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REPORT OF THE OPEN-ENDED, AD HOC WORKING GROUP ON THE
UNITED NATIONS DEVELOPMENT PROGRAMME FUNDING STRATEGY

1. In its decision 98/3, the Executive Board of the United Nations Development Programme (UNDP) and the United Nations Population Fund (UNFPA) established the Open-Ended, Ad Hoc Working Group on the United Nations Development Programme Funding Strategy, in response to concern over the decline in core resource funding for UNDP. Decision 98/3 tasked the Working Group with a review of various funding mechanisms as well as other options to place the funding of the Programme on a predictable, assured and continuous basis. The Working Group was also tasked with the development of guidelines and criteria to set funding targets for the Programme's core resources as well as consideration of the matter of burden-sharing.

2. The deliberations of the Working Group took place in the context of declining official development assistance and growing United Nations emphasis on development financing generally. In particular, related but independent work by the United Nations Children's Fund and UNFPA on their funding strategies and General Assembly consideration of the matter of financing for development added insights to the deliberations of the Working Group. As was clearly indicated in the documentation put before the Working Group, UNDP core resources, reflected as actual income received, declined from \$891 million in 1993 to \$761 million in 1997. At the same time total Programme resources increased from \$1.583 billion in 1993 to \$2.185 billion in 1997 (actual income).

3. The Working Group met formally 13 times. It considered inputs from UNDP, members of the Programme and United Nations development agencies. Presentations from the World Bank and the International Fund for Agricultural Development provided the Working Group with insight into the resource mobilization strategies of these institutions. While separate institutions with differing mandates, their experiences were of assistance in guiding the Working Group's deliberations. In particular, they highlighted the need for a sense of commitment to the organization and that the funding strategy needed to reflect the interests as well as constraints of all partners. Several formal



submissions were put before the Working Group and some of these contributed materially to the present report and the elements for a decision contained in its annex. Topics addressed included current and historical perspectives on Programme funding, determination of Programme funding requirements, hedging practices, criteria for setting core funding targets, the Programme's profile and burden-sharing.

4. It was emphasized on a number of occasions that a renewed sense of partnership was the key to the Programme's future and the successful outcome of the Working Group. While this took expression in different forms, there was support for the notion of shared and renewed commitment to UNDP by programme countries, donor countries and the Programme itself. In this context, a number of delegations looked to the development of a package of actions, to be undertaken by the Programme, donors and programme countries, that collectively would take the Programme forward in both funding and programming terms.

5. A considerable number of informal meetings of participants of the Working Group were held under the auspices of different delegations. The UNDP secretariat participated actively in these and was a full partner in all discussions. In the week before the third regular session of the Executive Board, a concerted effort was made to reach agreement on the remaining areas of concern and a further three informal discussions were held.

6. Over the course of the 30-week life of the Working Group, many ideas were shared, including formal presentations and detailed consideration of submissions from Programme members. A central point of agreement was that core contributions to the Programme should remain voluntary. There was also agreement that the funding strategy needed to incorporate not only matters of predictability but also of volume, and that any measures proposed should not alter the fundamental nature of UNDP operations or introduce conditionality. The contribution of non-core resources and partnerships necessary to develop these were also recognized. However, on matters such as burden-sharing, the relationship between programme objectives, outcomes and resource mobilization, and how to attain a core resources funding target, a variety of perspectives remain.

7. These matters will be further explored at the current session of the Executive Board. The Executive Board may wish to consider the draft decision contained in the annex (English only) of the present report in seeking to determine a funding strategy for UNDP.

8. The present report was prepared by Alan March, Chair of the Open-Ended, Ad Hoc Working Group on the United Nations Development Programme, on behalf of the President of the Executive Board.

DRAFT DECISION

United Nations Development Programme - Funding strategy

The Executive Board:

[1. Reaffirms the fundamental characteristic of the operational activities of the United Nations Development system which are inter-alia universality, neutrality, multilateralism, voluntary and grant nature, fully respecting priorities of programme countries and responding to the need of developing countries in flexible manner; (G77 & China)]

[2. Welcomes the Programme's commitment to working in partnership with programme country governments, all parts of the United Nations System, including the Bretton Woods institutions, regional organizations, multilateral and regional development banks, bilateral donors, the private sector and civil society in addressing its mandate for assisting recipient countries in their pursuit of national development plans and priorities for sustainable human development;]

[3. Emphasizes that the funding strategy for the United Nations Development Programme should be based on a concept of [G77: collective ownership,] partnership [G77: and shared [Canada: interests with/but] differentiated responsibilities] involving the Programme and all programme and donor countries; (Chair)]

