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**Country programmes and related matters**

**Draft country programme document for the Democratic People's Republic of  
Korea (2011-2015)**

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## **I. Situation analysis**

1. The draft country programme for the Democratic People's Republic of Korea was prepared in close consultation with the National Coordinating Committee for UNDP of the Ministry of Foreign Affairs, which is the UNDP counterpart in the Democratic People's Republic of Korea. Extensive consultations were held with all stakeholders – ministries, research institutions, donors and United Nations agencies. It reflects the in-depth discussions and agreement on the United Nations Strategic Framework (2011-2015) between the Government and the United Nations country team. It supports the Government in achieving its national objective of improving the living standards of its people in line with the Millennium Development Goals.

2. Prior to the 1990s, the Democratic People's Republic of Korea had achieved high levels of human development in terms of life expectancy, infant mortality, access to health services, water and sanitation. The loss of the socialist markets and the natural disasters in the 1990s saw a reversal of many of the Human Development Index indicators: per capita income fell by 50 per cent, life expectancy declined and the infant mortality rate increased.

3. While many countries embarked on a process of rapid globalization, economic transformation and expansion of information technology, the Democratic People's Republic of Korea suffered from continued natural disasters resulting in a drop in all sectors of the national economy, such as energy, food security, transport, information infrastructure as well as agriculture and industrial production. From 1995 to 2005, the Democratic People's Republic of Korea required external humanitarian assistance, including large quantities of food aid, to meet the basic needs of its people.

### **Economy**

4. To restore the economy to the level attained before 1990 and to resume economic growth to improve the living standards of the people, the Government had introduced economic measures as in 2002 to promote markets and entrepreneurship, which included price and wage reforms, greater enterprise authority to sell surpluses, the right to sell excess agricultural produce on the market, and the decentralization of decision-making authority to local production units. Subsequently, the gross domestic product (GDP) gradually increased from \$10.608 billion in 2000 to \$16.36 billion in 2007. However, GDP growth remained weak at 3.7 per cent in 2006 and was negative in 2007, as well as in 2008 in real terms. Most recently, the currency reform launched in December 2009 aimed at curbing inflation, together with several related measures, produced unintended results, including high inflation. Close monitoring and analysis of the unfolding impacts of these economic management measures are important and necessary.

### **Agriculture and food security**

5. The agricultural sector comprises 14.6 per cent of GDP. However, with only a million hectares of arable land in a largely mountainous terrain, food imports continue to be needed at 1.25 million tonnes. One third of the population remains in food shortage with the World Food Programme able to provide for only 1.4 million of the 6 million people who need food aid. While there have been fewer storms and less flooding in 2009, drought and insect damage still are problems. Agriculture diversification aimed at increasing production of varieties of vegetables and protein-rich plants to complement the main focus of grain production is needed for addressing the food shortage and nutrition issues.

### **Environment and climate change**

6. The Democratic People's Republic of Korea is seriously affected by climate change. During the last 100 years, the mean annual temperature of the country has

risen by 1.9°C, more than double the global average of 0.7°C. The temperature rise changed rainfall patterns and brought frequent occurrence of extreme weather and floods and droughts, which in turn impacted on socio-economic development and people's livelihood. Weak institutional capacities, constrained domestic sources of financing and the difficulty in accessing external resources of funding have limited the range of interventions for climate change mitigation and adaptation. Although the Government ratified the Kyoto Protocol in 2006, the accessibility and implementation of Clean Development Mechanism projects still require institutional arrangements for the development and approval of such projects. Deforestation, pollution, reduction of water resources and watershed degradation remain key environment issues in the Democratic People's Republic of Korea. The increasing frequency of floods and droughts calls for enhancing national capacity for disaster management and mitigation of negative impacts.

### **Millennium Development Goals and Social Development**

7. Instead of a full common country assessment (CCA) process, the United Nations country team agreed to carry out sectoral analyses for sectors of United Nations expertise and engagement in the Democratic People's Republic of Korea, and to focus on the country's situation with regard to the MDGs and other internationally agreed treaty obligations and international United Nations conferences and development goals. The country is making progress in achieving MDGs, especially on MDG 2, on primary education, and MDG 3, on gender equality. From the UNFPA-supported 2008 census and UNICEF-supported 2009 Multiple Indicator Cluster Survey, literacy and school attendance rates were recorded as nearly 100 per cent. However, the infant mortality rate in 1993 of 14 per 1,000 live births increased to 19 by the year 2008. Meanwhile, the maternal mortality ratio increased by about 42 per cent, that is from 54 to 77 maternal deaths per 100,000 live births. The Government has set a target to achieve MDG 4 and 5, respectively, by reducing infant mortality ratios by two thirds and maternal mortality ratios by three quarters by 2015. Other findings are that life expectancy is 69.3 years, lower than the 72.7 recorded in the last census conducted in 1993 and that the country's age profile has changed from young to old with the elderly population at 8.7 per cent of the total. Progress lags behind in meeting MDG 7, on environment, and MDG 8, on global partnerships for development.

