of its livelihoods partners and conducted an institutional mapping of potential new partners. However, the review indicated gaps in the other four operations reviewed, as follows:

- The Representation in Chad was heavily reliant on one international partner as its primary partner for livelihoods projects and had not made adequate efforts to identify new partners. The Representation had also not assessed the existing partner's capacity and performance based on results achieved.
- The Representation in Ethiopia had invited in November 2015 offers from potential partners to participate in livelihoods projects across various locations in the country, but all projects were nevertheless allocated to the existing partners. The Representation explained that this was due to lack of adequate partner capacity in the field. However, the Representation had not conducted an institutional mapping to identify new partners. In addition, the Representation had not assessed the capacity and performance of its livelihoods partners.
- The Representation in Iraq had not undertaken an institutional mapping to identify new partners and had not validated and assessed the capacity and performance of current partners. In December 2015, the Representation extended all its existing partners on the basis of a desk review. OIOS noted that one of the partners selected was an international organization that did not specialize in livelihoods activities, and \$643,000 was allocated to this partner in 2015.
- The Representation in Uganda had not done an assessment of its current partners to determine if they should continue to implement livelihoods programmes. One of the partners had no prior experience, core competencies or staffing capacity to implement livelihoods projects. In addition, the partner had experienced staff turnover during 2014, and one of its livelihoods staff was dismissed after allegations concerning receipt of bribes from persons of concern. The Representation did not adequately consider these factors when retaining the partner to implement projects in 2016. Another partner was selected for implementing revolving fund activities, although it lacked the capacity and experience to deliver such assistance.

32. The above weaknesses resulted as the Representations concerned did not fully implement the control requirements for selection and retention of partners involved in livelihoods programmes. Further, DPSM and the Regional Bureaux had not yet fully established the mechanisms required for ensuring,

through monitoring and support, that operations selected partners with the appropriate capacity and experience in delivering livelihoods activities.

33. As a consequence, UNHCR Representations were exposed to the risk of working with partners that lacked the requisite development experience and profile to implement livelihoods programmes. However, as this issue is closely linked to monitoring of livelihoods activities implemented by partners discussed in the next section of this report, OIOS is not raising a separate recommendation in this regard.

There was a need to ensure that country operations strengthen monitoring of the success of livelihoods activities and undertake impact measurement of livelihoods programmes

34. The UNHCR Programme Manual requires the Representation to monitor and report on programme activities implemented through partners. The requirements include periodic performance monitoring of partners with reference to the deliverables and milestones agreed in the partnership agreements. Country operations should use indicators to monitor performance and impact of livelihoods programmes. They should report on at least one impact indicator, in addition to the specific Global Strategic Priority indicator for livelihoods, and use appropriate proxy indicators to measure context-specific impact at the country level.

35. The Representation in Turkey adequately monitored the performance of its livelihoods partners. The Representations in the other five country operations reviewed (Chad, Ethiopia, Iraq, Niger and Uganda) did not adequately monitor livelihoods partners to ensure that deliverables and milestones were achieved in accordance with the partnership agreements. In addition, only the Representations in Niger and Turkey regularly collected and reviewed data on employment and/or income of beneficiaries targeted for livelihoods interventions. OIOS observed the following weaknesses in performance monitoring of partners:

- In Chad, inadequate monitoring of an international partner implementing a seeds for solutions project for livelihoods purposes resulted in not detecting quality problems with newly procured water tanks, water canals and bore holes.
- The Representation in Ethiopia had not systematically and on an ongoing basis monitored project implementation in Gambella, Shire and Melkadida. For example, only 10 per cent of the planned hectares of land were irrigated for agricultural activities in Dolo Ado by two international partners, although these partners fully spent their project budgets. OSTs was aware of the issue based on a consultant report from December 2015 which made the same observation. The Representation subsequently removed the two partners from irrigation projects; however, no new partners had been selected for irrigation projects at the time of the audit.
- In Iraq, the Representation had not assessed the impact of livelihoods projects implemented by partners in Basra and Baghdad. Although the Representation had developed an online monitoring tool, OIOS review indicated that the tool was used only as a depository of reports without ensuring that a quality review process was carried out systematically.
- The Representation in Niger had not conducted an assessment of the impact of the livelihoods training provided by its partner in the Mangaize camp for Malian refugees. For the Nigerian caseload, the Representation monitored that a government partner distributed cash grants to beneficiaries of the livelihoods programme; however, the performance and impact of the programme were not assessed.

- In Uganda, OIOS visited some agricultural income generating livelihoods activities and observed that one partner could not substantiate the performance figures it had reported to UNHCR. The Representation also did not have documentation to support the number of urban-based persons trained to engage in gainful employment (1,551 persons) reported by another partner.

