
First regular session 1998
19-26 January 1998, New York
Item 6 of the provisional agenda
UNDP

REVIEW OF POLICY IMPLICATIONS OF CHANGE AND NON-CORE FUNDING

Country case studies

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I. INTRODUCTION

1. The case studies presented in the present document are intended to facilitate further the Executive Board's review of the policy implications of change and non-core resources. The case studies do not attempt to deal in detail with all issues raised in document DP/1998/3 but rather to give different snap-shots of the development cooperation role of UNDP and the strengthened partnerships between UNDP and its development partners. They also describe the interrelated nature of core and non-core resources and the support provided to programme countries and donors by UNDP country offices.

II. COUNTRY CASE STUDIES AND OVERVIEWS

A. Brazil

Programme objectives and dynamics

2. When international grant funding diminished in the early 1980s, the Government of Brazil embarked on an innovative initiative to finance and manage its own national development programmes in partnership with UNDP. In self-financing UNDP-supported activities, the country and UNDP identified cooperation priorities carefully, in line with national development plans. The Government selected the most suitable partners to strengthen national capacity, using a combination of national and international resources and experiences. In the course of this cooperation, the UNDP country office in Brazil has left behind its financing role to become one of the most reliable substantive development partners in the Brazilian development process. A new milestone was achieved with the production of a national human development report in 1996.

3. As did the fifth country programme for Brazil, the current country cooperation framework (CCF), which covers the period 1997-1999, focuses on and gives priority to governance, decentralization processes, and capacity-building at the state and municipal level, in particular in the social sectors. Other prominent features include policy development for sound environmental management, and employment and income-generation through support for the modernization of the productive sector. Sustainable human development (SHD) with an emphasis on poverty reduction is the central objective of all areas of concentration of the UNDP programme in Brazil. Particular attention is given to addressing the causes of poverty as well as the effects. Gender-equality considerations have also been incorporated into the programme. A special United Nations Development Fund for Women unit in the UNDP country office has played an essential and highly dynamic role in coordinating and orchestrating United Nations system-wide action in Brazil, as well as in stimulating and providing support for the implementation of gender-sensitive national policies.

4. The UNDP-supported programme has achieved significant impact in several areas and has grown by building on previous experiences through which the UNDP country office was able to strengthen its competence, acquire credibility and gain the confidence of a wide range of government institutions. Subsequently, clusters or sequential strings of projects within the same focus areas have been

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developed, in some cases with close collaboration and complementarity with the International Bank for Reconstruction and Development (IBRD) and the Inter-American Development Bank (IDB). UNDP also cooperated with Brazilian counterparts in the elaboration of loan projects and to improve loan performance.

5. The fact that the Government and UNDP had similar strategic objectives relating to the concept of SHD was central to the rapid growth of the UNDP programme. The Government's close relationship with UNDP on the one hand and IBRD and IDB on the other hand also contributed to the significant increase in programme resources. Mutual confidence between the Government, UNDP, IBRD, and IDB developed only gradually over the past decade. Important steps were taken in the 1980s to build this relationship through two IBRD-funded programmes under which UNDP trained local officials and built capacities in project formulation and in the monitoring and management of several poorly performing integrated rural development loans. Many of the officials trained have played important roles in subsequent development programmes, including some UNDP projects related to environmentally sound regional resource management. Today UNDP is being called in with increasing frequency by both banks and by their Brazilian counterparts at the federal or state levels to assist Brazilian borrowers in project formulation or in the management of complex loan projects. Often UNDP has been asked to intervene - at times through core-funded preparatory assistance - to restructure or redirect poorly performing bank loans.

6. Significant examples of how UNDP was able to build its own capacity - and gain the confidence of the Government, international financial institutions (IFIs), non-governmental organizations (NGOs) and the private sector - as an objective adviser and problem-solver in the design and management of complex projects covering both investment (IFI lending) and technical assistance components may be found in UNDP involvement in capacity-building in the education sector and in environmental management.

7. UNDP involvement in education projects began in the 1980s with a principal focus on building federal and state institutional capacities for evaluation, later also involving data-processing and analysis in the context of a policy of educational decentralization. The Government requested UNDP to strengthen capacity to implement a large IBRD loan for the improvement of the state-managed educational system in the North-east. In the implementation of this project, the principal contribution of UNDP relates to capacity-building through the training of municipal education officials, teacher-training, curriculum development, the development of didactic materials, and linking information networks among municipal school systems. A similar programme, also with UNDP involvement, is envisaged for the states of the North and Central-west regions of the country. Following the success of its assistance in the formulation and support for the implementation of the project in the North-east, a large UNDP project financed from the proceeds of an IBRD loan was approved for the State of São Paulo. Overall, the UNDP portfolio of education projects in the fifth cycle amounted to approximately 20 per cent of the country programme. Presently UNDP is involved through capacity building in all major government programmes in education.