### **Gender**

8. According to the UNFPA 2008 census, females comprise 51.3 per cent of the population. In primary and secondary education, women have equal access. However, with regard to higher education, 1 of every 7 men while only 1 of every 12 women above the age of 16 has completed university education. Women comprise 53 per cent of the workforce in agriculture and dominate the retail trade sector. Women are well represented in government and the National Assembly but men dominate the upper echelons.

## **II. Past cooperation and lessons learned**

9. As the country programme operations were suspended in 2007-2008 and have resumed only recently, as approved by the Executive Board at its January 2009 session, there is much less to draw lessons from than before. However, the principal lessons generated by an independent review mission in 2006 to assess the results achieved for the previous programme remain relevant as follows:

(a) Both programme interventions and United Nations country team advocacy have had a significant policy impact in terms of introducing the MDGs into the national planning system. The programme has enabled UNDP to be well positioned to provide both development-planning advisory services and capacity-development support for modernization of the national economy and for the country to expand its

engagement with the global and regional economies. The programme has helped the country to expand its participation in regional and South-South cooperation in ways that have been beneficial to the country. Future activities should give increased attention to both types of cooperation;

(b) The new country programme should be even more focused than the previous programmes. At the same time, flexibility must be maintained so that new ideas of a creative and innovative nature can be accommodated during the course of implementation. There is also a clear need to enhance attention to gender issues and to reaching vulnerable groups. The proposed quality-of-life report (converted since into an MDG progress report) needs to be based on sex-disaggregated data and on data disaggregated by region. The needed gender assessments and the identification of populations at risk could then be undertaken. Periodic quality-of-life or MDG reports should also be considered;

(c) There are still some projects that appear too isolated or too narrow in scope to have much development impact. A broader-based programme approach should be adopted in project selection and project design. Moreover, there is a need to sharpen the focus on results-based management, including results-based reporting, monitoring and evaluation. Capacity development in this area should include action for both the country office and for national institutions.

10. The new country programme will also benefit from the recommendations made by the Nemeth Panel (June 2008), which met after UNDP operations were suspended in the country (February 2007). Subsequently, a roadmap was devised to meet the conditions for the return of UNDP and in January 2009, the UNDP Executive Board authorized UNDP to re-establish its presence in the Democratic People's Republic of Korea. The Executive Board approved a package of proposals that outlined specific programme interventions by UNDP and established operational modalities in the areas of programme implementation, human resources and finance as follows:

(a) Under programme content and modalities, UNDP will resume six projects that were suspended in March 2007. The Board further authorized the Administrator to approve additional projects on a project-by-project basis for the period 2009-2010;

(b) In the area of human resources, UNDP will implement hiring modalities for national personnel that discontinue the sub-contracting of national staff via government recruitment, embody a more competitive recruitment process, allow agreement directly with the individual, and provide for direct payment of salaries and entitlements to the individual. The proposed conditions of assignment reflect long-standing organization-wide rules and practices being followed by UNDP;

(c) In the area of finance and banking, UNDP has agreed with the Democratic People's Republic of Korea that local payments will be made in local currency, and that the Democratic People's Republic of Korea will meet global UNDP banking standards for minimum service requirements;

(d) A proper monitoring and evaluation plan is necessary to ensure accountability and transparency in project implementation;

(e) Since the start of the resumption of UNDP operations in the Democratic People's Republic of Korea in October 2009, the Nemeth Panel's recommendations and Executive Board established operational modalities are being followed very carefully;

(f) The UNDP office in the Democratic People's Republic of Korea has been working in close consultation with the Government and United Nations partners such as UNOPS and FAO in updating the six suspended projects that were approved by the Executive Board in January 2009 for appraisal and approval by UNDP headquarters. The first, on building an MDG database, has been resumed and will produce the

country's first progress report on the MDGs in the latter part of 2010. The three agricultural projects to support the preparation of an agriculture management information system, on reducing post-harvest losses and improving seed production are being reformulated and will commence implementation by FAO later in 2010. The two demonstration projects on rural energy efficiency and conservation and on wind and other renewable energy alternatives are being updated and will restart direct implementation by UNDP and UNOPS in 2010. These projects will be part of the proposed programme.

