Summary

This report responds to decision 79/48 of the twenty-sixth session of the Governing Council (E/1979/40, page 168) and decision 80/22, part I, of the twenty-seventh session of the Governing Council (E/1980/42/Rev.1, pages 38-39).

The report presents information and recommendations on government execution, government management, project design, project monitoring and evaluation, alternatives to internationally recruited experts, and personnel policy issues with regard to nationally and internationally recruited experts.

Regarding government execution, a fundamental departure in favor of a wider application of this particular method of implementation is proposed in paragraphs 11-19. These recommendations are also consonant with General Assembly resolution 35/81. Recent initiatives in streamlining the project document are reported in Chapter II. As both operative paragraph 2 of decision 79/48 and part I of decision 80/22 are concerned with monitoring and evaluation, the action which has been taken to implement these decisions is described jointly in Chapter II. Progress made in the introduction of the policy on nationally recruited professional project staff and other alternatives to international experts are covered in Chapter III.

The Administrator is recommending that the Council adopt the draft decision contained in paragraph 55 of this report.
INTRODUCTION

1. This report deals with the progress which has been achieved on the broad and important issues in technical co-operation which are contained in decision 79/48 of the twenty-sixth session of the Governing Council (E/1979/40, page 168). It also provides the Governing Council with an account of recent steps taken to implement decisions calling for new approaches to technical co-operation, including Government management, government execution and the increased participation of all and available and qualified and national human resources in programme and project implementation. In addition to providing information on progress made in the implementation of new policies, recommendations are presented to ensure a wider use of government execution. The report also recommends measures to enhance the quality of technical co-operation through improved project design, monitoring and evaluation.

2. The JIU report cited in footnote 1 below covers a wide range of technical co-operation issues and presents far-reaching recommendations which have led to further study and analyses by the United Nations system (DP/392) and subsequently to Governing Council decision 79/48. As a result of this decision, UNDP, in collaboration with the Executing Agencies, has pursued policies to achieve fuller participation of governments in the management and execution of projects, as well as to offer alternatives to internationally recruited experts. At the same time, measures have been introduced to improve the quality of technical co-operation through the infusion of evaluation results into operational activities, as well as by streamlining and harmonizing existing procedures. Specifically, this report provides information under four headings:

- GOVERNMENT EXECUTION
  (responding to operative paragraph 1 of decision 79/48);

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1/ Decision 79/48 resulted from the consideration by the Governing Council in two successive sessions, of the Joint Inspection Unit (JIU) Report on the Role of Experts in Development Co-operation (JIU/REP/78/3). It resulted also from a discussion of the efforts by the Agencies and UNDP to seek better approaches to technical co-operation.
OPERATIONAL CONCEPTS AND PROCEDURES
(responding to operative paragraph 2 of decision 79/48, as well as to decision 80/22/);

ALTERNATIVES TO INTERNATIONALLY RECRUITED EXPERTS
(responding to operative paragraph 3 of decision 79/48);

PERSONNEL POLICIES
(responding to operative paragraphs 4-8 of decision 79/48).

I. GOVERNMENT EXECUTION

A. Background

3. This section responds to operative paragraph 1 of decision 79/48 which invited the Administrator to review existing UNDP guidelines on government execution, as more extensive experience is gained, with a view "to facilitating the various options available to governments for project implementation in order to achieve the goal of self-reliance". It reviews the main components which make up UNDP policy on government execution, and offers proposals to replace the present selective approach with a more purposive one. In keeping with the decision of the Governing Council, UNDP's experience of government execution has been assessed at the Global Meeting of Resident Representatives which was held in July 1980. Consultations have also taken place with the Agencies and the Interagency Task Force. In this context, UNDP considered alternative solutions, some of them entirely new approaches, to achieve the fullest possible utilization of governments' own capability for the implementation of UNDP assistance to their projects.

B. Current UNDP policy on Government execution

4. The present policy on government execution is based on a number of considerations, principles and policy directives. These were either given in decisions of the General Assembly or the Governing Council (the Consensus contained in General Assembly resolution 2688(XXV); decisions of the twentieth, twenty-second and twenty-third sessions of the Governing Council) or adopted when government execution was first introduced. The decision adopted by the Governing Council at its twenty-second session emphasized the need "to proceed with government execution of projects on a carefully selected basis in close consultation with high-level sectoral advice from the organizations of the United Nations system or suitable outside sources if necessary" (E/5846/Rev.1, paragraph 94, part V). During the debate of the twenty-second session of the Governing Council a few members, while

2/ In view of the close link between some of the concerns expressed in operative paragraph 2 of 79/48 and part I of decision 80/22, action taken to implement both decisions is reported in this paper.
endorsing the principle of government execution, nonetheless felt that it would be appropriate: "to proceed cautiously and on a selective basis". It was considered important: "... to preserve the multilateral character and quality of technical assistance" and the Administrator was asked to "... utilize the technical experience and knowledge of the specialized agencies". (E/5846/Rev.1, paragraph 75).