[4. Stresses the need [G77: del. for increased efforts] to [G77: reverse] [work towards reversing] the declining trend in core resources; (Chair 9/9)]

[Ger: Preference for deleting para. 8; if not possible, combine 4 & 8]

5. Reaffirms the commitment to placing the funding of the United Nations Development Programme [G77: through a substantial increase in core resources] on a predictable [and] continuous [G77: and assured] basis [G77: commensurate with the increasing needs of developing countries in order] to strengthen its ongoing contribution to supporting the needs and priorities of program countries, in particular [low income countries and], least developed countries; (Chair)]

[6. Welcomes statements made during the work of the Ad-hoc Open-ended Working Group on a UNDP Funding Strategy by several current and emerging donor countries stressing that a proposed multi-year integrated funding system linking funding, budget and programme objectives would facilitate advocacy for increased core contributions to UNDP; (Den/Ire.)]

[7. Welcomes the Program's commitment to working in partnership with: programme country governments; all parts of the United Nations system (including the Bretton Woods Institutions); regional organizations; multilateral and bilateral donors; the private sector; and civil society in addressing its mandate for sustainable human development; (Chair) [Delete 4 entirely - G77 & China]

[7bis. Welcomes new and innovative partnerships forged by the Program with other international organisations, the private sector, non-governmental organisations and private foundations and their contribution to the Programme's overall resource base while maintaining the multilateral nature of the Programme; (Considered 9/9 - previous Chair's para. 21) (G77: del. para.)]

[8. [G77: Regrets that the target of \$3.3 billion as set out in the decision 95/23 has not yet been achieved and therefore] **Reaffirms an annual target for core resources of USD\$1.1 billion;** (Chair) [Neth. for the current planning period as set out in decision 95/23, and calls for a reappraisal of the target based on realistic estimates for the next planning period;]

[(Den/Ire: replace 8 with: Regrets that the target of USD3.3 billion set out in decision 95/23 has not yet been achieved and recognizes that a credible funding strategy must include new elements adopted with the aim of reversing the declining trend in core resources;]

[8bis. Decides to set annually increasing objective (10% or 15%) for mobilization of core resources till the annual target of \$1.1 billion is met; (G77 & China)]

[9. **Reaffirms also that contributions to core resources are voluntary** [Ger: and that they ensure universality, predictability, neutrality and multilateralism at the UNDP as well as the ability to respond in a flexible way to the needs of programme countries, in particular those of least developed countries and low income countries (from decision 98/2, para. 5)] **and that an adequate level of core resources is important to maintain the neutrality, universality and multilateral nature of the Programme;** (Chair):

[G77: Delete 9 and replace with: Reaffirms the voluntary character of contribution to core resources;]

[9bis. Reiterates that core resources are the bedrock of UNDP and are essential to maintain the multilateral nature of UNDP work; (G77 & China)]

10. **Recognize that over-dependence on a limited number of donors carries risks for the long-term financial sustainability of UNDP and urges all donors and programme countries in a position to do so to increase their contributions to core resources of the Programme;** (Agreed 9/9)

[11. Reaffirms decision 98/1 on narrowing the focus and stresses that an efficient and effective programme is an important element to resource mobilisation and increased resources are an important element of programme delivery; (Chair)] [G77: Delete para]

[Ger. Replace 11 with: Reaffirms decision 98/1 and underlines that a clear profile of the UNDP role in each programme country and at the global level will facilitate UNDP resource mobilization efforts; [Den/Ire Replace 9, 15 and 17 with: Reaffirms decision 98/1 on Narrowing the Focus of UNDP, and stresses that the timely implementation of this decision is key to achieving a visible, sound and effective programme that can stimulate resource mobilization;]

[12. Recognises that core resources can play a catalytic role in mobilising additional resources and that non-core resources are [Den: supplementary] [valuable and supporting] components of United Nations Development Programme funding; (Chair)]

[G77: replace 12 with - Also recognizes the importance of non-core resources including cost-sharing and non-traditional sources of financing, as a mechanism to enhance the capacity and supplement the means of the United Nations Development Programme to achieve the goals and priorities as specified in Decision 94/14b;]

[Neth: replace 12 with - Recognizes the growing share of non-core resources within the total volume of UNDP's programme resources, and invites the Administrator to develop [Cuba: in consultation with the Executive Board] within the mandated goals and priorities of the Programme guidelines for non-core funding;]

[Ger: replace 12 with - Recognizes that while core resources are the bedrock of UNDP funding, non-core resources are a supplement to UNDP's core programme although they are not programmable by UNDP;]

[UK: replace 12 with - Recognizes the growing share of non-core resources within the total volume of UNDP's programme resources and recalls that in accordance with Decision (...) a review of non-core funding will be provided to the Board in 2001.]