8. Over the last decade, UNDP work in the area of the conservation and the sustainable use of natural resources has included catalytic support for the responsible organs of Government and assistance in the formulation of a major and pioneer loan project involving IERD and bilateral capital assistance from Germany for the environmental sector. UNDP was involved from the very outset in the design and preparation of a loan proposal for a large umbrella project, which was subsequently broadened and became the matrix for a wide range of activities. The project included institution-building and support for national environmental bodies, the establishment of an effective conservation unit system, and, most recently, support for a programme of decentralization of environmental management to state and municipal levels. In addition, targeted methodologies and activities such as guideline-setting for coastal management and regional planning in the highly vulnerable Pantanal area are making a strong impact at the decision-making level. It is evident that the success of UNDP cooperation has been not only instrumental in but has also provided a basis for several other project clusters related to the environment sector, including a cluster of projects on integrated water resources management, a cluster of projects on sustainable regional development in two Amazonian states, and a package of projects for the protection of the Brazilian rain forest, funded by the G-7. A solid portfolio of projects relating to the protection of the ozone layer, financed under the Montreal Protocol Multilateral Fund, several projects funded by the Global Environment Facility (GEF), three international agreements-related projects and three other projects on environmental aspects of urban development are considered to have been catalytic in their respective areas.

9. In the areas of the education and environmental management, the primary role of the country office was to provide substantive support for the formulation and design of national programmes. It also provided the Government with capacity development support for the management of human and financial resources for SHD, as well as a framework, primarily through the project cycle and its implementation arrangements, for the channelling and administration of IFI loans, thereby ensuring their prompt implementation and effective use. The country office also helped to identify and recruit qualified national experts and to monitor and evaluate programmes.

Sustainable human development

10. In terms of its impact on policy, one of the most significant products of the UNDP programme has undoubtedly been the 1996 national human development report. The report was produced in collaboration with and upon demand from the Government of Brazil and a broad, representative group of Brazilian scholars and opinion leaders. The report was a major effort, in which the UNDP office played an important substantive as well as practical role. Upon its publication, the report stimulated nationwide discussions. Most importantly, the report explored the institutional implications of sustainable, people-centred development in the context of decentralization, devolution of power to civil society and the consequent emergence of new roles for the State. It revealed the existence of "three Brazils", a totally new analytical approach that contrasted sharply with the views of the past. Another important aspect was that available socio-economic indicators were disaggregated by gender for the first time,

thereby providing new substantive and gender-sensitive inputs for policy dialogue at the federal, state and municipal levels.

11. To illustrate the diversity of impact of the report, the State of Minas Gerais has produced an analysis of the social conditions in its approximately 700 municipalities using human development index (HDI) indicators, becoming the first Brazilian State to make available a methodologically rigorous basis for HDI comparisons of its municipalities with others. Rio Grande do Sul has begun to use its number one position in terms of its HDI-rank to attract foreign investments to the State. Santa Catarina has also completed an analysis of the level of state development using a social development index that includes HDI indicators for its 260 municipalities. The national human development report has also had a concrete impact on such fundamental issues as the allocation of tax revenue to the state and municipality level.

Programme management

12. The very scale of the Brazil programme, which, on the basis of present resource indications could reach up to \$200 million per year in the current programme period, makes it possible for the UNDP programme to help not only the Federal Government but also states and municipalities to adopt and implement SHD policies. There appears to be little danger, at this point, that the programme will become supply-driven, or that under the pressure of IFIs or of its government counterparts UNDP would provide support for projects that did not correspond to human development objectives, were not compatible with the principles of sound management, or simply involved the mechanical recruitment of personnel and the purchase of equipment. The country office has in fact either turned down project proposals when they did not involve a substantive, development-oriented UNDP role or comply with accepted UNDP norms and procedures, or called for (and at times carried out) a radical reformulation before approving them.

13. In a programme based to a large extent on major non-core funding it is particularly important to review the motivation and legitimacy of UNDP interventions and its role as a facilitator.

14. The UNDP country office has been careful not to interfere in political functions in Brazil. UNDP has assisted in policy formulation, but without assuming responsibility for policy action. It is clear that facilitating the recruitment of personnel - especially national personnel - is one of the motivations for many UNDP cost-shared projects, whether the cost-sharing comes from the Government's revenue, or from the proceeds of IFI loans. It is generally agreed, however, that this should not be the only, or even the main motivation for UNDP action, and that in line with the concept of sustainability, UNDP support in this area should have a specific duration and include a phasing-out strategy. In other words, UNDP "facilitation" must be development-oriented, in terms of overcoming obstacles for the achievement of development objectives, and take into account the need for sustainability. On balance, it was found that cost-sharing in the fifth-cycle country programme met this test. There may be a question, however, as to whether UNDP projects with substantial cost-sharing, involving large numbers of national experts assigned

to what are essentially government functions, allow government counterparts to escape (or postpone) their own responsibilities, or to bypass applicable legislative provisions (labour, civil service, etc.). In other words: are UNDP projects used as a substitute for institutional or civil service reform? Do they, in extreme cases, create a State within the State? An external evaluation found that both the country office and government counterparts are well aware of this danger and that they have been able to address it through prudent programme management, progressive capacity-building and phasing-out schemes.

