**Concept note**

**Assessment of HACT Implementation**

**Background:** The adoption of the new harmonized approach by UNDP, UNICEF, UNFPA and WFP was a further step in implementing the Rome Declaration on Harmonization and Paris Declaration on Aid Effectiveness, which call for a closer alignment of development aid with national priorities and needs. In 2008 HACT has been expanded beyond the four funds and programmes in ‘Delivering as One’ pilots. UNESCO, UNOPS, FAO, UNIDO and HABITAT have confirmed that they will use HACT where applicable to their operations in pilot countries. However, HACT still remains to be adopted more broadly by other specialized agencies and extended to countries beyond the pilots by them.

HACT implementation has now started in over 120 countries. The HACT implementation process calls for a number of steps to be undertaken to ensure full compliance and achievement of the efficiency gains that were envisaged through this harmonization. 65 countries[[1]](#footnote-2) have ensured (or are in the process of ensuring) agreement of the government for the adoption of HACT, 67 macro-assessments have been completed or on-going, 49 countries have completed (or are in the process of completing) micro-assessments; 4 have developed audit and assurance plans and 27 more have indicated that the process is underway. HACT is now fully implemented [[2]](#footnote-3) in 19 countries.

Several countries requested postponement/deferrals of the HACT initial deadlines in view of the time required to conduct the assessments and specific country situations. As the primary responsibility and accountability for the implementation of HACT as a part of Common Country Programming Process lies with the Resident Coordinators and respective agency heads at the country level, RDT follow-up will be required with each country/office that is not yet fully HACT compliant to identify the obstacles and provide timely assistance and ensure that oversight is fully exercised.

The initial feedback confirms that partners see HACT as contributing to better planning and monitoring with great potential to reduce transaction costs: Mozambique, for example, has estimated that about 20% of Government and UN staff time has been saved with the adoption of the HACT.

Support to country offices is provided on on-going basis through discussions with inter-agency HACT Advisory Committee and Development Operations Coordination office as well as through HACT network. HACT Country Focal Points at the country level and HACT Regional Focal Points at the regional level are also available to clarify issues arising in the process of implementation.

A number of challenges in the implementation of HACT have been identified such as reluctance of national governments and other partners to accept the HACT approach in particular the micro assessments of government partners. There is a general resistance on the part of some governments to subject to audit and assurance in cases where the implementing partner may be at the sub-national level. There is also concern over the cost of conducting the HACT micro assessments. In many situations where the assessments have shown high risk, the follow up action of building the capacity of the national partners in order to reduce the risk in the future is not planned or budgeted by agencies since it is seen by some the financial capacity development is not of their mandate and for which they have resources.

Based on the implementation status and other feedback that was received, the HACT Advisory Committee has reviewed the recurring obstacles to HACT implementation and has developed additional guidance on responses to key implementation challenges; application of HACT in situation of weak Implementing Partners; updated paper on talking to country partners. HACT decision tree was developed as a visual guide on HACT. Additional guidance has been shared with the RDTs, RCs and HACT Focal Points at regional and country levels. The UN agencies that have adopted HACT will need a coordinated and concerted effort to commit to building financial management capacity in national counterparts and follow through on this commitment if the full benefits of HACT are to be realized.

**Objectives:** The Assessment of HACT implementation will provide the stakeholders with an objective assessment of results achieved and challenges encountered in the first years of HACT implementation. The assessment would serve as tool for quality assurance of HACT implementation and indentify areas for policy support and management follow-up.

**Scope:** The assessment will include the following elements:

* *Review of the implementation process* – The review will focus on the steps undertaken by the UNCT in the implementation process, good practices and lessons learnt including challenges encountered and strategies used to address them.
* *Qualitative review of the HACT assessments* – The review will examine macro assessments, some of the micro-assessments, audit and assurance plans to identify adherence to the HACT framework and to seek whether the critical information required for the decision-making is adequately covered. The decisions on the cash transfer modalities and the assurance activities will be reviewed in relation to the macro and micro assessments.
* *Capacity development and use of national systems* - The review will examine how the capacity gaps identified in the macro and micro assessments have been addressed through programmatic interventions of the agencies.
* *Transaction costs* - The review will consider the following costs can:

Time(counterparts and staff) spent on:

* Requesting, disbursing and reporting on expenditures
* Training and learning
* Assurance and programmatic monitoring
* Audits

Cost:

* Assessments
* Audits and assurance

Process:

* Workflow – steps required
* No. of clearances/decision points
* Complexity of documents/forms
* *Implementation by Specialized Agencies (if applicable)* – The review will also examine the experiences of the Specialized Agencies in HACT implementation if one of the Delivering as One pilots is selected for the review.

**Selection of Countries:** The number and selection of countries aims to ensure regional coverage. The countries will be selected by the HACT Advisory Committee.

**Process:** The process of the assessment will include a consecutive set of activities, starting with initiation and inception, followed by data collection and validation and concluded with the assessment report and follow-up recommendations.

1. At the initiation and inception phases the Assessment Team will be established and the relevant consultants recruited (if necessary). Basic data collected through the HACT implementation updates and through communications received from the countries so far will be reviewed. At this stage the methodology for the assessment will be identified and countries will be selected for in-depth review.
2. Following the initiation and inception phase further data will be collected from the countries selected for the in-depth review over a period of 2-3 weeks.
3. Once the data is collected it will be analyzed and the report will be drafted. The report will be presented to the HACT Advisory Committee and Country Office Business Operations Group for follow-up on findings and recommendations.

**Timeframe:** The assessment will be carried out over XXXX months.

1. Data on HACT implementation status is updated every 6 months reflecting progress per country and per agency; consolidated, analyzed and shared with the agencies for their relevant follow-up and is available at UNDG web-site at <http://www.undg.org/docs/9672/09.30.2008-Global-update.xls> Country offices are also requested to provide CPAPs or letters of agreement with the governments, macro assessments; some of the micro assessment reports, audit and assurance plans and composition of the HACT Steering Committees that can be made available to the agencies when required by the agencies for necessary follow-up. [↑](#footnote-ref-2)
2. HACT compliance is achieved when:

	* Macro assessment has been completed or high risk has been assumed;
	* All partners receiving 100 000 USD (or limit set by the agencies at the country level) collectively from UNDP, UNFPA, UNICEF and WFP (and any other agencies that have agreed to adopt HACT in the country) have been micro assessed or high risk has been assumed for implementing partners where micro assessment couldn’t be completed;
	* There is agreement on HACT implementation with the government either in the CPAPs or through exchange of letters;
	* Assurance and audit plan of implementing partners has been developed and implementation mechanisms agreed upon.Since HACT is a harmonized approach amongst all agencies in the country, if any of them does not meet the above criteria, the country cannot be considered HACT compliant. [↑](#footnote-ref-3)