### **III. Proposed programme**

11. The Government announced that it will focus on the following priority areas from now until 2012: (a) improve the quality of life for its people; (b) preferential development of the metal, mining and other key industries including energy conservation and renewable energy; (c) social development – health and education; (d) sustainable development of the environment; and (e) improve economic management, develop science and technology and promote foreign investment.

12. The proposed country programme will support the national goal of “Restoring the quality of life of people to the highest level achieved before economic and humanitarian difficulties in mid 1990s”. The programme in support of sustainable human development will address some of the above priorities with a view towards accelerating progress towards the achievement of the MDGs and improving the living standards of the people. In this regard, the thrust of the programme will be focused on contributing to three of the United Nations Strategic Framework (2011-2015) MDG-based priority areas: (a) nutrition and food security; (b) sustainable development and improving people's living standards; and (c) environment and climate change, including disaster risk management.

#### **Food security and rural development (MDG 1)**

13. Past UNDP support focused on increasing agricultural grain production. Under this country programme, the focus will be on agricultural diversification to meet the needs of food security for its population through the following interventions: (a) seed multiplication for alternative cereals, i.e., wheat, barley, soybeans, potatoes; and (b) increasing production of more varieties of vegetables. It will support pilot production of protein-rich plants, such as spirulina and pistia statiotes, which will provide nutrients. UNDP will work with other United Nations agencies in nutrition interventions for vulnerable groups.

#### **Socio-economic development (MDGs 3, 4, 7)**

14. The programme will aim at promoting sustainable livelihoods and enhanced socio-economic services for the rural population. It includes food processing, horticulture and animal husbandry. This will be implemented through demonstration projects and replications to improve food and agricultural production and nutrition for rural populations. The programme will also promote small and medium enterprises to widen opportunities for employment and income generation with a focus in rural areas. It includes support to local cooperatives producing garments and other basic need commodities by using locally available materials. UNDP will work with other United Nations agencies.

#### **Environment and climate change (MDG 7)**

15. The country programme proposes to address the challenges of climate change and environmental degradation aiming at minimizing the negative impacts on the livelihood of women and men through interventions in three outcome areas: (a) improved enabling environment for sustainable use of conventional energy, and accessibility of alternative energy sources; (b) improved national capacities and awareness for environmental protection and management of wastes and pollutants;

and (c) improved national capacities in disaster management, and strategies in adapting to and mitigating climate change.

16. The three broad outcome areas are expected to contribute to the United Nations strategic outcome of enhancing national capacity in managing, adapting, and mitigating climate change, and promote environmental sustainability and cleaner and renewable energy. UNDP will contribute towards this goal, in cooperation with other United Nations bodies, such as ESCAP, UNEP, UNITAR, WFP, FAO and UNIDO, and bilateral agencies, by providing support to the Government to:

(a) Improve rural energy supply through development and utilization of alternative green energy sources;

(b) Enhance enabling environment for the utilization of CDM and efficient use of conventional energy;

(c) Improve the management of energy loss;

(d) Strengthen environmental protection laws, policies and plans that conform to multilateral environmental agreements. In addition, it will support projects to improve watershed management, protect biodiversity, promote integrated pest management, improve waste treatment and work on disaster mitigation and management.

#### **IV. Programme management, monitoring and evaluation**

17. Oversight of the country programme will be with the National Coordinating Committee for UNDP of the Ministry of Foreign Affairs. The regular programme management arrangements in the UNDP programme and operations policies and procedures will be in place, e.g., establishment of project steering committees, assignment of international Chief Technical Advisers as required, with strong country office oversight. All projects will be either agency-executed or directly executed by the country office. Capacity assessments will be conducted to ensure adequate implementing capacity on the counterpart side. Recommendations by the Nemeth Panel on financial and human resources practices are being followed and a new Financial Internal Control Framework has been developed specifically for UNDP operations in the Democratic People's Republic of Korea. An international Finance Officer has already been posted. On an exceptional basis, all projects are to be approved by UNDP headquarters as currently done and will continue until further notice.