13. Welcomes the principle of putting in place a [G5: voluntary] [Swe: del multi-year] funding [G77: del. mechanism] to enhance the predictability of the Programme's [G5: funding activities] and to strengthen its planning and management processes;

[Chair#2 - replace 13 with: **Welcomes the principle of establishing a strategic framework to link** [Den. biennial] **program objectives**, [Den. funding targets] **outcomes and resources;** [Den. important to retain predictability]

[Canada - replace 13 with: Welcomes the principle of enhancing the predictability of the Programme's [G77: multi-year] funding and to strengthen its planning and management processes;]

[France - replace 13 with: Welcomes the principle of establishing a strategic framework to link programme objectives, [Den del. results,] and resources in order to enhance predictability of the Programme's activities and to strengthen its planning and management processes;]

[Denmark - replace 13 with: Welcomes in principle the need to enhance the predictability of Programme funding, based on a multi-year system and early payments, and to strengthen its planning and management processes;]

[Chair]

14. In this context, endorses also the principle that the United Nations Development Programme should adopt a multi-year funding proposal clearly articulating the relationship between program objectives/outcomes/resources, an example of which is set out in annex 1, and

- i) notes the existence of separate processes through which the Executive Board has determined the overall priorities and mandate of the Programme;
- ii) notes that in allocating additional resources mobilised by the multi-year funding proposal, priority must be given to programs;
- iii) notes also that when implementing this decision, the Program should take into account the budget harmonisation process between the Funds and Programmes and the need for greater transparency of budgets; and
- iv) states that this decision is not intended to introduce conditionality to the Programme;

15. Recognises that when implementing this decision the United Nations Development Programme should, to the maximum extent possible, draw on existing mechanisms and processes; [Japan del. 15]

16. Established through this decision:

- i) a consultative process between the organisation and the Executive Board to develop and introduce the multi-year funding proposal including an initial report on modalities for its consideration at the [...] session of the Board;
- ii) an annual opportunity to allow governments to make multi-year funding announcements, commencing in April 1999, to support the multi-year funding proposal;

[17. [Den.Ire: Decides that all Programme contributors should do their utmost to pay their contributions as early as possible in the year, and for those who cannot pay in full by the end of the first quarter, to communicate to UNDP no later than at the second regular session a firm payment schedule containing all relevant [US: and available] information on dates and amounts of the current year's planned payments, on the basis of which the Programme can take financial management decisions;] [G77 Urges of early payment of pledge made and/or provisions of firm payment schedule to enable UNDP to plan its budget and hedges against currency fluctuation;] [India, Japan, France have some difficulties]]

[G77

(This section is linked to 8 bis; Delete Chair's 14-17 and replace with)

14. Notes the need for a clear, transparent and readable budget for attracting increased contribution to core resources;
15. *Decides to start a fully participative, transparent, open-ended consultative process, under the guidance of the President of the Executive Board, between the organization and the members of UNDP to develop a multi-year funding proposal, and invite the President of the Executive Board in 1999;*
16. Stresses that any multi-year funding proposals, should give priority to programmes, when allocating the additional resources that may be mobilized;
17. Also stresses that any multi-year funding proposal should not introduce any conditionality, or result in priority-distortion or changes in the current system of resource allocation;]

[G5

(Replace Chair's 14-17 with)

In this context, decides that UNDP should:

14. Adopt a multi-year integrated framework clearly articulating the relationship between programme objectives/outcomes/budget including a set of appropriate indicators, an example of which is set out in Annex 1, taking into account the following principles:

- (i) the existence of separate processes through which the Executive Board has determined the overall priorities and mandate of the Programme;
- (ii) in allocating additional resources that may be mobilized by the multi-year integrated budget, priority must be given to programmes;
- (iii) this decision is not intended to introduce conditionality to the Programme; and (b) establish an annual event where all member countries would announce their voluntary core contributions and GLOC to UNDP as follows: a firm funding commitment for the current year; a firm contribution or indication of contribution for the following year; and, for those in a position to do so, a firm or tentative contribution for the third year;

Member countries would also announce payment schedules for the current year. Early payments should be encouraged. At the same time, the Executive Board should review the record of actual contributions and timing of payments made in the previous calendar year;

15. Recognises that when implementing this decision the United Nations Development Programme should, to the maximum extent possible, take account of relevant mechanisms and processes; [Japan: del. para. 15]

16. Establishes through this decision a consultative process between the organization and the Executive Board on the modalities for the introduction of the multi-year integrated budget and the annual event for the announcement of contributions, as set out in para. 12 of this decision, and requests the Administrator to submit to the Executive Board a report, which includes a plan of action, on these modalities for its consideration at its first regular session in 1999; [G5: could also add a time line]

