**UNDP Standard Terms of Reference (ToR) for a**

**Portfolio Board**

**- December 2023 version –**

**Guidance Note for the applicability of this ToR:**

A key aspect of programming concerns how decisions are made. In UNDP, multi-stakeholder Programme Boards, Portfolio Boards, and Project Boards are established as the principal oversight and decision-making authority for a given programme, portfolio or project. An effective board needs credible data, evidence, quality assurance and reporting to aid decision making. Boards also need to be accountable to donors and stakeholders to protect against conflicts of interest and fraud.

Currently, UNDP’s prescriptive content provides the overarching expectations to programming units on how programme, portfolio and project boards should function. This can be found in the sections on [Provide Oversight](https://popp.undp.org/node/11371) and [Manage Change](https://popp.undp.org/node/11026) in the PPM.

This ToR responds to that need by providing guidance and on the main duties and responsibilities of a portfolio board; rules on the composition of the portfolio board and categories of board member representation; protocols for portfolio board operations (including addressing conflicts of interest); suggested outputs for board meetings; support functions to the Board; and other key matters.

This ToR is applicable for use in all UNDP portfolio, defined as a programming instrument which “Delivers outputs where UNDP has accountability for design, oversight and quality assurance of the entire portfolio.”

As noted, the ToR includes standard text and indications where portfolio-specific text can be inserted or specific conditions added if applicable (indicated in brackets and/or yellow bold). This ToR should be read, completed, and used together with the relevant sections of the POPP and the latest annotated UNDP Portfolio Document template or other funding instrument used for a given donor.

The ToR can be amended and customized in line with specific partners’ requirements, provided that the amendments do not contradict standard UNDP rules and regulations. If not applicable, relevant parts of the text should be deleted.

It should be included as an Annex of the Standard Portfolio Document (PortDoc). Given that the standard PortDoc already has *Section IV. Governance & Management* (PortDoc) – which specifies the portfolio organizational structure – this TOR will only focus on the roles and responsibilities of the Portfolio Board. Detailed definitions and standard organization charts included here within, including accompanying explanations, can be found in POPP guidance at the corporate level. This ToR has limited mention of POPP prescriptive content on programme boards or steering committees (vis-à-vis linkages with portfolio-level entities) but is not specifically focused on those bodies.

For further questions on this ToR please consult the PPM focal point for your unit/bureau. **Please delete this note after completing this document for the portfolio**.

The ToR starts from the next page.

## **Portfolio Board Terms of Reference and TORs of key management positions**

**UNDP Standard Terms of Reference (ToR) for the**

**Portfolio Board[[1]](#footnote-2) of [Insert Portfolio Title and Portfolio Number]**

1. **Background**

All UNDP portfolios must be governed by a multi-stakeholder board or committee established to review performance based on established monitoring and evaluation metrics and high-level implementation issues to ensure quality delivery of results. For the purpose of this ToR and to ensure standardization, henceforth, as regards portfolio documentation, such a body shall be referred to as: Portfolio Board (hereinafter referred to as “the Board”).[[2]](#footnote-3) The Board is the most senior, dedicated oversight body for a UNDP Portfolio, which is defined in the PPM as an instrument where UNDP “Delivers outputs where UNDP has accountability for design, oversight and quality assurance of the entire portfolio.”

1. **Duties and Responsibilities**

The two prominent (mandatory) roles of the Board are as follows:

1. **High-level oversight of the portfolio** (as explained in the [Provide Oversight](https://popp.undp.org/node/11371) section of the PPM). This is the primary function of the Board. The Board reviews evidence of portfolio performance based on monitoring, evaluation, and reporting, including progress reports, monitoring missions' reports, evaluations, risk register, quality assessments, and the combined delivery report. The Board is the main body responsible for taking corrective actions as needed to ensure the portfolio achieves the desired results. And its function includes oversight of annual (and as-needed) assessments of any major risks to the programme, portfolio, and related decisions/agreements on any management actions or remedial measures to address them effectively.

The Board also carries the role of quality assurance of the portfolio taking decisions informed by, among other inputs, the portfolio quality assessment. In this role the Board is supported by the quality assurer, whose function is to assess the quality of the portfolio against the corporate standard criteria. This function is performed by a UNDP programme or monitoring and evaluation officer to maintain independence from the portfolio manager regardless of the portfolio‘s implementation modality.