5. Government execution is an integral part of the New Dimensions of Technical Co-operation contained in General Assembly Resolution 3405 (XXX), adopted in 1975. The thirty-fifth session of the General Assembly in its resolution 35/81, on "Comprehensive policy review of operational activities for development," has reaffirmed that:

"as set forth in its resolution 3405 (XXX), governments and institutions of recipient countries should be increasingly entrusted with the responsibilities for executing projects and, to this end, the operational activities of the United Nations system should, inter alia, effectively contribute to the training of the personnel of recipient countries"

6. Current instructions on government execution were issued in January 1979. These instructions follow closely the proposals made in the Administrator's detailed outline of a modified approach to the implementation of UNDP assistance by governments (DP/221), submitted to the Governing Council and approved at its twenty-third session (E/5940, para. 76(e))3/. They envisaged a gradual process based upon the decision of the General Assembly on New Dimensions. Thus, the introduction of government execution has been undertaken "selectively", and only after field offices have ascertained in each case the feasibility of the arrangement on the basis of an assessment of a government's administrative, technical and substantive capability to assume responsibility for the implementation of UNDP assistance. This assessment has been a joint responsibility of the government, the competent United Nations system organization and UNDP.

7. It may be useful to summarize the general policy premises of execution arrangements with respect to all projects, as follows:

(a) All projects are undertakings of the governments concerned; even if the share of UNDP is high, its participation in a project consists of the financing of inputs which are considered as additional to those provided by the government;

3/ This approach, based upon the directives of the Governing Council given at its twenty-second session, was reviewed with the Participating and Executing Agencies in October 1976, before submission to the twenty-third session of the Governing Council in January 1977. The time-lag between the Governing Council's adoption, in January 1977, of the proposed procedures and their actual issue two years later, was caused by the extensive negotiations required to achieve a common understanding on specific details between the Agencies and UNDP.
(b) Governments have the overall management responsibility for all their projects;

(c) The responsibility for actual procurement, delivery and use of these inputs (implementation of UNDP assistance) can be entrusted by the Administrator to an "Executing Agency" or to the government itself (government execution);

(d) The designated Agency/government is accountable to the Administrator for the timely procurement and delivery and appropriate and effective use of UNDP resources.

8. Specifically as concerns government execution, the following relevant features should be recalled:

(a) The availability of technical backstopping by the Agencies at all stages of the project cycle in order to preserve the multilateral character of technical co-operation provided through UNDP;

(b) Approval of the execution arrangement by the Administrator, based upon the Resident Representative's specific and substantiated recommendations;

(c) The government's right to use existing national structures and administrative procedures to manage the implementation of UNDP assistance to projects;

(d) Observance of established procedures of the United Nations system regarding remuneration of experts and support of fellows, procurement, project review and evaluation;

(e) Provision of information to competent Agencies for their information and observation of progress made in project implementation, and encouragement of governments to make use of Agencies' competence in their own field;

(f) Participation of Agencies as "Co-ordinating Agency" if so requested by the government4;

(g) Possible provision of ad hoc services by Agencies towards the implementation of a project;

(h) Financial arrangements providing for compliance by governments with UNDP financial regulations and rules and, in the case of a co-operating Agency - direct settlement of financial claims between the Agency and UNDP, thus relieving governments of the administration of expenditures incurred on their behalf by the Co-operating Agency.

4 The instructions on government execution state: "the Agency thus involved will be responsible for providing specified UNDP-financed inputs and assisting the government in their effective utilization. Compensation of the Agency is foreseen through support costs in accordance with the applicable UNDP rate. The co-operation arrangement is to be confirmed in a "service agreement" concluded between government and an Agency."
9. In order to overcome potential incompatibility of UNDP administrative and substantive rules and practices with a government's own norms and practices of financial management and technical supervision, a mutually satisfactory arrangement had to be negotiated prior to approval of UNDP assistance. This included, in each case, agreement on the disbursement of UNDP funds and their utilization, as well as on appropriate technical backstopping of project activities.