[Germany

14. Endorses the understanding that the multi-year funding mechanism:

- serves the purpose of integrating the programming and budgeting processes with the aim to arrive at a product which presents UNDP as an organization that fulfills an important task in the global development context;
- consists of five elements which are interlinked, i.e.
 - (a) overall objectives which will be derived from agreed mandates and priorities as well as from international development assessments related to UNDP's mandate;
 - (b) a programme resources framework, integrating programming within the context of (a) and the allocation of finance in order to achieve programming goals, extending over four years;
 - (c) a biennial programme support budget as an integral part of the four - annual programme resources framework;
 - (d) qualitative and quantitative performance indicators as integral part of the programming process;
 - (e) an annual pledging event where governments confirm their pledge of core resources and GLOC and provide a payment schedule for the current year; and make pledges for the following two years, given indications of contributions for the following two years or refrain from doing so if budgetary or other restrictions do not permit such commitment;

Delete rest of Chair's para. 14

15. Delete]

Retain Chair's para. 16.]

[Denmark/Ireland]

14. Endorses in principle the introduction of an integrated funding system designed to ensure coherence between decisions by the Board on the biennial budget, programme objectives and funding targets; (Den/Ire) [France: paras 12 and 14 are linked]

14bis. Decides that in further elaborating the multi-year integrated funding system the sole responsibility of the Executive Board in determining the criteria for resource allocations must continue to be upheld (to replace current 12iv); (Den/Ire)

14ter. Decides that UNDP in proposing such a multi-year integrated funding system for future programme objectives shall draw on performance indicators designed to measure UNDP's achievement in pursuit of the Programme's strategic development goals; (Den/Ire)

14qua. Requests the Administrator to present for discussion at the first regular session in 1999 a mock-up of the multi-year integrated budget; (Den/Ire)

15bis. Invites donor countries who wishes to do so, as part of this process and for the purpose of exchange of information only, to present the record of their actual contributions, timing of payment and pledges made in the previous calendar year; (Den/Ire)

16(i) Delete (Den/Ire)

16(ii) Establishes an annual process, beginning at the second regular session 1999, whereby at the second regular session each year Programme members formally will indicate the size of their core contributions to UNDP for the current calendar year; and as firm an indication as possible of anticipated contributions for the next second and third year; (Den/Ire)

16bis. Also decides that at the second regular session each year any shortfall in annual total pledges for the current and following two years compared to the annual planning figure set out in the multi-year integrated funding system will be discussed on the basis of (a) proposals by the Administrator on how to address the shortfall, (b) the need to reduce UNDP's over-dependence on a limited number of donors, (c) an information exchange whereby current and emerging contributions to the Programme are given the opportunity to set forward proposals for additional contributions that are made contingent on other countries setting forward similar proposals; (Den/Ire)

16ter. Establishes a procedure by which at the following annual session such proposals for additional contributions can be matched to meet the shortfall; (Den/Ire)

18. Recognises that an effective and visible programme is essential for resource mobilisation and urges the Programme to expand its impact its programme advocacy, visibility and institutional profile at national and international levels to better illustrate its contribution to development; (Agreed 9/9)

[19. Welcomes the role of the United Nations Development Programme in [Cuba: del. promoting and] supporting the United Nations development [Den/Ire: policies and programmes] [G77: operational activities] including strengthening the country level role of the United Nations;] [US: Move to top of text]

20. Endorses ongoing efforts to strengthen the Programme's communication and information strategy with particular emphasis on cost effective high impact strategies and on tailoring key messages to targeted audiences; (Agreed 9/9)

[21. **[Emphasises that demonstrated Program results and member advocacy will be important in [Ger: attracting rebalancing] traditional donor support and in attracting and maintaining new donors:]**

[22. **Recommends that any future revision of the Programme funding target [Ger: for core resources] reflect: the mandate of the Program, an assessment of the needs and priorities of program countries, consideration of both the absorptive capacity of programme countries and the delivery capacity of the Programme and the contribution of the UN system and other organizations to the priorities of programme countries.]**

Delete 22 entirely (G77 & China) (US: del. or add. an assessment of anticipated levels).