18. The country programme will follow results-based management and results will be measured at the levels of the United Nations strategic framework, country programme and project, with a detailed monitoring and evaluation plan. The plan would include not only standard monitoring and evaluation practices, such as tripartite review meetings, regular field visits to project sites, adequate project reporting, mid-term and terminal evaluations, but also strengthened and special monitoring measures as required. For this purpose, there is now an international monitoring and evaluation specialist in the country office.

19. Special attention will be given to equipment to ensure that procurement is in compliance, cannot be used for dual purposes and the equipment purchase is fully justified within the project objectives. All equipment procurement is to be reviewed by the Procurement Support Office and by the Regional Bureau for Asia and the Pacific at headquarters.

20. There will be regular in-depth country scans conducted by the Regional Bureau for Asia and the Pacific. A mid-term review of the country programme will be held in 2013.

21. UNDP, as part of the Democratic People's Republic of Korea United Nations country team, will follow the strengthened and standardized monitoring and evaluation procedures agreed by the United Nations country team, which include establishment of Country Programme and Outcome Boards, a monitoring and evaluation annual review and an end-of-cycle independent evaluation in 2014.

## Annex. Results and resources framework for the Democratic People's Republic of Korea (2011-2015)

Programme component	Country programme outcomes	Outcome indicators, baselines and targets,	Country programme outputs	Role of partners	Indicative resources (in thousands of US dollars)
<b>National priority or goals:</b> Improve the quality of life of people (MDG 1)					
<b>United Nations strategic framework outcome:</b> Improved nutritional status and enhanced resiliency of communities through food security; Sustained household food security					
<b>Food security and rural development</b>  <b>Strategic plan:</b> Poverty eradication and achievement of internationally agreed development goals, including the MDGs	1. Increased access of people to diversified range of food, including cereals, vegetables, fruit, potatoes, meat, fish and dairy products, as well as increased incentives for farmers in increasing agriculture diversification and productivity	<b>1. Indicator:</b> Percentage of households consuming three or more food groups per day; <b>Baseline:</b> 39% (Rapid Food Security Assessment – 2008); <b>Target:</b> 70% (2015). <b>Indicator:</b> Percentage of households with poor food consumption score; <b>Baseline:</b> 41% (2008); <b>Target:</b> 15% (2015). <b>Indicator:</b> Yield of several crops (national average per hectare); <b>Baseline:</b> Wheat/Barley: 2.4 metric tonnes (mt); Potatoes: 14 mt; Soybeans: 2.1 mt; Vegetables: 100 mt; <b>Target:</b> In 3, 500 hectares at 7 cooperative farms Wheat/Barley: 3 mt; Potatoes: 18 mt; Soybeans: 3 mt; Vegetables: 150 mt; Ruminant animals: 7, 000; Potatoes: 20 coop farms of 10,000 households; Fisheries: 10,000 households	1.1. Agriculture production and diversification strengthened through integrated farming; increase in urban vegetable and potato agriculture; enhancing seed production in alternative cereals, wild fruit processing and protein-rich production  1.2 Support to inland fisheries sector	- FAO to provide technical assistance for all projects to increase per hectare yield by 20% and make meat/dairy products, vegetables and fish available year round  - Ministry of Agriculture, Ministry of Food and Daily Necessities, Industry and State Commission for Science and Technology	<b>Regular 13,000</b>
	2. Increased capacity to assess and monitor national food security situation, and to address post-harvest losses for improving food security	<b>2. Indicator:</b> The existence of the food and agriculture information system, number of co-ops linked to the system and provided with support and services, periodic and accurate reports on food security at the cooperative farm level; <b>Baseline:</b> Number of co-ops linked and number of reports: 0 (2010); <b>Target:</b> 6 co-ops in 2 counties in 2 provinces, 4 annual reports (2015) <b>Indicator:</b> Pre- and post- harvest losses as the share of the total agriculture production in 8 co-ops; <b>Baseline:</b> National average is about 15%; <b>Target:</b> 8 co-ops with pre- and post-harvest loss below 7%	2.1. Food and agriculture information system established to enhance management, analysis, dissemination to enhance food security 2.2. Pre- and post-harvest losses reduced through disseminating food and agriculture information and applying recommended measures	- FAO will strengthen national capacity to assess and monitor national food security situation and assist the Government in finding potential donors to extend the project on national scale - Ministry of Agriculture	<b>Regular 3,000</b> Other resources 1,600
<b>National priority or goals:</b> Strengthen knowledge capacity-building for sustainable development and improving people's living standard					
<b>United Nations strategic framework outcome:</b> Strengthen knowledge capacity-building for sustainable development and improving people's living standard					
<b>Socio-economic development</b>	3. Increased standards of living and sustainable livelihood	<b>3. Indicator:</b> Number of rural population in targeted communities benefited from employment and income-generating activities and thus gain sustainable livelihood. <b>Baseline:</b> fragmented, project-based approaches that are not addressing	3.1 Promotion of employment and income generation in rural community for more productive activities and improve standards of living and livelihood;	UNDP/UNOPS and FAO will help in identifying community-based services and institutions for promoting institutional capacity in sustainable livelihoods National Coordination Committee, Ministry of Food	<b>Regular 9,000</b> Other resources 1,600