15. Despite the massive amount of government financing, core resources allocated to Brazil - even in modest quantities - continue to play an important role, not only as a symbol of international solidarity, but also as a means to undertake concrete, innovative programme actions. The latter usually occur in the form of preparatory assistance, to be followed by broader cost-sharing arrangements, in line with strategic long-term planning, as was the case of in the projects entitled "Equal participation of women in decision-making in Brazilian municipalities" (BRA/96/015) and "Capacity-building for rural and urban small producers in North-east Brazil" (BRA/93/012).

16. The UNDP country office has gone through extensive reorganization in order to accommodate the substantive amount of non-core resources channelled through UNDP. This has required the introduction of a state-of-the-art informatics structure, the creation of a dynamic operations support unit and the establishment of cost-effective administration. While the workload of the office has increased, the fees charged for the support provided for non-core activities have allowed for the strengthening of the office's human resource capacity.

17. To further support the growth in programme complexity, programming instruments were refined, including the development of a project formulation approach that focuses on strategies and results rather than on activities per se, thereby ensuring greater accuracy in evaluating impact. Operational mechanisms were also improved. The UNDP Local Contracts Committee, established in 1993, has been strengthened to ensure the highest quality, best prices and transparency of procedures for acquisitions, complementing existing government operational mechanisms within the national execution modality. National institutions have intensified their roles in the execution of development cooperation programmes, and the Brazilian Cooperation Agency's Project Administration Unit has improved its operational capacity, providing services and data on time. NGOs, community-based organizations and United Nations specialized agencies also participated in the execution of the country programme.

18. During the lifetime of UNDP projects, supervision involves monitoring and, increasingly, ex-post facto oversight, through tripartite reviews, internal or external evaluations (at least once during the lifetime of major projects with resources in excess of \$1 million) and auditing. A major effort is being made to improve the capacity of project staff and counterparts in internal monitoring, evaluation and auditing, an effort that will be intensified in the context of the current decentralization policy.

19. The effectiveness of UNDP programme action - and in a sense also its legitimacy - depends to a large extent upon the ability to control, monitor and, where appropriate, to adjust programme actions in a flexible management style. On this score, the monitoring and evaluation system developed by the country office, with its feedback into projects and project management, deserves very high marks. An essential feature of this system is its impressive telecommunications and informatics infrastructure and informatics culture, based not only on state-of-the-art informatics equipment, but also on the ability to develop its own software for the functions of specific programme and programme management needs, and on systematic efforts directed at project personnel and national counterparts.

20. It should also be noted that the UNDP-supported programme in Brazil is governed by a series of norms elaborated by the country office with regard to project design and implementation. These norms have been communicated to in-house programme staff, project officers in the field, and national counterparts.

21. The independence and objectivity of UNDP as an instrument of multilateral cooperation operating in a partnership mode based on empathy, dialogue and mutual confidence places it in a unique position to provide support to policy-making and, at times, to play a mediating role. A notable example is the close relationship between the Government and UNDP in jointly developing the national human development report, establishing the basis for further cooperation and dialogue in sensitive policy areas (governance, social development and environmental management, etc.). This presupposes that UNDP "opens windows", feeding experience, expertise and information into decision-making processes at policy-making or political levels, without assuming responsibility for policy decisions or interfering in political processes.

22. Access to cross-sectoral expertise and global experience help UNDP to play catalytic, innovative and problem-solving roles and contribute to the management of complex development projects, especially projects relating to environmental management, health and education, where access to external experience and technology are of major importance.

23. In many instances the important UNDP functions in the management of complex development programmes were to ensure continuity in situations of institutional change and to serve as an "umbrella" for the formulation and negotiation of cooperation agreements or projects, not only with IFIs, but also with other bilateral or multilateral agencies or with NGOs and enterprises to which UNDP was in a position to facilitate access.

24. UNDP relies on the services of the United Nations Office for Project Services for the provision of international inputs, particularly in the areas of environment and education, as well as in the execution of the Montreal Protocol programme.

B. Guatemala

Programme objectives

25. The content and size of the UNDP programme in Guatemala should be seen in the light of a coordinated United Nations effort in the context of the ongoing peace process. In a further effort to learn from the experience of El Salvador, the United Nations System consulted closely with the World Bank, the International Monetary Fund, IDB and bilateral donors during the peace talks, jointly seeking agreement on a shared approach to economic and political reforms that could be funded with available resources. So far, the experience in Guatemala is unique in the recent history of crisis resolution based on a high level of consensus/coordination of all parties.

