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PROGRAMME IMPLEMENTATION

STANDARDIZATION OF DEVELOPMENT CO-OPERATION PROCEDURES

Consultations on More Uniform or
Standard Procedures to Facilitate the
Administration of Development Co-operation

Report of the Administrator

Summary

In response to the Governing Council's long-standing concern with more efficient and effective development co-operation procedures, the Administrator initiated a survey of UNDP field offices to determine the feasibility of a voluntary "checklist" approach to more standard or uniform procedures. This report details the results of the survey both from the viewpoint of officials of recipient Governments, as well as of field representatives of donor organizations consulted. It concludes that the problems of varied procedures is more severe among low-income and least developed countries. The report also summarizes similar investigations carried out by the Development Assistance Committee of OECD. The Administrator recommends that UNDP pursue follow-up action through the appropriate ACC machinery.

Introduction

1. At its twenty-sixth session in June 1979, the Governing Council, in decision 79/9, took note of the Annual Report of the Administrator for 1978 (DP/380), of the views expressed thereon and, inter alia, requested the Administrator:

"... to consult with officials from developing countries and from donor agencies on the possibility of devising a checklist of uniform or standard procedures to facilitate the administration of development co-operation by developing country officials and to report in (1980) on the results of these preliminary discussions."

2. The Council's decision reflects both the long-standing concern of UNDP with more efficient and effective ways of improving development co-operation at the operational level and the growing concern of the donor and recipient countries with a confusing and sometimes conflicting array of rules and procedures maintained by development assistance organizations. The Administrator recognizes the special responsibility borne by UNDP in building up practical capacities and mechanisms designed to ease the complexities of development assistance through technical co-operation. By raising the issue of a checklist approach to more uniform or standardized procedures, he was reflecting a frequently expressed concern of the Governing Council, acknowledging the important role of technical co-operation in helping to resolve such constraints, and placing at the service of the development community the unique assets of UNDP: its extensive operational experience at the country level, its network of field offices and its particular function as a centrepiece for operational activities in the development work of the United Nations system.

3. Accordingly, in response to the Governing Council's request in decision 79/9, the Administrator undertook some preliminary measures. In October 1979 he initiated a field survey to determine government and donor agency views as to the extent of the problem created by varied or conflicting administrative procedures and the possible usefulness of a voluntary checklist of uniform or standardized procedures as a means of easing administrative overloads and improving development co-operation flows. At the same time, through the Development Assistance Committee of the Organization for Economic Co-operation and Development (OECD/DAC), UNDP sought to assess and assimilate the results of similar investigations and activities carried out under the auspices of the OECD/DAC Secretariat.

4. This report summarizes the findings of the field office survey, discusses the relevant results of parallel OECD/DAC undertakings in related

fields of inquiry, and sets forth recommendations by the Administrator for consideration by the Governing Council. 1/

Results of the field survey

5. In his memorandum to UNDP Field Offices, the Administrator requested all Resident Representatives to contact appropriate government officials in their respective countries of service to determine:

(a) The extent of the problem facing these officials in terms of varied or conflicting procedures;

(b) The usefulness of a checklist approach, carried out on a voluntary basis, in helping to resolve some of these problems; and

(c) Any objections that might be raised to a more uniform or standardized set of procedures.

6. Resident Representatives were at the same time also invited to poll in-country representatives of other donor organizations as to their own views on each of these issues. They were asked to bear in mind that the practices of UNDP and its Agency partners within the United Nations system were not the immediate focus of this initial, general inquiry, since that issue was being explored in a more detailed and comprehensive way in another context, viz. the country programme review exercise.

7. Some 74 Resident Representatives responded to the Administrator's request for information. As is frequently the case in such exercises, the replies were highly diverse, with no uniform, definitive pattern of response emerging. In some countries, government officials expressed the view that the inquiry was on the whole irrelevant to their immediate concerns, while representatives of donor organizations within the same country welcomed the idea. In some countries, donor representatives disagreed among themselves as to the relevance of the issues raised; in other instances, representatives of the same donor organizations based in different countries differed among themselves in line with the particular experience of the countries in which they worked.