36. The above deficiencies occurred because: (a) Heads of Offices/Representatives at the field operation level did not undertake the required management supervision to ensure that partner activities were regularly monitored and the impact of livelihoods programmes was measured and; and (b) DPSM and Regional Bureaux at headquarters needed to further strengthen their respective mechanisms and tools for monitoring and supporting the quality and timeliness of livelihoods programme performance and impact assessment activities in field operations.

37. As a result, UNHCR operations were exposed to risks related to not achieving the planned livelihoods programme objectives, loss of financial resources, and inability to assess if the interventions were having the desired impact.

(3) The UNHCR Division of Programme Support and Management, in coordination with the Regional Bureaux, and building on the livelihoods compliance plans already in place, should clarify their respective monitoring and support roles and responsibilities and strengthen the mechanisms and tools for ensuring that country operations: (i) select partners for implementing livelihoods projects that possess the required skills and development experience; (ii) undertake effective performance monitoring of livelihoods programmes; and (iii) measure the context-specific impact of livelihoods interventions.

UNHCR accepted recommendation 3 and acknowledged the need to clarify the different roles of support and follow-up on the implementation of the technical recommendations related to partners' evaluation and impact assessments. DPSM was continuously developing tools to support country operations with all minimum criteria, including partner selection and performance and impact measurement of livelihoods programmes. An improved set of livelihoods indicators had been developed in 2016 and was being field tested. In 2017, more operations would be able to use these indicators and accompanying monitoring tools to better monitor their partners and programmes. In consultation with Regional Bureaux, DPSM had also developed Standard Operating Procedures for the annual minimum criteria compliance assessment process that provides further clarification on the monitoring and support roles and responsibilities. DPSM would validate the Standard Operating Procedures with Regional Bureaux in March 2017 before the launch of the 2017 minimum criteria compliance assessment process. Recommendation 3 remains open pending receipt of the Standard Operating Procedures validated by the Regional Bureaux for the annual minimum criteria compliance assessment process that provides further clarification on the monitoring and support roles and responsibilities related to partner selection and monitoring and performance and impact measurement of livelihoods programmes.

V. ACKNOWLEDGEMENT

38. OIOS wishes to express its appreciation to the management and staff of UNHCR for the assistance and cooperation extended to the auditors during this assignment.

(Signed) Eleanor T. Burns
 Director, Internal Audit Division
 Office of Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

Audit of livelihoods and self-reliance programmes in the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	The UNHCR Division of Programme Support and Management, in coordination with the Regional Bureaux, and building on the livelihoods compliance plans already in place, should strengthen and document the mechanisms for monitoring compliance with the requirement for country operations to have context-specific livelihoods strategic plans informed by socioeconomic baseline and market assessments.	Important	O	Submission to OIOS of documentation of the monitoring mechanism established by DPSM and Regional Bureau to collectively follow up that the recommendations incorporated in the compliance plans regarding preparation of context-specific livelihoods strategic plans informed by socioeconomic baseline and market assessments are implemented within specified timelines.	31 December 2017
2	The UNHCR Division of Programme Support and Management, in coordination with the Regional Bureaux, and building on the livelihoods compliance plans already in place, should develop an action plan for the mobilization of staffing resources to ensure that country operations implementing significant livelihoods programmes will be able to have access to requisite livelihoods expertise and skills in a timely manner.	Important	O	Submission to OIOS of the findings of the latest minimum criteria compliance assessment on staffing and the resulting action plan developed for the mobilization of staffing resources to ensure that country operations implementing significant livelihoods programmes can have access to requisite livelihoods expertise and skills in a timely manner.	30 June 2017
3	The UNHCR Division of Programme Support and Management, in coordination with the Regional Bureaux, and building on the livelihoods compliance plans already in place, should clarify their respective monitoring and support roles and responsibilities and strengthen the mechanisms and tools for ensuring that country operations: (i) select partners for implementing livelihoods projects that	Important	O	Submission to OIOS of the Standard Operating Procedures validated by the Regional Bureaux for the annual minimum criteria compliance assessment process that provides further clarification on the monitoring and support roles and responsibilities related to partner selection and monitoring and performance and impact measurement of livelihoods programmes.	30 June 2017

¹ Critical recommendations address critical and/or pervasive deficiencies in governance, risk management or control processes, such that reasonable assurance cannot be provided with regard to the achievement of control and/or business objectives under review.

² Important recommendations address important (but not critical or pervasive) deficiencies in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

³ C = closed, O = open

⁴ Date provided by UNHCR in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

Audit of livelihoods and self-reliance programmes in the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
	possess the required skills and development experience; (ii) undertake effective performance monitoring of livelihoods programmes; and (iii) measure the context-specific impact of livelihoods interventions.				