11 Sept. 1998: 18.15p.m.

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OTHER MATTERS

MISSION REPORT

UNDP/UNFPA EXECUTIVE BOARD

Field visit to the Republic of South Africa

(1-9 August 1998)

I. INTRODUCTION

1. The UNDP/UNFPA Executive Board mission consisted of one representative, except where otherwise noted, from the following Board members: Brazil, the Czech Republic,^{1/} the Democratic Republic of the Congo,^{2/} India, Jamaica, the Libyan Arab Jamahiriya, Norway (2), the Russian Federation, Thailand,^{1/} and the United Kingdom (2). The mission was accompanied by Mr. Zahir Jamal, from the Office of the UNDP Administrator, who provided useful assistance.
2. The mission would like to express its sincere appreciation to the Government and the people of South Africa for their hospitality, which made their task more pleasant.
3. The mission wishes to use the present opportunity to thank Mr. David Whaley, United Nations Resident Coordinator and UNDP Resident Representative, and Mr. Jay Parsons, UNFPA Representative, as well as their respective staff for the arrangements and assistance extended to the members of the team. The briefing papers and meetings with Ministers and government officials, representatives of other United Nations agencies, key partners of civil society

^{1/} Ambassador Vladimir Galuska, Permanent Representative of the Czech Republic to the United Nations, and Ambassador Asda Jayanama, Permanent Representative of Thailand to the United Nations, were selected as team coordinators.

^{2/} Mr. Atoki Ileka, Second Counsellor, Permanent Mission of the Democratic Republic of the Congo to the United Nations, was the rapporteur.

/...

and some of the representatives of donor countries gave the mission a unique opportunity to study the linkages from policy development to implementation and a better understanding of United Nations involvement in the development of South Africa. Finally, the mission wishes to express its support and admiration to all the dedicated participants in the local communities visited, who, with modest means, are striving to improve the living conditions of the people of South Africa.

4. The mission called on H.E. Mr. Alfred Nzo, Minister of Foreign Affairs, H.E. Mr. Kader Asmal, Minister of Water Affairs, H.E. Mrs. Sankie Mthembu-Mahanyele, Minister of Housing, H.E. Mrs. Geraldine Fraser-Moleketi, Minister of Welfare and Population Development, and H.E. Mr. Essop Pahad, Deputy Minister of the Office of the Deputy President. The mission appreciated the importance these Ministers attached to UNDP-UNFPA activities and took note of their willingness to facilitate the work of these United Nations bodies in South Africa.

5. The above-mentioned Ministers and government officials outlined the trends of South Africa's policies in their respective fields, highlighting some of their achievements, and seeking cooperation, understanding and respect for South African national priorities.

II. OBSERVATIONS BY THE MISSION AND A SITUATION ANALYSIS

A. The role of UNDP

6. The UNDP office has been functioning against a background of sweeping policy changes within South Africa. These changes have influenced the role of UNDP and have required flexible responses.

7. Before 1994, there were a number of administrations in South Africa, including for the homelands, for those classified as Coloured, and for those classified as Indian. Often, these administrations were overstaffed with personnel selected for reasons other than competence. The administration for those persons classified as White, however, commanded a well-developed infrastructure; this administration was geared primarily to control functions and physical infrastructure rather than development and social infrastructure. However, the policies of that administration were based on the ideology of apartheid. Consequently, the Government has for the last four years been confronted with a political and economic structure inherited from the previous regime. The following socio-economic characteristics constitute obstacles to sustainable development in South Africa:

- (a) Skewed national policies and resource allocations;
- (b) Glaring income disparities and high levels of urban and rural poverty;
- (c) Tainted programme delivery systems;

- (d) Restricted access to health, education and other social services;
- (e) Curtailed access to land, credit, jobs, housing and other infrastructure;
- (f) Disabling gaps in national, provincial and local governance capacities;
- (g) Deficiencies in the judicial and law enforcement systems and rising crime;
- (e) Deficient data collection, monitoring and evaluation systems at all levels.

8. Since it opened in March 1995, the UNDP country office has joined with other actors to play a facilitating role in the new environment of national reconciliation and unity. The country office has sought to develop interventions in line with the UNDP goal of eradicating poverty. Limited funds under the UNDP target for resource assignment from the core (approximately \$1.5 million annually) have been mainly concentrated on:

(a) Fostering policy dialogue and the formation of pro-poor national policies relating to sustainable livelihoods and good governance. The UNDP country office has provided such assistance as seminars, workshops, expert missions and study visits to help to promote understanding of policy and social issues among South African officials, parliamentarians and civil society leaders. In terms of programme assistance, in the areas of poverty elimination and safety and security, UNDP in South Africa has sponsored several important monographs and public hearings. An important review of public expenditure on basic social services has also been financed in the framework of the 20/20 Initiative. More recently, UNDP launched with the Government a new programme to help local communities and community-based organizations (CBOs) in five provinces to participate effectively in shaping planning and budgetary policies affecting their lives and to carry out policy research on crime prevention, including on measures to retrain and reorient personnel in law enforcement agencies;