The Boardreviews updates to the portfolio risk register.

1. **Approval of key portfolio execution decisions** (as explained in the [Manage Change](https://popp.undp.org/node/11026) section of the PPM). The Board has an equally important, secondary role in approving certain adjustments above provided tolerance levels, including substantive programmatic revisions (major/minor amendments), budget revisions, requests for suspension or extension and other major changes (subject to additional funding partner/donor requirements).

The Board is responsible for making management decisions by consensus when required, including the approval of portfolio plans and revisions, and the portfolio manager’s tolerances. The Boardapproves annual work plans and reviews updates to the risk register.

Within the overall governance and management arrangements of the portfolio, the role of the Board as regards these two key functions *(‘High-level oversight of the portfolio’ and ‘Approval of key portfolio execution decisions’)* is distinct from the roles of entities involved in the implementation of the portfolio, namely the implementing partner (IP), responsibilities parties (if applicable), service providers and portfolio staff.

The diagram below outlines the main entities involved (and their respective responsibilities) in the ‘oversight/approval of key execution decisions’ layer and the ‘implementation’ layer of the portfolio structure.

**[Diagram 1 – Standard Figure of Portfolio Organization Structure vis-à-vis oversight & approval and implementation roles]**

A diagram of a company

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Optional text in UNDP Support Services to NIM and DIM modalities: In cases where UNDP or a national government entity are concurrently playing roles and represented in both layers of the portfolio organization structure, the entity must seek to separate its portfolio oversight and implementation duties and describe in the relevant portfolio document a: 1) satisfactory internal institutional arrangement for the separation of oversight and implementation functions in different departments of said entity and; 2) clear lines of responsibility, reporting and accountability within the entity between their oversight and implementation functions.

In order to ensure UNDP’s ultimate accountability, the Board decisions should be made in accordance with the [Quality Standards for Programming](https://popp.undp.org/node/11386) that shall ensure management for development results, best value money, fairness, integrity, transparency and effective national and international competition. An effective Board needs credible data, evidence, quality assurance and reporting to aid decision making (see next section on supporting functions to the Board). The Board also needs to be accountable to protect against conflicts of interest and fraud.

Specific responsibilities of the Board include the following [this must be included in all ToRs – do not modify]:

* Provide overall guidance and direction to the portfolio, ensuring it remains within the specified constraints.
* Agree or decide on a portfolio suspension or cancellation, if required; (note that for GEF and GCF portfolios it is UNDP that decides to suspend or cancel, and portfolio and the Board is informed/consulted only).
* Provide high-level direction and recommendations to the portfolio management unit to ensure that the agreed deliverables are produced satisfactorily according to plans.
* Approve the inclusion of new implementing partners during portfolio approval and throughout implementation.
* Assess and approve annually the multi-year work plans.
* Approve Portfolio milestones yearly for each subsequent 12-month period of work.
* Oversee and manage high level risks, decisions, and agreements related to the portfolio.
* Address any high-level portfolio issues as raised by the portfolio results shared committee, the portfolio manager and portfolio quality assurance.
* Reviews portfolio progress based on monitoring, evaluation and learning, including tracking progress report, quality assurance checks, risk register, audit reports and the combined delivery report.
* Review results achieved and contribution to CPD Outcomes and the portfolio objective.
* Review how integration and intersectionality are pursued in achieving greater impact to the portfolio's objectives and the CPD outcomes.
* Define the tolerance level[[3]](#footnote-4) in compliance with UNDP rules and regulations and the donor’s requirement.
* Consider any deviation from the plan (in terms of time and cost) that would require a breach of the agreed tolerance level and it is in the best interest of all stakeholders.
* Identify new partnerships and resource mobilization opportunities.
* Make decisions on the suspension and extension of the entire portfolio based on partner commitment and funding.
* Review and repurpose resources, as required.
* Receive and address grievance, including overseeing whatever specific compliance and stakeholder response (or grievance) mechanisms have been put in place so that individuals and communities potentially affected by the portfolio have access to effective mechanisms and procedures for raising concerns about the social and environmental performance of the portfolio[[4]](#footnote-5).
* Engage in the low value grant selection process where there is no Grant Selection Committee, as guided by the [Low Value Grants – UNDP Operational Guide](https://popp.undp.org/node/1446).
* Provide guidance on emerging and/or pressing portfolio risks and agree on possible mitigation and management actions to address specific risks (including ensuring compliance with UNDP’s Social and Environmental Standards, Fraud/corruption, Sexual Exploitation and Abuse and Sexual Harassment, Anti-Money Laundering and Countering the Financing of Terrorism).
* Convene at least once a year.