26. The Guatemalan Peace Accords signed on December 29, 1996 not only ended the longest armed conflict in Central America, but, more importantly, put into effect an ambitious set of agreements that concentrated attention on social and economic reforms. These include reforms of the State, taxes, land use, reform of the laws and the most comprehensive accord ever signed to promote the rights and cultures of the indigenous populations. The aim of all these agreements is the drastic transformation of Guatemalan society.

27. The Accords are for a firm and lasting peace. As such, they are to be understood as a new national commitment for sustained development. They constitute, therefore, a unique framework of reference for all international donors and development organizations present in the country. In this context, the Government has established four priority areas of action: (a) reinsertion and demobilization; (b) integral human development; (c) sustainable productive development; and, (d) modernization and strengthening of the democratic State. These priority areas provide a common, shared agenda, set of goals, results expected and time-frames for all stakeholders (both national and international) and have consequently defined the basis for all programmes, including those of UNDP. Furthermore, they have provided the foundations for improved coordination as can be demonstrated with the experience of the emergency phase (i.e., the first months of implementation of the agreements).

Adjusting to new realities

28. Drawing on previous experience acquired mainly in Central America, UNDP became active early in the peace process in Guatemala. To prepare for the demands of the Accords, the office in Guatemala was reinforced with special funding from the Netherlands, Norway, Sweden, and the John D. and Catherine T. MacArthur Foundation. Expert analysts were hired to provide advice on a range of major issues, including indigenous peoples, civil society, electoral reform, land use, human rights, judicial reform and modernization of the State. During recent years, the office has promoted a self-generated management overhaul to respond better to the requirements of neutrality, agility and flexibility implied by the peace process (e.g., negotiation, implementation, consolidation). Based on the inherent value of focusing activities and of having a clearly defined mission and a careful and shared analysis of national realities, the office was revamped to improve the link between the mission and

the development and peace contexts. The office was consequently restructured into three units: Programme; Support to Programme (Administration, Personnel, Finance and Procurement); and the Resident Coordinator Unit.

29. While the core is the Programme Unit, interdependence between the three units is stressed. The efforts of the entire office are being focused towards one overriding mission: the consolidation of peace and the promotion of SHD. Staff was trained and an outward looking service/client/stakeholder oriented culture was introduced. Simplification of procedures, through analysis of flows, information systems and automation, was a major element of this restructuring process.

30. UNDP places utmost importance on quality programme development in Guatemala in the context of the national realities described above. The significant resource mobilization has been made possible thanks to the programme quality, the calibre of the services provided, the development context and the capacity to adjust and adapt to the new requirements and demands.

31. No single donor has assumed a marked predominant role in Guatemala, either in terms of funding or of political influence. The international community represents a great variety of assistance and implementing organizations that share efforts, risk and implementation responsibilities. The high political sensitivity and technical complexity of the various packages of measures to be implemented - requiring both swift humanitarian action and sustained policy reforms - call for a particularly agile and flexible scheme of international coordination.

Networking and building partnerships

32. The Resident Coordinator has been actively promoting strategic planning, coordination and work-sharing among the international community. Partnerships are established with relevant donors through formal and informal networks. Joint efforts have been carried out in the first phase of implementation on the basis of: (a) the goals to be achieved; (b) the activities to be implemented; (c) the time-frame of implementation; (d) the budget of the whole operation; (e) division of labour and funding among donors; and (f) the follow-up and evaluation mechanism.

33. These partnerships allow for the relevance and visibility of each actor. They entail neither the existence of a common funding mechanism nor the merging of resources, thus overcoming one of the most frequent problems of coordination. However, they do demand active political will, constant consultation and follow-up among relevant actors.

34. This networking and partnership approach goes beyond the traditional resident coordinator role: the establishment of the Resident Coordinator Unit and its programme has put in place this new approach for coordination, emphasizing rapid response to changing demands, close consultations, shared leadership and responsibilities and greater attention to providing high-quality services. All branches - development, humanitarian, verification - of the

United Nations System represented in the country participate actively in this effort.

35. Intrasystem and intersystem networks and partnerships have been tested and are currently in place in key areas such as: justice reform; executive branch reform; decentralization, demobilization and reinsertion of excombatants; education reform; indigenous populations and gender.

36. Most multilateral and bilateral donors have collaborated through these partnerships with UNDP and the United Nations system to promote and implement programmes and activities relating to the areas mentioned above. The UNDP programme amounts today to \$115 million, of which \$16.1 million are accounted for by core resources, including GEF and the Montreal Protocol; \$28.9 million from bilaterals (Denmark, the Netherlands, Norway, Sweden and Spain); and \$70 million in governmental cost-sharing originating from government multilateral banks (IDB, the World Bank). It is to be noted that cost-sharing from bilaterals remains significant.

37. Multilateral banks, which usually provide the massive funding required by ambitious social and institutional reform programmes, have found the collaboration with UNDP and the United Nations system useful since it has allowed them to insert their interventions within a wider framework and has enabled a more timely delivery of services to the beneficiaries. Delays in critical, sensitive areas have been avoided by the network, which includes development actors, with generally smaller funding but more decentralized and faster procedures.