C. Summary of the analysis of experience

10. The general lack of application of government execution is widely recognized. Based on the broad assessments undertaken with Resident Representatives and Agencies they can be attributed to the following causes:

(a) Complicated procedures: The present requirements of financial and accounting procedures may have affected progress, as well as the fact that the approval of executing arrangements for government execution had to follow a special procedure;

(b) Initial reluctance on the part of Agencies: While Agencies have been inclined, especially in the beginning, to be skeptical about the feasibility of government execution, they now fully endorse this policy. However, this reluctance could not have had a direct bearing on government (and Resident Representative) decisions to proceed or not to proceed with government execution;

(c) Limited interest on the part of Governments: Governments may not always be favourably inclined to assuming responsibility for the implementation of UNDP assistance because of complex procedures. In some cases, governments, while having the capability to deal with the administrative and substantive requirements of government execution, may not wish to assume the additional administrative responsibilities. They would, instead, prefer Agencies to continue to handle recruitment, procurement and UNDP funds, as long as the governments themselves are enabled to assume full responsibility for operational management;

(d) Hesitance on the part of Resident Representatives: Reasons range from concern about government competence to field office capability to render the support which it will be called upon to provide.

D. Recommendations

11. The assessment of experience with government execution summarized above has led to the conclusion that a fundamental departure from the current approach is required if greater progress is to be made. While limited corrective measures could be introduced to the existing instructions, this would not reverse the current slow progress. Consequently, a number of more fundamental changes are proposed.

5/ As of September 1980, only 56 government-executed projects had been approved, of which only 19 were over $400,000.
12. In order to ensure that maximum consideration is being given to government execution, it is proposed that government execution become the preferred approach for the implementation of all UNDP assistance to a project. Thus, the Resident Representative, acting on behalf of the Administrator, would invite the government to consider government execution for each project, unless there are reasons for adopting another executing arrangement, as described in the next paragraph. If a government rejects execution responsibility, the Resident Representative would consult with that government on the designation of another executing agent.

13. The determination by the Resident Representative to seek other execution arrangements should be made only after discussion with the government and in consultation with the competent Agency, along the lines set out in current instructions. If the conclusion is that government execution is not desirable, the Resident Representative should inform the responsible central and sectoral government authorities accordingly. The conclusion by the Resident Representative should be substantiated and based upon such considerations as the potential of reduced effectiveness of UNDP technical co-operation due to administrative and/or technical weaknesses of government structures, or for other specified reasons.

14. If a government wishes, despite a Resident Representative's conclusion to the contrary, to assume execution responsibility, the Resident Representative should further review the implications with the government and should, in particular, explore the possibility of providing additional UNDP inputs to strengthen government capability to discharge its execution responsibility. Such inputs may be of an administrative or substantive nature. In the latter case, use should be made of the resources available within the United Nations system. The objective should be to remove constraints and negotiate an arrangement acceptable to the Administrator and the government, rather than to impose an undesirable solution on either of the two parties. In many cases, the solution will probably be found in supplying special assistance to the government to enable it to assume the additional tasks involved, or in a co-operative arrangement with the competent Agency as described in paragraph 8(f) above.

15. With the proposed change from the earlier selective approach to one giving primary consideration to government execution, it would no longer be necessary to seek the Administrator's specific approval of government execution arrangements. It would, on the other hand, be appropriate to require Resident Representatives to keep the Administrator informed about those cases where it has been concluded that government execution should be avoided.

16. While, in principle, governments should assume full responsibility for the administration of their projects — with or without additional administrative support financed from the Indicative Planning Figure (IPF) — in practice, field offices will continue to be called upon to supply the necessary administrative backstopping, as at present. The wider application of government execution is, therefore, bound to make increasing demands on UNDP's field structure. Since the enhancement of government execution is a part of UNDP's mandate to bring about increased self-reliance, the issue needs to be addressed with a view to enabling UNDP field offices to discharge their additional responsibilities effectively.
17. The provision should be maintained that governments adopt internal arrangements for the execution of UNDP-supported projects which are compatible with their organizational structure and which are best suited to internal administrative arrangements. Considering that governments may need to strengthen existing units to undertake additional responsibilities arising from government execution, especially if this practice assumes significant proportions in individual countries, compensation of governments should be foreseen for administrative costs incurred in carrying out execution responsibilities. The amount of compensation should be a fixed percentage of that part of the total cost of UNDP's assistance to a project which will be implemented by the government directly, as in the case of Agency support costs. Compensation through support cost should be established on the principle that this will not be a subsidy for normal activities but a reimbursement for extra costs incurred as a result of implementing UNDP contributions to a project. Such compensation should be charged to the appropriate UNDP account for support costs and not to the IPF. Under no circumstances should the total support cost paid to a government and an Agency for a project exceed 13 per cent.