Additional responsibilities of the Board can include, but are not limited to, the following [please include in the ToR as applicable]:

* Review and approve Portfolio semi-annual Learnings Reports.
* Review and approve Portfolio semi-annual Momentum Reports.
* Ensure coordination between the various donors and government-funded portfolios, projects and programmes.
* Report to relevant inter-ministerial bodies or higher-level oversight bodies.
* Ensure coordination with multiple government agencies and their participation.
* Appraise the annual implementation report, including the quality assessment rating report.
* Ensure commitment of human resources to support implementation and arbitrating issues.
* Act as an informal consultation mechanism for stakeholders.
* Approve the Inception Report, Mid-term Review and Terminal Evaluation reports and corresponding management responses.
* Review the final report package to discuss lessons learned and opportunities.
* Provide guidance or reporting protocols to technical committees or sub-bodies reporting to the Board (if applicable).

1. **Composition of the Board**

As noted in the diagram 1, every Board has three categories of formal members (e.g. voting members). The role of every formal Board member must correspond to one of these three roles and be identified accordingly in the portfolio documentation.

1. **Executive(s):** This is an individual(s) who represents ownership of the portfolio and chairs (or co-chairs) the Board. The Executive usually is the most senior national counterpart for nationally implemented portfolios and it must be a senior UNDP representative for portfolios that are direct implementation (DIM).

In exceptional cases, two individuals from different entities can co-share this role and/or co-chair the Board. If the executive co-chairs the Board with a representative of another entityit typically does so with a development partner representative and/or a representative of UNDP

The Executive is: *Add title* *(name is optional)*

1. **Beneficiary Representative(s):** This is an individual(s) representing the interests of those groups of stakeholders who will ultimately benefit from the portfolio. Their primary function within the Board is to ensure the realization of portfolio results from the perspective of portfolio beneficiaries. Often representatives from civil society, industry associations, community groups or other government entities benefiting from the portfolio can fulfil this role. If the portfolio has a specific geographic focus, often representatives from the government entities in the targeted area/region will play this role. There can be multiple beneficiary representatives in a Board. The Beneficiary Representative(s) is: *Add titles (names are optional)*
2. **Development Partner(s):** Individuals representing the interests of the parties concerned that provide funding, strategic guidance and/or technical expertise to the portfolio[[5]](#footnote-6). There can be multiple development partners representatives in a Board.The Development Partner(s) representative(s) is: *Add titles here* *(names are optional)* (note: in NIM and NGO-implementation portfolio, this is typically the UNDP Resident Representative or Deputy Resident Representative. Other funding partners can also jointly hold this role. As noted below, responsible parties cannot play this role)]

A **UNDP representative must always be represented in the Board** in either the Executive or Development Partner role. [In NIM and NGO-implementation portfolios, UNDP will typically occupy the role of development partner in the Board. In DIM portfolios, a UNDP representative will always play the role of Executive. The level of representation by UNDP on the Board is determined on a case-by-case basis but typically, for national portfolio, the board member is either the Resident Representative or the Deputy Resident Representative.

Representatives from responsible parties to the portfolio cannot sit on the Board as a formal voting member; they can (if requested) attend board meetings as observers. Since the chief responsibility of the Board is to provide high-level oversight of portfolio implementation, to avoid any conflicts of interest, it is not appropriate for representatives of third party entities engaged by the portfolio to provide services – whether responsible parties or contractors/service providers – to concurrently sit on the Board. The same principle applies to the portfolio manager who in attending and presenting at board meetings, does so in a non-voting capacity.

In cases where the inputs and guidance of responsible parties or other entities formally engaged in providing goods or services to the portfolio are needed by the Board on a recurring basis, it is recommended to establish appropriate advisory or technical committees or working groups composed of those entities that can formally report to the Board, while ensuring the impartiality and integrity of board decisions happening independent of those bodies (see Section V of the ToR).