1/ Following initial consultations on this issue at the Interagency Consultative Meeting (IACM) in October 1979, the Administrator presented preliminary results of the field survey, based on responses from 53 UNDP field offices, to the subsequent IACM in December. On the basis of these responses, UNDP recommended that urgent consideration be given to strengthening administrative support and related training projects as an important contribution to easing the implementation burden among least developed and low-income developing countries, particularly. The recommendation was endorsed by IACM.

8. Basically, however, the responses pointed toward widespread concern with the issue of varied procedures and to the fact that a broad range of officials on all sides had given considerable thought to the problems involved. The responses also revealed that some Governments and donor agencies had on their own accord already adopted a "checklist" approach, and that a number of highly useful insights and observations regarding the procedural aspects of development administration were forthcoming. Of the responses recorded, 37 indicated that, in terms of recipient government perceptions, the problem of varied or conflicting development procedures was either non-existent or so minimal as not to be a priority consideration, while 37 responses stressed to varying degrees the relevance of the issues posed to the countries concerned.

9. Among those expressing little or no interest in the issue, the following reasons were most frequently cited:

(a) Relatively few donor organizations aside from UNDP were active in their countries and therefore the problems normally associated with varied procedures were of minimal importance;

(b) The respective ministries charged with development administration were fully capable of handling the diverse procedures involved;

(c) Any effort to standardize procedures might serve to jeopardize the goodwill of donor organizations and was therefore not worth the risk;

(d) The existing system of varied procedures offered greater flexibility than any more uniform system; and

(e) While any effort leading to simplification and standardization would be welcome, the idea of a checklist was itself too confusing and unformed to elicit a favourable response.

10. Of the 37 respondents indicating that procedural issues did constitute a problem, 16 are either least developed countries or countries classified by the World Bank as "low-income". These respondents, in particular, stressed the severity of the problems stemming from a lack of uniformity in procedures and the burden imposed on developing country Governments as a result.

11. The following were cited as being among the main problems stemming from varied procedures among different donor organizations:

(a) Lack of central co-ordination. Some donors provide assistance through the ministry of foreign affairs, some through the Government's finance and/or planning authority and others through sectoral ministries. In countries where varied government organs are used to channel assistance, rational co-ordination and planning is often hampered by these variations.

(b) Varied cycles of assistance. Many donors provide assistance on a project-by-project basis, others on the basis of programme or planning cycles which range from one to five years. These variations further undermine effective development planning and complicate its administration.

(c) Varied fiscal years. The budgeting of assistance is also complicated by wide variations in fiscal years, not only among donors but among the developing countries as well. For the most part, it is the exception when a donor's fiscal year corresponds with that of the recipient Government.

(d) Varied disbursement procedures. Some donors require that recipient countries disburse funds for projects on behalf of the donor and then reimburse under a variety of sometimes complicated procedures. These in turn lead to long delays in the replenishment of assistance funds.

(e) Staff and administrative requirements. A wide variety of donor requirements in terms of project or programme appraisal, implementation, evaluation, auditing and other follow-up actions places a severe strain on the limited cadre of trained and experienced national staff. This is particularly the case among least-developed and newly independent developing countries.

(f) Varied fellowship formats and stipends. Several respondents called particular attention to variations in both fellowship formats and stipends among donor agencies as a typical example of conflicting procedures which hamper effective development implementation.

(g) Constant adjustment demands on Government. The growing need for developing countries to modify and reconcile their own administrative procedures to suit the requirements of donor organizations was also cited. Such a process of continuing adjustment was said to be damaging to sound institution building and good management.