18. Three distinct ways would be available to support government execution at the field level:

(a) The capacity of governments to undertake all components of a project could be supported through limited assistance and administrative support projects funded through IPF resources;

(b) In cases where governments assume full implementation responsibilities, additional cost could be compensated through the payment of support cost;

(c) In cases where a large number of government executed projects will be carried out in a country, this could put additional burdens on a UNDP field office, particularly in the Least Developed Countries, as concerns accounting, bookkeeping and administrative support and, thus, more staff may be needed. UNDP, in translating the decisions of the General Assembly and the Governing Council into effective operational activities has an obligation to use all available means to implement new initiatives.

19. The new approach would effectively avoid prima facie rejection of government execution because of reluctance on the part of the UNDP field office or of Agency personnel in the field or at headquarters. Instead of having preconditions for government execution, which have been viewed as obstacles to its wider application, the modus operandi in normal circumstances would be to let the governments' considerations of practicability and desirability prevail. Provisions for the temporary compensation of governments for the additional cost of support for their projects may make the arrangement more feasible from their point of view. Also, the new policy would require that governments determine, for each project, the degree of their own involvement in the implementation of UNDP assistance.

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II. OPERATIONAL CONCEPTS AND PROCEDURES

A. Government management

20. In operative paragraph 2 of decision 79/48, the twenty-sixth session of the Governing Council requested the Administrator to introduce measures which fully support the principle of government management, ensure its practical application and promote the increased use of national capabilities in the formulation and implementation of projects. It also requested that the quality of project design be improved; that tripartite monitoring by government, Agency and UNDP be carried out efficiently and effectively; and that there be compliance by all concerned with measures for improving the quality and efficiency of projects.

21. The concept of government management of projects was reaffirmed in decision 25/20 of the Governing Council, which stated: "The overall management responsibility for the project rests with the government and, in this sense, every project receiving the technical co-operation of the United Nations system is government managed" (E/1978/53/Rev.1, page 194). The concept of overall government management responsibility of UNDP-assisted projects is an accepted principle of international technical co-operation, based on the sovereignty of all countries. It is a principle which has been an integral part of technical assistance by the United Nations system.

22. More recently, UNDP has issued new instructions calling for the designation of a single individual to be responsible for the co-ordination and management of a project. Designation of this individual is the responsibility of the government, which can either appoint a project co-ordinator itself or delegate such designation to the Executing Agency. The agreed arrangements for project management and implementation should be reflected in the project document. UNDP's policy in this respect is based on the concept of mutual accountability for project efficiency of the government, the Agency and UNDP. Furthermore, effective project monitoring and periodic tripartite reviews are expected to be based upon carefully designed project documents and up to date work plans.

B. Project cycle

23. Concerning improvement in the quality of project design, the Administrator has provided, to the twenty-seventh session of the Governing Council, preliminary information on steps taken to implement decision 79/48, operative subparagraphs 2(c) and (e)6/. Increased activities are now under way to train government, Agency and UNDP staff in the concepts and methodologies of project design and formulation. In addition, coupled with UNDP's efforts to improve overall management information systems, steps have been taken to review the current project document format, as well as the various elements in the project cycle, in order to streamline the relevant policies and procedures. The results of this review have been discussed at the Global Meeting of the Resident Representatives held in Tunis in July 1980. It concluded that, while greater compliance was necessary with respect to existing project cycle policies and procedures, simplified procedures should be introduced, particularly for use in the Least Developed Countries which will benefit from a substantial increase in IPFs in the third cycle.

6/ See DP/448
24. An analysis of the current project cycle has revealed a number of shortcomings, such as:

(a) The formulation of project documents in accordance with the present detailed format is a time- and resource-consuming task for governments, Field Offices, and Agency and UNDP headquarters; yet a large volume of detail is not necessary at a preliminary stage in the project cycle. Hence, current procedures contradict United Nations system efforts to reduce administrative costs and increase operational efficiency;

(b) Project documents, as they are currently prepared, are often not valid instruments for effective project implementation and monitoring, since they tend to be outdated by the time they are signed; yet project documents as a whole are seldom revised (although the budgets are);

(c) The project formulation process often stops with the preparation of the plan of activities currently included in the project document, which tends to be used in lieu of work plans which should be prepared at a subsequent stage;

(d) The project management team recruited to serve in a project sometimes finds that previously designed project documents are poorly adapted to the realities of implementation. Also, in some cases, national personnel may not be sufficiently involved in the design of a project and hence do not feel committed to it.