APPENDIX I

Management Response

Management Response

Audit of livelihoods and self-reliance programmes in the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	The UNHCR Division of Programme Support and Management, in coordination with the Regional Bureaux, and building on the livelihoods compliance plans already in place, should further strengthen and document the mechanisms for monitoring compliance with the requirement for country operations to have context-specific livelihoods strategic plans informed by socioeconomic baseline and market assessments.	Important	Yes	Senior Livelihoods Officer	December 2017	<p>UNHCR acknowledges this recommendation and has taken steps to strengthen collaboration with Regional Bureaux to ensure that recommendations related to strategic planning and fulfilment of minimum criteria related to livelihoods are being effectively processed at the field level. Since the launch of the operational guidelines of the minimum criteria for livelihoods programming in March 2015, DPSM implemented two mid-year compliance assessment surveys targeting all UNHCR operations budgeting for livelihoods (i.e., 89 country operations in 2015 and 77 country operations in 2016).</p> <p>As part of this process, and after each mid-year survey, DPSM provided Regional Bureaux and country operations with specific recommendations incorporated in comprehensive and action-oriented compliance plans. One of the components of each compliance plan is related to strategic planning and all operations have been recommended to have a multi-year, context-specific strategic plan for livelihoods.</p> <p>Related to the above, DPSM also provided guidance and tools to develop strategic plans, including a specific template available to UNHCR staff and consultants on the UNHCR intranet. Further, in 2015 and 2016 DPSM supported the deployment of expert consultants to assist eight country offices with their development of context-</p>

¹ Critical recommendations address critical and/or pervasive deficiencies in governance, risk management or control processes, such that reasonable assurance cannot be provided with regard to the achievement of control and/or business objectives under review.

² Important recommendations address important (but not critical or pervasive) deficiencies in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

Management Response

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						<p>specific strategic plans. In this same period, 38 operations have developed socioeconomic assessments and another 28 country operations developed market assessments. Currently, 29 country operations have completed strategic plans for livelihoods.</p> <p>For the 2017 period, DPSM will engage Regional Bureaux (through Senior Desk Officers as a point of contact) in all stages of the minimum criteria compliance assessment of 2017 that will start in June 2017 to strengthen their role in the monitoring process.</p>
2	The UNHCR Division of Programme Support and Management, in coordination with the Regional Bureaux, and building on the livelihoods compliance plans already in place, should develop an action plan for the mobilization of staffing resources to ensure that country operations implementing significant livelihoods programmes will be able to have access to requisite livelihoods expertise and skills in a timely manner.	Important	Yes	Senior Livelihoods Officer	June 2017	<p>UNHCR acknowledges this recommendation and has taken tangible actions towards the effective mobilization of staffing to ensure country operations have access to livelihoods expertise in a timely manner. DPSM developed and maintains an online roster of livelihoods experts; 40 candidates have been already approved for deployment to date, and continuous screening (including through written tests and interviews) of the remaining candidates is ongoing. DPSM is increasing the efficiency of this process with the goal of having adequate livelihoods expertise available when operations require or request technical support. In late 2016 a livelihoods talent pool was also created and advertised on the UNHCR website</p> <p>In addition, DPSM is providing global technical support for livelihoods recruitment through DHRM by conducting functional clearance not only for Temporary and Fixed Term Assignments, but also for consultancies and hiring of National Officers and Affiliated workforce. Based on the findings of the minimum criteria compliance assessment, DPSM shared with Regional Bureaux all positions that are</p>

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						required to be filled. In 2017 the Operational Solutions and Transition Section (OSTS) continues follow-up with Senior Desk Officers on the technical support required to fill these posts.
3	The UNHCR Division of Programme Support and Management, in coordination with the Regional Bureaux, and building on the livelihoods compliance plans already in place, should clarify their respective monitoring and support roles and responsibilities and further strengthen the mechanisms and tools for ensuring that country operations: (i) select partners for implementing livelihoods projects that possess the required skills and development experience; (ii) undertake effective performance monitoring of livelihoods programmes; and (iii) measure the context-specific impact of livelihoods interventions.	Important	Yes	Senior Livelihoods Officer	June 2017	<p>UNHCR acknowledges the need to clarify with Regional Bureaux the different support roles and follow-up on the implementation of the technical recommendations related to partner evaluations and impact assessments. DPSM is continuously refining its tools to support country operations with all minimum criteria, including partner selection and performance and impact measurement of livelihoods programmes. An improved set of livelihoods indicators has been developed in 2016 and is currently being field-tested.</p> <p>In 2017, more operations will be able to use these indicators and accompanying monitoring tools to better monitor their partners and programmes. In consultation with Regional Bureaux, DPSM developed Standard Operating Procedures (SOPs) for the annual minimum criteria compliance assessment process that provides further clarification to the monitoring and support roles and responsibilities.</p> <p>In 2017, DPSM will validate the SOPs with Regional Bureaux in March before the launch of the 2017 minimum criteria compliance assessment process.</p>