38. Bilateral donors, in particular the Nordic countries and the Netherlands, have been the main partners in the sensitive, complex interventions of the emergency phase. Significant resources from them have been channelled through UNDP. They are also main supporters in the effort to carry out United Nations reform although the process is also intensively encouraged by other bilateral actors such as the United States.

39. Resource mobilization has taken place in four main areas:

(a) Demobilization of ex-combatants and reintegration of displaced populations, emergency activities where emergency activities require rapid execution and neutrality;

(b) Social sectors, to shoulder the still limited capacity of the Ministries of Health and Education;

(c) Rural development projects;

(d) Reform of the State, where UNDP has a pioneering role and where there is an absence of a governmental entity to guarantee continuity. UNDP has experience in involving new forms of institutional participation (civil society, municipalities, communities and NGOs) and in the high level of political support required to initiate reforms.

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40. The comparative advantages of the United Nations (the Resident Coordinator modality, neutrality, flexibility in providing assistance to changing institutional structures, managerial versatility and coordinating capacity) are particularly important in the current post-conflict stage and provide a solid basis for the mobilization of considerable additional resources.

41. Institutional capacity must be enhanced in order to implement the Peace Accords. The Resident Coordinator team provides direct support to the Secretariat for Peace, which has been revamped to serve as the overall coordinator of participation by the Government in the fulfilment of the Peace Accords. The objective is to strengthen the institutional capacity of the Secretariat for Peace and to facilitate the work of the many peace commissions overseen by the Secretariat. These complex, multidimensional commissions have a high level of representation from civil society and, on occasion, the international community also participates. New country team initiatives include an innovative network between universities to produce and publish a human development report.

42. The commissions have also been instrumental in guaranteeing coordination not only among donors but also, first and foremost, with and within the Government.

43. Among the initiatives still to be developed are efforts to decentralize further to projects sites and mechanisms to improve transparency regarding experience and procedures.

Conclusions

44. Factors that facilitate resource mobilization in Guatemala:

(a) UNDP enjoys a broad mandate, long-term presence in the country and close relations with both the Government and civil society. Furthermore, United Nations mediation, requested by both parties, paved the way for significantly increased involvement by the international community. The Peace Accords are internationally binding as well as internationally verified. Few countries have entrusted the international community to participate so extensively and to have such a leading role in the process of national transformation;

(b) The neutrality offered by the United Nations has helped UNDP to work in sensitive political areas;

(c) Guatemala has built on the experience of El Salvador, where the situation provided the testing ground for the role of UNDP in entering into new politically sensitive areas such as building new national democratic institutions (Civilian Police, Human Rights Ombudsman and human rights programmes, Electoral Tribunal); justice reform; and the demobilization and reinsertion of excombatants. Such work has required major adjustment on the part of UNDP both from a programmatic and an organizational point of view;

(d) United Nations coordination in Guatemala is assumed by the United Nations Country Team, where the Resident Coordinator exercises a consensual

leadership and acts mainly as a facilitator promoting the concept of shared leadership. The Country Team is also enhanced by a growing number of inter-agency workgroups on substantive and managerial issues. Guatemala has been selected as a pilot project for United Nations reform based on a strong country-driven approach. The programme builds on existing strengths and opportunities for development activities relating to the Peace Accords, working jointly with United Nations specialized agencies, the United Nations verification mission, donors and NGOs. The programme focuses on gradually achieving greater levels of common strategic planning and programming and common services. Special effort was made to include the Government and other stakeholders in this process;

(e) UNDP and the United Nations have unquestionably played a creditable and essential role in supporting Central America's passage from civil war to peace. This is an area of the world where the United Nations has made a major difference;

(f) Exceptionally, the major multilateral financial institutions have been engaged from the beginning of the peace talks. Consequently, the IFIs and the United Nations system share the same programmatic framework, i.e., the agenda for peace. The main multilateral banks now appear to recognize the need to coordinate their activities within the parameters of the peace accords.

C. The Lao People's Democratic Republic

Programme objectives and dynamics

45. The first CCF for the Lao People's Democratic Republic (1997-2000) encapsulates a focused programme to combat rural poverty, improve governance and promote sound environmental management practices. The CCF was designed to respond to critical national development priorities. Since these needs exceeded projected target for resource assignment from the core (TRAC) resources, UNDP was asked by the Government to engage in active resource mobilization to expand the coverage of the CCF. Because of these resource mobilization efforts, the programme has expanded significantly. The programme's resources now stand at \$73 million, with currently available TRAC lines 1.1.1 and 1.1.2 funding representing only \$15 million of that amount. 1/ The remaining portion is provided by a range of other UNDP-administered funds 2/ bilateral contributors and self-financing by the Government.

1/ An additional 20 per cent TRAC allocation, reflecting the Government's and the country office's exemplary joint programme initiative, was recommended by the Programme Management Oversight Committee and is awaiting final approval by the UNDP Administrator.