25. A major difficulty stems from the fact that so many disparate functions have been vested in the current project document (capture the design of the project, permit appraisal/approval, bind the parties legally, commit UNDP and government funds, serve as an operational tool for implementation, serve as a management tool for financial and substantive monitoring, provide a frame of reference for evaluation) that some of these functions are, in certain cases, carried out only perfunctorily.

26. In order to improve this area of technical co-operation, it has been decided to test a new approach, on an experimental basis, in a number of countries, with the formal participation of one large and one small Executing Agency as well as the UNDP Office for Project Execution. Simultaneously, compliance with existing procedures will continue to be encouraged.

27. The experimentation will take into account the fact that the project cycle can be separated into component parts: formulation, appraisal, approval, implementation, monitoring, and evaluation. In the first stage, under the new approach, the basic document for agreement of the government, Executing Agent and UNDP to undertake a project jointly will be a four-page pre-printed project agreement. The agreement will reflect the obligations of the three partners and include a succinct but clear statement of the project's objectives and its justification, plus an indication of the resources to be made available by the government and UNDP.

28. To facilitate and strengthen the appraisal process, a two-page initial appraisal document in checklist form, signed by the Resident Representative, will accompany the project agreement, supplemented, as appropriate, by other available appraisal tools. The signature by the parties of the project agreement, following
this appraisal of the proposed project, will constitute, as far as UNDP is concerned, the basis for an initial budget which will permit the commencement of project operations. This initial budget will subsequently be replaced by the detailed full budget, once it has been prepared by the project team for the duration of the project, to be issued together with the work plan.

29. The detailed formulation of the project's operational elements resulting inter alia in the work plan will be undertaken by the project management, once it is in place, with the close involvement of the technical ministry/department concerned, and in collaboration with the Resident Representative. Thus, the work plan (including the logical hierarchy of the project: immediate objectives, outputs and inputs) will become the main project formulation and monitoring document, and will be prepared at the operational level. The full budget will be prepared and approved at the field level, in conjunction with the work plan. Project progress, in qualitative and quantitative terms, will be measured at interim points during the life of a project by identifying as output "milestones" in the project work plan certain critical events, and verifying their achievement against target dates.

30. In respect of the national involvement, since the work plan containing the project design is to be prepared by the project management at the field level, the approach ensures maximum participation in project formulation of the national professional and technical team that will actually carry out the project, as well as that of other appropriate national authorities, thus committing them to its execution. This process will strengthen government skills in project preparation, in accordance with the "New Dimensions" decision that defines the basic purpose of technical co-operation as the promotion of self-reliance in developing countries. It will also fulfil the explicit request to the Administrator to promote the use of national capabilities in the formulation and implementation of projects assisted by UNDP.

31. Other benefits of this approach will include:

(a) Improved focus on outputs, since realistic detailed information on outputs and milestones will be incorporated into the annual work plan, rather than in the initial, more abstract, document;

(b) More accurate tripartite monitoring on the basis of the incorporation of milestones into the work plan; facilitation of information flows on project outputs/achievement; creation of a sound basis for forecasts of likely levels of future expenditure; and better substantive reporting and accountability of the Administrator, thus facilitating subsequent resource mobilization.

32. The overall approach to improved project design is a balanced one, involving assessments of the effectiveness of new formats and procedures and of strengthened application of existing procedures. It will benefit to the maximum extent from the practical accumulated experience of the Agencies, Bureaux and Field Offices, and feed this knowledge into the procedures/instructions which guide UNDP-assisted operations.
C. Project monitoring and evaluation

33. Issues related to the monitoring and evaluation of individual projects were the subject of two decisions of the twenty-sixth session of the Governing Council. Subsequently, the twenty-seventh session of the Governing Council requested the Administrator, in its decision 80/22, to proceed with the measures covering the project cycle as identified in DP/448 in order to ensure adequate feedback of evaluation results, and to improve the quality of technical co-operation. In view of the fact that these various decisions are concerned with similar aspects of the project cycle, progress on the implementation of decision 80/22 is covered by this report as well.