(b) Facilitating partnerships among government units, civil society actors, the private sector and international development agencies to spur action on behalf of the poor. Partnership is a fundamental characteristic of UNDP cooperation in South Africa. Among the alliance-building efforts supported by UNDP, the mission visited the site of the first Government/CBO initiative in South Africa for dealing comprehensively with violence against women in small communities;

(c) Building capacity at the national, provincial and local levels to deliver programmes and services for poor communities. Through site visits and/or briefings, the mission acquainted itself with UNDP support for: the provision of United Nations Volunteers programme medical services in the remote Northern Province; a small-, medium- and micro-enterprise development programme that is successfully helping disadvantaged aspiring entrepreneurs to gain access

to financing and know-how; the "People's Housing Process", a national programme for designing and replicating affordable, locally constructed housing; and community awareness-building and health interventions for preventing and detecting HIV/AIDS.

9. The mission considers that the focus achieved by the UNDP office in South Africa is consistent with the objectives and priorities of the country cooperation framework (DP/CCF/SAF/1). It believes that the predominantly catalytic interventions of the UNDP programme are appropriate to the current phase of transition from the old to the new South Africa.

10. The mission noted that UNDP and its partners have sought to address poverty issues in a complex bureaucratic environment, involving three spheres of governance - national, provincial and local.

11. In its meeting with senior officials at the Department of Constitutional Affairs, the mission was informed of the particular importance the Government attaches to the continuation of UNDP assistance for disaster management and training.

12. Progress is evident in policy formation and the creation of social consensus in South Africa. In general, however, the need to "reinvent" national, provincial and local governments and the importance of forging partnerships with multiple actors have sometimes slowed the development and operation of action-oriented programmes. While the mission fully endorses the focus on policy formation and the implementation strategy adopted by UNDP in South Africa, it believes that delivery of needed services should be a key priority of the country office in the next stage of national transition.

13. In its interviews with the Minister of Foreign Affairs, and in other contacts with senior South African officials, the mission learned that while the policy of the Government of South Africa towards neighbouring countries before 1994 was one of destabilization, the new Government considers regional cooperation to be an important vehicle by which to address many development issues. Cooperation among countries of the Southern African Development Community (SADC) has been reconfirmed as a shared priority. Through a renewed policy dialogue among SADC members, under the Chairmanship of South Africa, a consensus seems to be emerging that solutions to problems such as HIV/AIDS, water management, refugees and migrant labour can be found only in a subregional context.

14. Finally, it was stressed to the mission that national staff are the backbone of UNDP and UNFPA operations, and that the two organizations should invest further in national staff training and other career development options.

B. The role of UNFPA

15. The mission used as a general framework the International Conference on Population and Development (ICPD) Programme of Action, the UNFPA mission statement and UNFPA assistance for the programme period for 1997-2001, to review the different programmes and projects in the country. Several points emerged.

16. Population policies under the apartheid era were instrumental in preserving the political, socio-economic and cultural dominance of the white minority. As a result, the role of the Government in population issues was discredited. The demographic database and service delivery systems were grossly inadequate and inappropriate, especially with regard to the most disadvantaged, and predominantly black, population group. For these reasons, population policies were viewed with skepticism at the time when the new Government came into power.

17. The ICPD Programme of Action has, with its focus on development, reproductive health, equity and equality, provided a crucial foundation for new dialogue. In this context, since its establishment in South Africa, shortly after the Conference was held, UNFPA has played an important role in advocating for population issues.

18. The National Policy on Population and Development, which was adopted in March 1998, was developed through an inclusive and comprehensive process of consultation. It is the impression of the team that the process was facilitated in a decisive way by UNFPA through dialogue, the provision of information-based support in the form of targeted technical assistance and training. Assistance provided for the 1996 census was an important element of cooperation.

19. In meetings with national and provincial population units, the staff expressed appreciation for the assistance provided from UNFPA. The national as well as provincial structures are new and the staff inexperienced in the field of population and development. UNFPA was valued especially for having opened a new window to experience and knowledge generated in other countries. It was clear, however, that there was still a large gap to be filled in order to translate the policies into practical actions. The population units need to develop further their own capacities as well as their links with other departments and civil society in order to ensure the development of appropriate programmes in line with the new policies.

20. UNFPA has supported the development of small-scale pilot projects in cooperation with both the Government and civil society. The team visited two such projects in Orange Farms and Tstitsikamma, where local communities were involved in the provision of reproductive health services, in part integrated into larger development programmes, e.g., the "Working for Water" project in eastern Cape Province, which adds income-earning opportunities to a novel water conservation initiative. Such experiences can be very important elements in assisting the Government to develop appropriate actions in line with the new population policy. It is crucial, however, that the experiences be documented in such a way as to allow replication and the upscaling in order to achieve national impact. Community participation in the projects should be looked at closely when evaluating the sustainability and appropriateness of such pilot schemes.