2/ UNDP bilateral cost-sharing partners and pledged partners include: Australia, Belgium, Canada, Denmark, Finland, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Sweden and the United Kingdom.

Total country cooperation framework resource requirements

(In United States dollars)

Current total budget	Amount
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TRAC 1.1.1 and 1.1.2	15 000 000
TRAC 1.1.3	2 000 000
Non-core funds	3 000 000
United Nations Capital Development Fund	12 000 000
Bilateral cost-sharing	26 000 000
Government cost-sharing	7 000 000
Remaining shortfall	<u>8 000 000</u>
TOTAL	<u>73 000 000</u>

46. For UNDP, the key operational motif is a strong Government/UNDP partnership for SHD. This partnership now includes a very active UNDP role in donor coordination, which has expanded to include joint project financing and implementation. The close partnership between the Government and UNDP stems from early UNDP involvement in the formulation of strategic national plans, policies and programmes, which are now the cornerstones of national development.

47. As follow-up to the Lao People's Democratic Republic's Sixth Party Congress, UNDP was asked in 1995 to help design national programmes for rural development and human resource development. 3/ National programme development in both cases was placed under the mandate of high-level Government/Party Committees. Both programmes were completed in early 1997 and presently await promulgation by the Prime Minister. UNDP also provided support for the development of the National Socio-economic Development Plan (1996-2000) and the

3/ Each area was accorded pivotal importance for separate reasons: rural development because nearly 50 per cent of the population lives in poverty, and 90 per cent of those who live in poverty live in rural areas; and human resource development because social services are stretched to the maximum, yet the country is not fully equipped to manage its reentry into the free market system and the regional economy, including through the Lao People's Democratic Republic's recent entry into the Association of South-east Asian Nations (ASEAN).

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Public Investment Plan. These plans underpin the Government's overall national development strategy, including recent government commitments to move beyond least developed country status by the year 2020. Once the Government/UNDP policy consensus was well established, UNDP assisted the Government in promoting broader comprehension and implementation of government policy in the donor community.

48. The prominent UNDP role in policy development, donor coordination and issue advocacy also helps to drive the resource mobilization process. Such key sectoral initiatives as the UNDP-originated concept to clear massive quantities of unexploded ordnance that remain from the Indo-China conflict have solidified the organization's position with the Government and the donor community. Less than two years since its origin, the programme has over 20 partners from the bilateral, multilateral and NGO community, contributing both in cash and in-kind.

49. Similar initiatives to combat HIV/AIDS in the context of the Joint United Nations Programme on HIV/AIDS, to better prepare for recurring natural disasters, to support the country's participation in ASEAN, and to improve governance and natural resource management have resonated with various donor partners, resulting in their financial support of these projects and programmes.

50. The UNDP approach to project formulation has changed to reflect its expanded role as a key government development partner and resource mobilizer. At the Government's request, the country office has designed a number of project profiles to present to potential donors on mission in search of solid project ideas. Project formulation is generally preceded by efforts to discuss project concepts with potential donors. Most resulting formulations are carried out jointly with the Government and interested donor partners. Many donors find themselves attracted not only to the project concept but to the UNDP coordination role and support services, as well as the willingness of the organization to share project costs in flexible formulas that reflect individual donor priorities and financial capacities.

51. The Government's commitment to its partnership with UNDP is equally manifest. Often, the Government requests donors to work directly with UNDP to ensure better programme coordination and to eliminate additional administrative burdens. Government commitment to the partnership with UNDP was illustrated by a September 1997 agreement to transfer a \$7.2 million International Fund for Agricultural Development loan to UNDP as government cost-sharing, in order to ensure strong management and more cost-effective implementation of a complex integrated rural development scheme.

52. While it is still early in the period covered by the CCF, without question, the Government/UNDP partnership has been very effective. Unprecedented success at the sixth round-table meeting in Geneva, where donor pledges reached over \$1.2 billion, and increasing donor confidence in UNDP have meant more funds better-targeted towards key national objectives, in a manner more likely to produce successful outcomes. The donor community recognizes the organization's close relationship with the Government and often encourages UNDP to address

sensitive development issues and see complex development programmes through to fruition.

Programme management

53. One clear lesson learned from the partnership model of development cooperation is the immense responsibility that emanates from support to policy development, issue advocacy, donor coordination and resource mobilization. Resource mobilization alone demands significant initiative. A notable amount of effort is required to engage potential partners in new activities, to pursue joint formulation, to understand donor concerns and priorities, and, above all, to finalize project content and structure with the Government and all parties concerned based on local priorities and realities. Country office staff skills needed to be retooled to reflect this more proactive and strategic approach to development management. Time commitment, particularly of less experienced staff, increased significantly to manage the additional responsibilities. 4/

54. The partnership model of development cooperation thus required changes in staff job descriptions. Donor outreach and advocacy, liaison work, public information and more comprehensive methods of project formulation adds heavily to normal staff line responsibilities. Moreover, programme formulation is no longer a once-a-cycle activity; rather, it is a continuous activity reflecting the full national programme the CCF attempts to support and the mobilization of funds for these initiatives.