34. Project monitoring and evaluation are management tools which assume particular importance in the context of continuous programming. They provide objective, timely and useful information to the decision-making officials on the basis of a joint effort by the partners in technical co-operation.

35. A review of experience with monitoring through tripartite reviews as well as experience with in-depth project evaluations, carried out in consultation with the Agencies, indicated that only one-third of the reviews and evaluations required by present procedures were actually being conducted. It was also determined that the present requirement to evaluate each project with a UNDP input of $150,000 has become unrealistic, and that the decision to conduct an evaluation should not be based solely on budgetary considerations.

36. Concerning tripartite reviews, which are expected to be held at least once a year for each major project, it was found that many tripartite reviews place too much emphasis on delivery of inputs and administrative matters and not enough on outputs, i.e. the accomplishment of the project's objectives. It was concluded that reviews should be conducted by the project management team on the basis of a thorough appraisal which focuses more on the achievement of the immediate objectives. In addition, in-depth evaluation of projects should be conducted selectively whenever:

(a) Serious implementation difficulties arise;

(b) A substantial change in the project's duration and resource requirements are foreseen;

(c) The original objectives of the project could not be achieved with the approved design requiring a proposal for a new phase to achieve the same objectives.

37. Tripartite reviews and in-depth evaluations are both conducted jointly by the partners involved in technical co-operation. The principal difference between them resides in that tripartite reviews monitor the progress towards agreed immediate objectives and identify any corrective measures required. Reviews and other

7/ Governing Council decision 79/10, II-5(b) and Governing Council decision 79/48, 2(d and e).
monitoring devices may suggest that the relevance, validity and realism of the project's objectives be reassessed through an in-depth evaluation. Usually, monitoring and tripartite reviews are carried out by those who are operationally involved in the execution of the projects. Evaluation, on the other hand, is a more thorough investigation of the project's effectiveness, including the relevance, soundness and validity of its objectives and outputs, and its actual or potential long-term impact. Evaluation is conducted in greater depth and detail, and it involves the participation of persons who have not been directly and intimately involved in project design and implementation, although it is essential that the project teams co-operate with the evaluation missions.

38. It has been concluded, as a result of the above mentioned analysis, that tripartite reviews can be strengthened by:

   (a) A more careful preparation by the project team, including the progress report required for tripartite reviews which should be prepared and distributed well ahead of time to all parties concerned;

   (b) Greater attention to whether the objectives are being achieved and to the identification of factors which may have contributed to lack of progress in this respect;

   (c) Consideration whether an in-depth evaluation is required; and

   (d) Utilization of the "milestone" approach, as described in paragraph 29.

39. The evaluation of individual projects should be conducted selectively on the basis of the following criteria:

   (a) **Major large-scale projects**: All projects with a UNDP input of $1 million or more should be evaluated sometime during their life cycle, probably soon after the mid-point in their implementation. Financial provision for evaluation should be included in the budget project at the outset. In addition, any project should be evaluated if a new phase or a supplementary assistance is being contemplated that involves an incremental cost to UNDP of $400,000 or more;

   (b) **Critical or complex projects**: Regardless of their size, certain projects may be considered to be critical, sensitive or highly complex, for a variety of reasons, during their design or appraisal stages. Again, financial provision should be made in the project budget for evaluation;

   (c) **Ex-post evaluation**: This should be confined to a smaller number of cases. By definition, such evaluations lack one of the fundamental purposes of evaluation, namely, the opportunity to take corrective action on on-going activities for more realistic and effective implementation. Nonetheless, ex-post evaluation may have value for "learning" purposes, and it would often be conducted as part of a theme evaluation study of a number of similar projects. Project terminal reports should contain a recommendation as to the desirability of undertaking this kind of evaluation upon the completion of the project;
Other projects: For all other projects, each annual tripartite review should determine whether conditions justify an evaluation, and should make an explicit recommendation whether or not the project should be evaluated. The government, the Agency and UNDP may also suggest at any time that a given project should be evaluated. Such supplementary requests may also be taken up during the tripartite reviews or regular programme review meetings between the Agencies and UNDP Regional Bureaux. In any event, evaluation decisions should be taken jointly by all the three parties concerned.

