



Decision on SECU Case No. 0020

UNDP takes note of the compliance review that the Office of Audit and Investigations conducted on Case No. SECU0020, “MoU Between the United Nations Development Programme and Musina-Makhado Special Economic Zone.” SECU responds to complaints that UNDP may not be adhering to its corporate Social and Environmental Standards (SES) and related procedures. This helps to ensure that UNDP is accountable to the individuals and communities with whom we work. It is important that these voices are heard, and that UNDP has an opportunity to respond to and address the issues that they raise. I take very seriously our responsibility to comply fully with UNDP’s Social and Environmental Standards (SES).

The SECU report dated 14 May 2024 has been reviewed by the Regional Bureau for Africa (RBA), the Bureau for Policy and Programme Support (BPPS), the Bureau for External Relations and Advocacy (BERA), the Executive Office, and the UNDP Country Office (CO) in South Africa.

SECU has determined that the CO used the incorrect Memorandum of Understanding (MoU) template when formalizing its partnership with the Musina-Makhado Special Economic Zone (MMSEZ), a state-owned company. The partnership was intended to help MMSEZ address social and environmental issues associated with its development.

State-owned companies are classified as private sector partners as per UNDP’s policy. By using the MoU template for government partners, relevant due diligence requirements were not completed. The correct template includes clauses to protect against reputational risk. SECU also advises that risks were not adequately considered prior to entering into this partnership.

There are several actions UNDP has already taken and will continue to take to address SECU’s recommendations outlined in their report. The UNDP country office in South Africa and Regional Bureau for Africa (RBA) has taken/will take the following actions:

- The MoU the UNDP CO in South Africa signed with MMSEZ has expired, and a letter has been written to MMSEZ to remove UNDP’s logo from their website.
- Additional training will be provided to clarify requirements, including the templates to use and requirements for engaging with state-owned enterprises.
- The CO has established the position of SES Analyst. The Analyst screens all existing and pipeline projects against SES requirements to ensure compliance.



In parallel, BERA will take the following actions:

- Update the policy on Managing Partnerships to further clarify the different partnership instruments, templates and requirements to be used for different partners.

As UNDP's Administrator, I understand the critical importance of upholding our Social and Environmental Standards. I would like to reiterate my strong personal commitment to ensuring that our Standards underpin all that we do.

A handwritten signature in black ink, which appears to read 'Achim Steiner'.

Achim Steiner
Administrator
28 June 2024