55. The country office is aware that success in resource mobilization obligates UNDP to provide proper reports and ensure high levels of accountability and strong project performance and delivery. For the country office, 1997 has been a year focused on creating new systems to meet the heightened specifications required to ensure appropriate performance. Systems are now in place to ensure monthly project expenditure reporting and to track donor reporting requirements for all cost-sharing and trust fund arrangements.

56. The evolution of UNDP support for national execution in the Lao People's Democratic Republic has been retooled to support limited government capacity for financial management, accounting, procurement and contracting. The support is now provided via a National Execution Unit, linked both to the Government and the UNDP country office. In addition to service provision, this Unit has the primary responsibility to train and upgrade government capacity to manage project administration in the future.

57. The work implications of the Government/UNDP partnership and its concomitant obligations in terms of resource mobilization and augmented programme management necessitated an increase in staffing to meet the requirements of the growing programme load and the increased range of services

4/ It should be noted that the UNDP programme expansion briefly described above occurred at a time when the office core staff was reduced by two international assistant resident representative posts and six national professional officers due to budget cuts.

provided. Income from non-core support services has enabled UNDP to increase the number of programme and administrative staff in the country office, principally through the hiring of national staff and by more extensive use of United Nations Volunteer programme officers and Junior Professional Officers.

D. United Republic of Tanzania

Programme objectives and dynamics

58. The current UNDP programme in the Tanzania is anchored in the country's development priorities and is country-driven. The country cooperation framework (CCF) was prepared on the basis of the Government's rolling plan, its forward budget, the medium-term economic and financial framework papers prepared by the Government in collaboration with the Bretton Woods institutions, lessons learnt from the fifth programming cycle, the country strategy note (CSN) and the Consultative Group meeting proceedings. The CCF also takes into account a variety of elements, including outcomes of United Nations conferences and legislation adopted by the intergovernmental bodies of the United Nations.

59. The fifth county programme (1993-1996) concentrated on macro-economic management; environment and natural resources; SHD for poverty eradication; and support to the national income-generation programme. A number of constraints in implementation were identified, including weak planning and coordination of external assistance; low capacity to manage the reform process; multiplicity of development projects and inadequate dialogue between the Government and other development partners; and the difficulties faced in moving from the project to the programme approach. Corrective measures were taken through policy initiatives; intensified policy dialogue; assisting national leaders and authorities to take a more strategic approach to issues such as poverty through National Long-Term Perspective Studies and the CSN; the drastic reduction of projects and the establishment of the Poverty Eradication Unit in the Office of the Vice President.

60. The UNDP Programme for the United Republic of Tanzania is implemented within the framework of existing national programmes, such as the Civil Service Reform Programme; the Local Government Reform Programme and the National Income-Generation Programme. In addition, the Government is assisted by UNDP in formulating the National Poverty Eradication Programme and in private sector development, particularly for the promotion of investment and export.

61. UNDP development cooperation in the United Republic of Tanzania today is characterized by multisectoral interventions; greater coordination of efforts under national leadership; national ownership; expanded use of national expertise; involvement of beneficiaries; greater focus on results and impact; ensuring sustainability through capacity development and strategies to reduce dependence on external assistance and optimal use of all funding opportunities available to programme countries.

62. The cooperation strategy has the overriding mandate of SHD and contains the following key elements: (a) consolidation of the programme approach, which will enhance national ownership and provide strategic frameworks to guide UNDP and

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other donor interventions; (b) United Nations system collaboration, within the framework of the CSN, to ensure complementary, maximum impact and optimal use of scarce resources; (c) integration of gender concerns into all programmes and implementation of some gender-specific components as part of selected projects/programmes; (d) translation of global compacts and agreements into operational country strategies and programmes directed at combating poverty and promoting human development; (e) promotion of good governance through support to participatory approaches, local government and decentralization and public sector reforms; and (f) facilitation of resource mobilization and aid coordination - thus adjusting UNDP programming tools to ensuring that all UNDP-supported activities in the country, irrespective of their source of funding (core or non-core), are defined within the parameters of the CCF, fall within the SHD mandate and aim to build national capacities.

63. During the period covered by the current programme, the Government has requested that UNDP cooperate in four priority areas that respond to national objectives. These are poverty eradication and sustainable livelihoods; environment and natural resources; capacity-building for good governance and management development; and the advancement of women. The Government intends to address the underlying cause of problems in these areas, which are at the top of the national development agenda, in collaboration with UNDP, within the context of the SHD approach.