Viability of a checklist approach

12. In his field memorandum the Administrator had inquired as to the advisability of devising a checklist, to be voluntarily adhered to by donor organizations, as a possible starting point for obtaining standard or more uniform development procedures. In response, Resident Representatives reported that some 39 government officials or ministries contacted favoured such an approach, ^{2/} though a number expressed reservations both as to the content of such a checklist and its manner of application. A somewhat smaller number of donor officials also responded favourably to this idea, though again various reservations were expressed.

13. Among responses favouring such an approach, the following possible benefits were cited:

(a) A checklist could provide a useful basis for comparative programme reviews and help determine more precisely the differences and similarities in donor procedures which already exist;

^{2/} Some respondents indicating that varied procedures posed little or no problem nonetheless welcomed the idea of a checklist approach.

(b) It could help ease the paperwork burden on hard-pressed national development staff, particularly among least developed and low-income countries;

(c) It could enumerate the best of the procedures in existence for emulation by all donors; and

(d) It could help speed the flow of development implementation by removing certain administrative bottlenecks, especially in countries with weak administrative structures.

Content and design

14. At the same time, many respondents qualified their endorsement of a checklist approach by citing elements of content and design deemed essential to the successful use of such an approach. Among the main qualifications:

(a) The need to be country specific (i.e., design the checklist to fit the administrative needs and procedures of each recipient Government, particularly in the case of least developed countries);

(b) Differentiation between uniform procedures for programmes of technical co-operation and programmes of capital assistance;

(c) Careful definition and extensive study and consultation prior to adoption of any checklists;

(d) The formation of in-country interorganizational working groups composed of both government representatives and bilateral donors to help devise standardization details;

(e) The need for more uniform procedures among recipient government ministries and departments;

(f) No infringement of the Government's over-all responsibility for coordinating and supervising development co-operation activities within the country;

(g) Avoidance of any tendency to make checklists an end in themselves, detracting from the real purpose and objective of development co-operation; and

(h) Devised in close collaboration with government officials and based on the most flexible and simple procedures currently in effect among in-country donors.

Objections to checklist approach

15. Although a slight majority of respondents agreed to the potential usefulness of checklists, many others expressed opposition to such an exercise, and for a wide variety of reasons. Among those cited:

(a) The varied nature and volume of assistance;

(b) The fact that donor procedures are dictated by the legislators and administrators of their own countries -- the result of very carefully devised and long-practised systems of checks and balances -- and the difficulty in changing these:

(c) The fact that diversity in procedures allows for programming flexibility and is therefore advantageous;

(d) That checklists would call for more information than is required, resulting in increased workload and delays in commencing project activities, as well as lack of flexibility in terms of small projects, particularly;

(e) That they would be of such a low common denominator as to be of little or no value; i.e., another exercise designed to gather dust in a file;

(f) That the effort to persuade and cajole donors into any standardization scheme would be far more complicated and time-consuming than the present state of diversified procedures; and

(g) That bilateral donor procedures are so radically different from UNDP procedures and from each other that standardization is neither required nor feasible.

16. Several respondents stressed that the real priority need in terms of easing the development workload lay in more technical co-operation aimed at strengthening administrative, managerial, financial and technical skills within the appropriate government ministries and departments. This could contribute far more to speeding implementation than the devising of any checklists. Along similar lines, another respondent stressed that it was the unfamiliarity of government institutions requesting projects rather than donor procedures which posed the key obstacle to more effective use of bi- and multilateral programmes. Several respondents also noted that any move toward standardization of procedures should start within UNDP, the funds it administers and the related Agencies of the United Nations system -- issues which are in fact currently under discussion.

OECD/DAC findings

17. In its own concern to improve and streamline the process of development information, OECD/DAC has in recent years explored a number of issues directly related to those raised in the Administrator's memorandum on standardization of procedures. It is DAC which has sought to encourage a checklist approach to basic-human-needs-type projects and programmes and which has called special attention to the general confusion and disarray in development procedures which is hampering implementation efforts in too many countries.