40. Projects should be selected for in-depth evaluation when several of the following factors apply:

(a) Serious implementation problems are likely to affect the achievement of the outputs defined in the original project document;

(b) There is an apparent need to reorient the project basically with respect to its basic objectives, outputs, resource allocation, or phasing, due to changing circumstances, external or internal to the project;

(c) Some intrinsic technical attributes of the project or its experimental, innovative or complex nature, require verification of original assumptions;

(d) A new phase or major extension is proposed even if this does not meet the financial criterion mentioned above. This is particularly true in cases where the new phase or extension is to operate under conditions substantially different from the original situation;

(e) The project has special aspects that are of general interest from the point of view of replicability elsewhere, or it may serve as a case from which lessons can be drawn for programme improvement and development purposes, particularly as part of a broader theme evaluation.

41. All partners have a responsibility of initiating consultations, when they deem it necessary, with governments and the other parties involved on the need for and timing of evaluations. Advance planning is essential and evaluations should be indicated in the country programme management plan. Most procedures continue to apply as concerns the financing, organization and fielding of evaluation missions, although the proposed, more selective approach to evaluations would mean that only projects of over $1 million or those considered unusually critical would normally have provisions for evaluations in the budget. For the remaining projects, it may be desirable to set aside from IPFs a lump sum which, subject to government concurrence, could be used to finance project evaluations as the need arises. It is estimated that 0.5 per cent of country IPF would cover this requirement. These funds could also be used to finance consultancy services not provided for in the project budget, which are required for monitoring and review.

42. It is intended to introduce the above described changes in the Policy and Procedures Manual to ensure their implementation.
III. ALTERNATIVES TO INTERNATIONALLY RECRUITED EXPERTS

43. The main concern of UNDP with regard to the implementation of operative paragraph 3 of decision 79/48 has been to ensure the use of qualified national professional staff in UNDP-supported projects. After appropriate consultations with Agencies, instructions were issued in the summer of 1979, which requested for the first time that Agencies should give primary consideration, when recruiting professional staff, to the use of nationals with the required qualifications and experience. These instructions also established the principle that the remuneration of UNDP-financed national professional staff, both resident or non-resident, should be established at prevailing rates for comparable functions within the project country.

44. The use of national professional staff, as an alternative to internationally recruited staff, is considered an additional element to government project staff. Its purpose is to give governments an opportunity to mobilize the best available national and international human resources for the implementation of projects. Thus, in addition to government execution and the appointment of a national project co-ordinator and manager, governments now also have the option of using UNDP resources to help mobilize qualified national staff who otherwise would not be available to work in a given development project. Such employment of national professional staff is proceeding on the basis of administrative and contractual arrangements agreed upon by the United Nations system. In particular, it has been agreed that, since national professional staff cannot be covered by the United Nations system Staff Rules, two types of contracts are available for the employment of national professional staff: -reimbursable Loan Agreements and Service Agreements

45. Reimbursable Loan Agreements constitute the preferred method, at present, for the employment of national professional staff. Under these Agreements, the contractual relationship exists between the individual and the government or institution for which UNDP support has been approved, preserving the full range of social benefits in accordance with acquired rights and national standards. UNDP will reimburse (or advance funds to) the government involved for the services of a national specialist for the duration of the contracts and the requirements of the project.

46. Since this approach may not always be feasible, a second option may be used which involves the establishment of a Service Agreement between the executing agent and the individual. The United Nations system is now engaged in the process, through CCAQ/PER, of establishing a basic model for such Service Agreements. A working party of this latter organ has developed such a model for consideration by the system.

47. As more experience is gained in the implementation of this new policy for projects executed by the Agencies, it may be necessary to introduce further refinements. Possible policy directions may include the following options: (a) to develop separate staff rules for all professional project staff, whether recruited nationally or internationally; or (b) to emphasize further use of reimbursable loan arrangements by helping governments strengthen their capacity in this area, and by introducing required flexibility in reimbursements.

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48. Decision 79/48 also invited the Administrator to increase the use of non-resident nationals for service in their home countries. Although some Agencies have indicated that they experienced some difficulties in attracting non-resident nationals who have established a permanent residence abroad if appointments were based on local conditions, UNDP continues to favour the employment of non-resident nationals on the basis of the principle of the best prevailing rates for comparable functions within the country of employment. It has been recognized for some time that remuneration of nationals residing abroad could include compensation for continuing commitments in the country of residence, such as the cost of education of dependent children. Such compensation is negotiated at the time of recruitment by the executing agent, on the basis of clear evidence that such commitments exist on the part of the prospective non-resident national staff. Under no circumstances should the total remuneration exceed that applicable within the United Nations system.