64. In the case of poverty eradication and sustainable livelihoods, UNDP specific support is focused on: (a) policy and strategy formulation and dissemination; (b) capacity assessment and capacity-building; (c) promotion of effective participation; (d) coordination, monitoring and resource mobilization; and (e) pilot projects at the grass-roots level. In the areas of environment and natural resources, UNDP support is focused on: (a) the development of a framework on environmental law; (b) the establishment and management of a national environmental information system; (c) capacity-building and management advice in the water sector, particularly support to water sector coordination, the promotion of rainwater harvesting technologies, the rehabilitation of traditional irrigation and community-based watershed management; (d) the promotion of alternative sources of energy for both rural and urban households; (e) human settlement development; (f) assistance to natural environmental education and public-awareness programmes. In the area of good governance, UNDP direct support is focused on (a) economic management; (b) development of management skills; (c) local administration and decentralization; (d) private sector development; (e) support to Parliament and the judiciary. In the area of the advancement of women, UNDP continues to play a key role by providing assistance to: (a) enhance gender mainstreaming; (b) promote and protect the rights of women; and (c) empower women by encouraging investment in areas where women are active.

65. Maximum impact is ensured through the substantive alignments of all UNDP-supported activities regardless of their source of funding. Indeed, as further emphasis has been placed on narrowing the UNDP substantive focus within the SHD framework and on the programming of all resources within the CCF, a great deal of convergence has emerged between the priority areas financed from core and non-core resources. The United Republic of Tanzania is thus taking

full advantage of the variety of funding opportunities to support national SHD priorities.

66. The relationship between the UNDP country office and the other United Nations organizations and International Financial Institutions (IFIs) in the country is changing, characterized by greater coordination through the Development Assistance Committee (DAC) Donor Group Secretariat. The collaboration is based on strategic alliance and a clearer division of labour and often entails parallel financing (Japan, the European Union) or co-financing of activities for greater impact and effectiveness. UNDP and the United Nations specialized agencies are operating as multiple partners in nationally owned and country-driven programmes in contrast to the traditional tripartite arrangements.

67. The relationship between UNDP and bilateral donors in the United Republic of Tanzania has also changed. Partnerships on the ground are growing through substantive collaboration and co-financing. Greater convergence of policies and agendas have been accompanied by co-funding of activities.

68. The primary objective of UNDP resource mobilization efforts in the United Republic of Tanzania remains the increase of its core resources. However, non-core resources have proven vital in ensuring greater predictability of funding and impact within the SHD framework. Therefore, UNDP uses the different modalities of administering non-core funding, including trust funds and cost sharing. About 23 per cent of the resources (\$13,137,000) for the 1997-2001 programme period will be non-core funds. The cost-sharing resources are fully integrated and managed in the same way as the core-fund resources. The trust fund resources are administered by UNDP on behalf of each contributing donor and each trust fund is individually accounted for by the UNDP office in the United Republic of Tanzania. Denmark, Ireland and Norway are the leading donors in the country that fund governance and poverty-related activities through non-core mechanisms while Japan and the European Union use parallel funding in support of the National Long-Term Perspective Studies.

Programme management

69. The key achievements of the partnership between the Government and UNDP include the promotion of country ownership through national execution; the use of the programme approach; the establishment of new arrangements; and the emergence of a leaner and more accountable country programme. Effective, efficient and accountable management of programmes is the centre of the development of strong partnerships in the United Republic of Tanzania.

70. In programme management, the Government has fully endorsed national execution and is fully committed to its effective and efficient operationalization. National execution and the programme approach are regarded as a means of enhancing government ownership of development programmes and also as instruments to accelerate government management capabilities, resulting in increased project efficiency and cost-effectiveness. The use of the national execution modality has grown substantially, accounting at the present for 40 per cent of all execution. National execution has actually developed national

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capacity in the country by expanding the sense of ownership, by promoting learning by doing and by giving greater management responsibility and decision-making to the national staff.

71. In collaboration with UNDP, the Government has planned training programmes in programme formulation, monitoring and evaluation, and procurement and fellowships administration with a view to accelerating further the growth of national execution during the period covered by the first CCF.

72. The Government is actively cooperating with UNDP to ensure proper monitoring and periodic review of all programmes in the first CCF, as provided for under standard UNDP procedures, including a mid-term review exercise in 1999. In addition, the monitoring and review mechanism for UNDP support is incorporated into Consultative Group meetings, monthly in-country DAC Donors Group meetings and sectoral and thematic coordination arrangements. A major effort is being made to improve the capacity of programme staff and counterparts in internal monitoring, evaluation and auditing, an effort that will be intensified in the context of the current decentralization policy.

73. Non-core activities are managed as an integral part of UNDP activities. UNDP Financial Regulations and Rules and the various procedures and manuals cover the management of both core and non-core activities in the country.

74. UNDP provides a wide range of programme support as well as management and administrative support to activities in the United Republic of Tanzania that are not financed from UNDP core resources. This support is provided both to other entities in the United Nations system and to co-financing partners. In most cases, the UNDP country office is reimbursed for costs associated with providing such support or through the provision of posts, as in the case of the United Nations Capital Development Fund.