18. In an informal DAC meeting with senior officials from developing countries on measures to improve aid implementation and disbursements, held in June 1979, the focus of discussion was on four key issues of evident applicability to the issues raised in this report.

- (i) Simplification and increased flexibility of aid procedures through the project/programme cycle;
- (ii) A more flexible approach to aid implementation;
- (iii) Greater predictability and continuity of aid flows;
- (iv) Improving the administrative capacity of recipients.

19. Subsequently, at a High Level Meeting sponsored by DAC on 19-20 November 1979, a set of Guidelines for Improving Aid Implementation was adopted, which, inter alia, noted as follows:

"Experience shows that a great deal can be accomplished within the framework of existing legislation if it is applied flexibly and with full consideration for the very different circumstances and needs of developing countries. Where certain legislative and regulatory constraints become apparent DAC members are prepared to consider changes that would contribute to more effective aid implementation and disbursement."

20. Stressing the need to speed implementation and make more effective use of development resources, the DAC guidelines proposed a number of measures to assist in strengthening the administrative capacities of recipient countries. It was stated that "DAC Members are ready to examine more closely with recipients the administrative implications of development programmes in general and resulting needs for external technical assistance. They recognize the importance of considering the over-all administrative capacity of developing countries and not limiting their concern to the administrative requirements of individual aid activities. In this connexion, donors will also consider the scope for strengthening the administrative capacity of developing countries for identifying and preparing projects and programmes."

21. To improve aid procedures generally, the Guidelines noted that "one approach to simplification has been the adoption of streamlined procedures or the extension of sector aid and other mechanisms through which particular types of projects, especially small and medium-scale projects, can be grouped. Such procedures could be applied, inter alia, to the approval process, the frequency and detail of project reports and the methods of procurement." Specific suggestions were also put forth to improve and simplify project identification and appraisal, procurement, finance and budgetary procedures, as well as project monitoring and evaluation.

22. After recommending several measures designed to improve the administrative structures of donor organizations, including "greater delegation of responsibilities to competent donor field representation and to recipient authorities," the Guidelines concluded with a section on "Possible Collective Action with Recipient Countries." Here the guidelines noted that:

"In some cases a certain degree of harmonization on the basis of the simplest procedures possible may be appropriate; however, the ability to deal flexibly with specific aid activities and recipients remains of primary concern. Although harmonization of donor procedures is attractive in principle, it is virtually untried and may present numerous practical problems. Nevertheless it remains important that some harmonization be carried forward with a view to reducing rather than increasing the burden which donor procedures impose on recipients. Aid agencies may be able to reduce differences in their procedures where the diversity and disparities in them impinge heavily on the administrative capacity of recipients. Some examples of possible harmonization could include:

- a common format for basic information required to document requests for external financing possibly including core criteria for appraisal of projects or programmes;
- wider use of feasibility studies commissioned by other donors; and
- joint appraisal or fact-finding missions."

Recommendations of the Administrator

23. Against this background of both the field survey on procedural standardization initiated by UNDP and the guidelines for improving aid implementation adopted by DAC Members, the Administrator believes that UNDP, as the principal funding organization for technical co-operation in the United Nations system, has a special obligation to assist in resolving implementation problems at the operational level, which are of concern to developing countries.

24. The Administrator therefore recommends:

(a) That, to the extent recipient Governments are prepared to finance such programmes from their IPFs, UNDP give special consideration to efforts designed to improve and strengthen the national administrative, financial and technical skills and capacities required to manage external development assistance;

(b) That the findings made in this report also be included as part of UNDP's recommendations for action to the World Conference on Least Developed Countries to be convened in 1981, especially as those findings relate to (a) above; and

(c) In view of the broad implications of the above findings, that UNDP pursue follow-up action through the appropriate ACC machinery as necessary and keep the Governing Council informed of further developments.