1. **Standard Board Protocols**

The Board must meet one time annually at a minimum**.** It is recommended that the timing of board meetings be agreed upon in advance and corresponds to key portfolio reporting or work planning milestones. This Board will meet once annually according to this provisional schedule (insert scheduled meeting times if known).

Minutes and records: All Boards must have rules for quorum and documentation/minuting of board decisions. All board decisions and minutes should be kept by the portfolio management unit and UNDP. Guidelines on decisions taken in between board meetings or virtually should be clearly elaborated in the Terms of Reference (ToR) of the Board. [if applicable such as under a crisis setting or pandemic, insert guidance on this issue here].

Unless otherwise specified, Board decisions are made by unanimous consensus. If a consensus cannot be reached within the Board, the final decision shall rest with the UNDP representative on the Board or a UNDP staff member with delegated authority as the programme manager.[[6]](#footnote-7)

Compensation: Board members cannot receive remuneration from portfolio funds for their participation in the Board. However, it is allowable for board members to be reimbursed from portfolio funds for certain reasonable, qualified expeses related to travel or lodging to attend board meetings. Such protocols are outlined in this ToR and the benefits are applicable to all eligible board members. [if applicable, insert guidance on this issue here].

Conflict of Interest: It is required that as per internationally recognized professional standards and principles of sound governance, conflicts of interest affecting board members in performing their duties must be formally disclosed if not avoidable. Where a board member has a specific personal confl~~i~~ct of interest with a given matter before the board, he/she must recuse oneself from their participation in a decision. No board member can vote or deliberate on a question in which he/she has a direct personal or pecuniary interest not common to other members of the board.

All board members should be presented with a ToR for the Board, which will include the responsibilities already outlined and indicate agreed board practices and logistics.

*Note: Designated Board members must sign or otherwise indicate written acceptance of the final ToR (via formal signature of the ToR, an exchange of letters or e-mail acknowledgment) for the Portfolio Board as a precondition for serving on the Portfolio Board. Please see Annex A for possible options to codify this acceptance (which preferably would be done at the appraise and approve stage but which could also be done early in implementation). The formal written acceptance of the ToR by all board members will be documented and kept by UNDP.*

1. **Standard Outputs of Board Meetings**

In its oversight function, the Board will (at a minimum) review and assess the following portfolio-related evidence at each meeting:

* Assessment of portfolio progress to date against portfolio output indicators (as documented in the portfolio document results framework)
* Approval/review of annual work plans
* Assessment of the relevant Monitoring, Evaluation and Learning mechanisms[[7]](#footnote-8)
* Review and assessment of the portfolio Risk Register (with updating/amendments as needed)
* Assessment of portfolio spending, based on a review of the combined delivery report
* Review of required resources versus available funding (if applicabel) and steps taken to reduce funding gap identified at the portfolio design stage

This will be in addition to the review and approval of any required portfolio execution decisions.

The output of every Board should be a written record (minutes) that captures the agenda and issues discussed and the agreed upon action items and decisions (if applicable). Each report should clearly document the members attending the meeting (as well as all participants in the meeting) and the modality used to agree on a certain action or decision (whether formal voting or no-objection or other mechanism). All records of board meetings should be documented and kept by UNDP in their quality assurance function (see next section).

**Governance in Crises Contexts**: In Level 2 and Level 3 Crises, the Portfolio Board's functions can be temporarily assumed by the Crises Board for timely decision-making and adjustments to address immediate contextual needs. The transition should be seamless to ensure continuity of portfolio oversight.

1. **Support Functions to the Board**

There are two main entities/functions outside the Board structure whose role is to report to the Board and support board members in effectively fulfilling their roles: portfolio assurance and portfolio management.

The diagram below explains the primary role of these two entities in the context of their support to Board operations. A description of these two entities follows.