21. The mission learned of some attempts to bring together United Nations agencies to discuss issues of reproductive health. Given the multisectoral nature of the population policy and the ICPD Programme of Action, UNFPA should explore further how United Nations agencies could come together and develop a

more comprehensive response in their facilitating role in support of the Government's response to and follow-up on the policy.

C. The United Nations in South Africa

The role of the Resident Coordinator

22. To some extent the functioning of the resident coordinator system in South Africa reflects the unusual development environment. In terms of the resources it has available, the United Nations is a very small player compared to the Government of South Africa and to many bilateral donors. As noted elsewhere in the present report, the interventions of UNDP and UNFPA, as well as those of the other United Nations organizations, tend to focus on capacity-building activities to assist South Africa to meet the development challenges of its transition. There is a good working relationship among the United Nations organizations in South Africa. However, the Resident Coordinator's traditional role of facilitating coordination and dialogue between the host Government and the broader donor community is not as relevant in the South African context as in many developing countries. At an early stage after United Nations engagement in South Africa, the Government made clear its desire to handle donor coordination itself. The Resident Coordinator has continued to work closely with key coordination points in the government structure. The recent establishment of an aid coordination unit within the office of the Deputy President should facilitate dialogue and coordination by providing a contact point for overall government development policy with which the Resident Coordinator can liaise.

23. A Resident Coordinator Unit, composed of three staff, was set up earlier this year to assist the Resident Coordinator in the backstopping of the theme groups (gender, HIV/AIDS, poverty eradication) and task forces (education, migration, information and operations). However, the mission was informed that on some policy and administrative issues the local representatives were unable to pursue closer coordination because of lack of support or contradictory messages from their headquarters. Local representatives of United Nations organizations felt that greater flexibility and imaginative solutions, e.g., on budgeting, were required to allow them to develop joint approaches and to carry out instructions on coordination from the UNDP/UNFPA Executive Board, the Economic and Social Council and the General Assembly.

The United Nations Development Assistance Framework

24. South Africa is among the 18 United Nations Development Assistance Framework (UNDAF) pilot countries. The UNDAF is of vital importance to UNDP, UNFPA and other United Nations organizations to enable them to improve their coordination and efficiency. The lack of a policy coordination unit until recently has meant that the Government of South Africa has not been able to prepare a country strategy note. This has also delayed the process of implementing the UNDAF. However, as noted above, the Office of the Deputy President has been designated as the focal point for the coordination of development assistance to South Africa. It is hoped that this will facilitate the implementation of the UNDAF.

D. Strategic partnerships

25. As a consequence of the historic developments that took place in South Africa in 1994, the new State was organized at three governmental levels, namely, national, provincial and local, leading to the merger of previous homeland structures in the process. Nine new provinces were created and empowered with substantial autonomy. Since most of the people-centred programmes are being implemented through the provincial and local governments, the mission felt that it was essential to address capacity-building at those levels. Some of the ongoing programmes are already operating at the national, provincial and local levels and involve CBOs and non-governmental organizations (NGOs).

26. The Government and the United Nations system are collaborating on the implementation of the Beijing Platform for Action. This is one of several areas where the Government of South Africa is actively using the outcomes of United Nations-sponsored international conference in advancing social policy development.

27. NGOs play a crucial role in development in South Africa, and have an exceptionally high level of interaction with the Government, stemming from their long history of activity. Prior to 1994, they tended to fall into three categories - those that were anti-Government, which are now the NGOs concentrating on development issues; those that had neutral relations with the Government and were concerned with social welfare issues; and those that worked with the Government. Most were significantly and freely funded by external donors. However, now that donors have a formal bilateral relationship with the Government, NGOs are facing funding constraints.

28. The NGO perspective developed further during the period immediately after the new Government came into power. Initially, NGOs were anxious to work closely with the Government, contributing to the central policy debate, but later they saw a gap develop between policies and implementation, as well as some deviations from policy. This presented NGOs with a dilemma - how to remain patriotic but at the same time free to criticize the Government. They now have carved a niche that allows them to acknowledge their support for the Government while offering criticism when they feel it justified. An illustration of this dual role was NGO action during the debate on child support. Government policy was that child support payments, which had previously been limited to a minority, should be universalized; however, the budgetary constraints resulted in lowering the level of support. After concerted efforts, the NGOs convinced the Government that it must readdress the issue, and as a result, the level of support was increased by 25 per cent.