49. Regarding the question of attracting non-resident nationals for UNDP projects, the experience acquired by UNDP in the programme on the Transfer of Know-how Through Expatriate Nationals (TOKTEN) is relevant. This programme operates currently in eight countries. It facilitates the return to home countries for short-term consultancies of highly qualified scientists, engineers and managers residing abroad. UNDP provides international travel and living expenses, while most consultants donate their services to their countries of origin or receive an honorarium. This programme is being extended because it has proved to be a very effective means of providing advice which is often appropriate to local circumstances and thus more easily acceptable.8/

50. As concerns twinning, which involves an exchange of experience and know-how between two institutions, the system has acquired only limited experience, although one organization has reported that it successfully carries out eight projects under this arrangement. It is expected that this approach will receive greater attention in the future.

IV. PERSONNEL POLICIES

51. Operative paragraphs 4 through 8 of decision 79/48 are of more direct concern to Agencies and UNDP received only limited new information on the subjects covered by these paragraphs.

52. As concerns the recruitment of international experts, most organizations now use a periodically updated computerized roster system. Among the features of this system are: standardized job descriptions, increased advertisement of vacancies, periodic forecasts of manpower requirements, recruitment at professional conferences, increased recruitment of nationals from developing countries, and pre-selection of qualified candidates. One Agency is using a small but successful

8/ Further information on this programme is contained in the Tokten Global Newsletter issued in Turkey (UNDP, P.O. Box 407, Ankara, Turkey).
programme of in-service training for candidates from developing countries. Thus, Agencies are continuing to modernize and strengthen the recruitment process. Some Agencies report difficulties, particularly for short-term assignments, of finding qualified candidates for posts which demand high-levels of technical specialization.

53. Only few Agencies have been involved in strengthening national recruitment efforts. With the advent of increased government execution, this will be one area which will receive greater technical support by Agencies. This would guarantee that all governments are in a position to pursue direct recruitment of both national and international experts.

54. As concerns associate experts, the demand for such services seems to outstrip the supply from either developed or developing countries. Furthermore, these services cannot be used for fields of high specialization. It would seem, therefore, that this type of service cannot be expanded far beyond the current level. Only few associate experts have been recruited from developing countries, although with good results. This latter approach would seem to have some potential for expansion if sufficient funding were forthcoming from donor governments.

V. RECOMMENDATIONS OF THE ADMINISTRATOR

55. The Administrator recommends that the Governing Council adopt the following draft decision:

The Governing Council,

Having considered the report of the Administrator contained in document DP/558, as well as the comments of governments made at meetings of the Budgetary and Finance Committee,

Recalling its decision adopted at the twenty-third session (E/5940, paragraph 76),

Taking into account General Assembly resolution 35/81 of 5 December 1980 (paragraph 10) on the comprehensive policy review of operational activities for development,

1. Requests the Administrator, in co-operation with the United Nations system organizations:

(a) In discharging his responsibility for the designation of the executing agent, to give first consideration to implementation of UNDP assistance by the host governments, in accordance with the proposals contained in DP/558, bearing in mind the views expressed by members of the Council during the discussion of this subject at its twenty-eighth session;
(b) To review and amend financial arrangements for the implementation of UNDP assistance to projects with a view to further increase the use of this execution arrangement, including the simplification of financial procedures, and compensation of additional costs to governments through the payment of support cost;

(c) To carefully consider how the implementation of UNDP assistance by governments will affect the workload of UNDP field offices, particularly in least developed countries, and inform the Council at its next session of the administrative measures taken to bring the necessary relief;

2. Invites the Administrator, in co-operation and consultation with the United Nations system organizations, to improve, on the basis of the proposals contained in DP/558, project management and design, monitoring and evaluation in order to continually enhance the quality of technical co-operation;

3. Invites the governments, organizations of the United Nations system and UNDP:

(a) To increasingly use qualified national professional staff as an alternative to internationally recruited staff, on the basis of the contractual arrangements recommended by the CCAQ/PER, such as reimbursable loan agreements and service agreements;

(b) To consider other available options as alternatives to internationally recruited experts such as non-resident nationals and institutional twinning, keeping in mind the specific requirements of each project and the availability of qualified national resources;

(c) To consider other available options as alternatives to internationally recruited experts such as non-resident nationals and institutional twinning, keeping in mind the specific requirements of each project and the availability of qualified national resources;

4. Requests the Administrator to keep the Governing Council informed of the implementation of this decision.