**Diagram 3 – Standard Figure of portfolio Organization Structure – Board Support Entities**



**Portfolio Assurance**: Portfolio assurance is the responsibility of each Board member; however, UNDP has a distinct assurance role for all UNDP portfolios in carrying out objective and independent portfolio oversight and monitoring functions. UNDP performs quality assurance and supports the Board (and the Portfolio Management Team) by carrying out objective and independent portfolio oversight and monitoring functions, including applying UNDP’s social and environmental management system to ensure the SES are applied through the portfolio cycle. The Board cannot delegate any of its quality assurance responsibilities to the portfolio manager. portfolio assurance is totally independent of portfolio implementation. [In the case where UNDP is also supporting portfolio implementation, protocols should be put in place ensuring proper segregation between UNDP’s role in the Board and in the function of portfolio assurance, and any concurrent role in implementation].

A designated representative of UNDP playing the portfolio assurance role is expected to attend all Board meetings and support board processes as a non-voting representative. It should be noted that while in certain cases UNDP’s portfolio assurance role across the portfolio may encompass activities happening at several levels (e.g. global, regional), at least one UNDP representative playing that function must, as part of their duties, specifically attend board meetings and provide board members with the required documentation required to perform their duties.

The UNDP representative playing the main portfolio assurance function is: *(Add name and title here. For NIM portfolios, this is typically CO Programme manager/officer or monitoring & evaluation officer)*

**Portfolio Management Team**:

The Portfolio Management Team is tasked with the day-to-day planning, coordination, and administration of the portfolio and its resources.

**Portfolio Manager**:

* Responsible for overall portfolio management.
* Presents key results to the Portfolio Board.
* Organizes Portfolio Steering and Review Committee (PSRC) meetings.
* Updates the portfolio risk register and ensures implementation of risk treatment measures.

**Portfolio Team Members:**

* Actively collaborate to ensure operational success.
* Appointed/sourced from CO staff or recruited based on resource availability.
* Emphasize leveraging cross-CO capacity to avoid becoming extensions of single projects.
* Team members should be distinct from those responsible for portfolio quality assurance, aligning with the UNDP Internal Control Framework.

Portfolio Support, this function is often covered by the Portfolio Management Team: The Portfolio Manager (PM) is the senior most representative of the Portfolio Management Team and is responsible for the overall management of the portfolio on behalf of the Portfolio Coordinator and the Implementing Partner(s), including the mobilization of all portfolio inputs, supervision over portfolio staff, responsible parties, consultants, and sub-contractors. The Portfolio Manager typically presents key deliverables and documents to the Board for review and approval, including progress reports, annual work plans, adjustments to tolerance levels and risk register.

The Portfolio Manager is expected to attend all board meetings and present the required progress reports and other documentation needed to support board processes as a non-voting representative.

The Portfolio Manager who will attend the Board meetings is: *(Add title here, name are optional).*

1. It can also be referred to Portfolio Steering Committee. [↑](#footnote-ref-2)
2. Please insert the appropriate entity name in the relevant sections in the document. Where this ToR refers to “Board” it is intended to apply to both these entities and should be changed accordingly to match the entity chosen for the specific portfolio. [↑](#footnote-ref-3)
3. Tolerance is the permissible deviation from a plan (in terms of time and cost) without bringing the deviation to the attention of the next higher authority (Manage Change in the PPM) [↑](#footnote-ref-4)
4. The responsibilities of the board in this regard should follow [UNDP’s Social and Environmental Standards](https://popp.undp.org/node/11571) (SES) as codified in the PPM. It should be noted that while a Board can play a role in addressing or assisting with the compliance and stakeholder response (or grievance) mechanisms put in in place for a given portfolio (as part of their quality assurance and oversight function), this will be in addition to and does not substitute for UNDP’s core responsibility to ensure compliance with the SES throughout the portfolio management cycle as part of UNDP’s Programming Quality Assurance system. [↑](#footnote-ref-5)
5. With the exception of responsible parties or any firms/entities engaged by the portfolio to provide technical expertise with portfolio funds. [↑](#footnote-ref-6)
6. UNDP has this special right since the ultimate legal and fiduciary accountability for a UNDP portfolio, irrespective of modality, rests with UNDP and UNDP must (in line with its obligations to donors and to the Executive Board) be able to ensure that no action is taken by any body in a UNDP portfolio that contravenes UNDP rules and regulations. [↑](#footnote-ref-7)
7. Including audit reports and spot checks. [↑](#footnote-ref-8)