29. NGOs are, therefore, a powerful element in policy development: they are also active nationwide in community projects ranging across sectors such as housing and water to development banks, and provide a dynamic framework through which donors and development agencies can work, ranging from policy issues requiring advocacy intervention, to participatory, anti-poverty projects at the community level.

E. Strategic interventions

HIV/AIDS

30. The HIV/AIDS epidemic in South Africa has already reached 15 to 20 per cent of the adult population from 15 to 45 years of age. The fastest growing incidence is among girls and women from 15 to 24 years of age. Thus, it is already clear that the epidemic will have an impact on the development of the country and that it must be addressed in a comprehensive way, not only as a health problem. It is therefore a positive development that the Government has established an interministerial committee in the Office of the Deputy President in response to the epidemic and will be launching a major advocacy campaign this year. Several political leaders who met with the team took up the issue of HIV/AIDS. This demonstrates that the epidemic has become a priority issue for the Government. Government officials also underlined the importance of approaching the issue in a regional context.

31. The Joint United Nations Programme on HIV/AIDS (UNAIDS) theme group in South Africa was led by UNFPA for the first two years; currently it is headed by the World Health Organization. It has been promoting the expanded AIDS response issue with the Government. The UNAIDS theme group has been struggling to find its role, particularly because of unclear messages from the Government with regard to its priorities and to the role of the theme group as opposed to that of each individual agency in this issue in the past. The group is now working to develop a more coordinated response to the new initiatives from the Government.

32. In 1998, UNDP in South Africa is developing a special human development report on HIV/AIDS and development.

Housing

33. The backlog in housing development is a serious challenge to the Government. New developments have fallen short of expectations for several reasons. The sector has suffered particularly from the inappropriate regulations, procedures and standards of the past. In part for these reasons, the Government has experienced problems in land allocation and in assisting the poor to gain access to capital to build houses. This is, however, a major priority area for the Government.

34. UNDP has played an important role in facilitating pilot schemes in this area through CBOs. The team visited one such project in Joe Slovo Settlement outside Port Elizabeth. The team was impressed by the level of community participation in the programme and the spin-off effect by way of other social and economic development in the settlement that was evident. An important input to national planning in this project is through highlighting the existing obstacles and through the development of alternative solutions.

F. Management and administration, including common premises and common services

35. Prior to 1994, a negative image of the United Nations was projected in South Africa. After 1994, in recognition of a new partnership with the United Nations system, the Cabinet decided in 1995 to provide rent-free premises over a five-year period to the agencies of the United Nations system present in South Africa. This has facilitated closer cooperation among United Nations agencies in the country.

36. In seeking to build a unified presence in South Africa, eight United Nations organizations have relocated to what has been termed the "UN house". This has facilitated the use of common services, which has further enhanced cooperation. Common services include shared conference facilities, telecommunications services and joint training.

37. The staff expressed concerns that common services should be fully expanded to include elements such as procurement, maintenance, information services, training and certain administrative services such as travel. They also observed that more effective use and expansion of common services would require that staff be specifically designated to perform a common support function. Such a function under the resident coordinator system would increase the capacity of United Nations organizations to collaborate at the operational level.

III. RECOMMENDATIONS

38. The mission encourages UNDP and UNFPA to:

(a) Continue to support South Africa's transformation through activities relating to reconciliation, transition and sustainable development;

(b) Provide, whenever requested, all possible assistance to the Government of South Africa to support the development of institutional mechanisms for coordination and implementation;

(c) Provide the donors and the Government with details of the process of implementation of the UNDAF in other pilot countries;

(d) Initiate preliminary discussions, as appropriate, with bilateral donors regarding the UNDAF;

(e) Continue to pursue the issue of the full commitment of all United Nations organizations to the resident coordinator system through the United Nations Development Group and the Administrative Committee on Coordination;

(f) Continue to engage in dialogue with the Government regarding the possibilities for implementing projects through the national execution modality;

(g) Strengthen the activities of inter-agency thematic groups since they seem to be a useful mechanism, particularly in the context of the UNDAF;

(h) Continue to support the implementation of the National Policy on Population and Development;

(i) Facilitate the development of a population data collection and analysis system for effective development planning;

(j) Facilitate access to knowledge and experience in population and development planning through the technical support services specialists from other United Nations agencies such as the Food and Agriculture Organization of the United Nations, the International Labour Organization, the World Health Organization and the United Nations Educational, Scientific and Cultural Organization;

(k) Continue to address the issue of better coordination, with a view to ensuring the effective use of pilot experiences through the documentation and the sharing of experience in order to facilitate replication of such programmes.