		underdevelopment in an integrated manner <b>Target:</b> 15-25 per cent of population in targeted communities reached for integrated, livelihood support (horticulture, livestock, fisheries, forest exploitation, community social and economic infrastructure)	3.2 household food security improved and income generating activities enhanced for rural populations; 3.3; Rural production systems and institutions strengthened for efficient utilization of livelihood opportunities.	and Daily Necessities	
<b>National priority or goals:</b> Improve the quality of life of people; and Sustainable development of environment					
<b>United Nations strategic framework outcome:</b> Enhance the national capacity at all levels in managing, adapting, and mitigating climate change, and promote environmental sustainability and cleaner and renewable energy					
<b>Climate change and environment</b>  <b>Strategic Plan:</b> Environment and sustainable development; crisis prevention and recovery	4. Improved national capacities and awareness for environmental protection and waste management	<b>4. Indicator:</b> Number of national environmental laws, policies and guidelines reviewed, updated, approved and implemented; <b>Baseline:</b> Insufficient regulatory measure on environmental protection. Updating of pertinent policy, legal and regulatory framework still under way (2010); <b>Target:</b> Policy and legal framework reviewed on natural resources, forest management, biodiversity conservation, waste management, and clean development mechanism (2015)	4.1. Strengthened capacity in implementation and education and awareness of multilateral environment conventions and agreements, integrated natural resource management, forest management and biodiversity conservation, integrated waste management, cleaner production, and clean development mechanism	- UNEP provides technical support on environmental protection; FAO provides technical services on integrated watershed management, strategic planning; UNIDO assists developing capacities in cleaner production technology; UNITAR provides environment-related learning and training methods; - UNICEF to provide environmental education to develop clean catchment areas - Ministry of Land and Environment Protection, State Commission for Science and Technology, Ministry of Agriculture, Ministry of Chemical Industry, State Academy of Sciences	<b>Regular 3,500</b> Other resources 1,000
	5. Improved national capacities in disaster management	<b>5. Indicator:</b> Level of integration of environment protection and disaster risk management strategy into development process; <b>Baseline:</b> Not fully functioning Environmental Impact Assessment system and integrated management system (2010); <b>Target:</b> Full integration of environment protection and disaster risk management strategy into development process	5.1. Early warning system and preparation measures against potential natural disasters established	- WFP will provide assistance in hazard mapping and database management; UNEP will provide training in climate change adaptation and mitigation; FAO will provide capacity strengthening in seedling production technology, ecological plan for food security and agro-forestry - Ministry of Land and Environment Protection	<b>Regular 2,590</b> Other resources 300
	6. Strengthened enabling environment for use of conventional energy, and accessibility of alternative energy sources, and strategies in adaptation and mitigation to climate change	<b>6. Indicator:</b> Level of energy shortage in rural area and number of available alternative energy sources; <b>Baseline:</b> not available; <b>Target:</b> Less than 15% and 2 alternative sources available in selected sites <b>Indicator:</b> Existence of national strategy in adaptation and mitigation to climate change; <b>Baseline:</b> zero in 2010; <b>Target:</b> National strategy in adaptation and mitigation to climate change adopted by 2015	6.1 Improved rural energy supply through development and utilization of renewable and conventional sources 6.2 Improved management of energy loss, and development of climate change mitigation measures of losses of electricity from transmission and distribution lines at the county level	- UNEP provides advisories and assistance in assessing renewable energy use, and factoring these alternative rural energy planning; UNIDO provides assistance in providing capacity assessment in energy loss management; ESCAP provides management and specialist training in key development issues in energy, environment, and water resources. - Ministry of Electricity Power Industry; Ministry of Coal Industry, State Commission for Science Technology; State Academy of Science	<b>Regular 7,200</b> Other resources 500