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S U P P O R T

PROGRAMME IMPLEMENTATION

IMPLEMENTATION OF DECISIONS ADOPTED BY THE GOVERNING COUNCIL AT PREVIOUS SESSIONS

Government execution

Report of the Administrator

Addendum

Summary

The addendum presents a brief account of the mandate and main aspects of current UNDP policy and procedures regarding government execution. It also examines the over-all performance in government execution to date, including the association of the organizations of the United Nations system with government execution.

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I. PRESENT UNDP POLICY AND PROCEDURES ON GOVERNMENT EXECUTION

A. Mandate

1. The specific mandates given to UNDP for government execution have their genesis in the guidelines on new dimensions in technical co-operation adopted by the Governing Council at its twentieth session, and endorsed by the General Assembly in its resolution 3405(XXX), which included, inter alia, the provision that developing countries should be increasingly entrusted with the responsibility for executing UNDP-assisted projects. At its twenty-first session, the Governing Council recommended that the implementation of new dimensions "should be expedited as a means of improving the quality and efficiency of the Programme, in particular by expanding the range and scope of projects entrusted for execution to Governments and institutions in developing countries, and, inter alia, of reducing administrative and overhead costs."^{1/} The decision of the Council at its twenty-second session also laid particular emphasis on "the importance of preserving the quality of the Programme and, therefore, the need for the Administrator 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."^{2/} At its twenty-third session, the Council approved the policy proposals for the implementation of UNDP assistance by Governments outlined in DP/221,^{3/} which took due account of the views of the Council expressed during its previous session regarding the preservation of the multilateral character and quality of the Programme and the utilization of the technical experience and substantive knowledge of the agencies in the preparation and implementation of UNDP-assisted projects executed by Governments. The guidelines on government execution, which were formulated in close consultation with the agencies, were issued by the Administrator in January 1979^{4/} (see C below) and were designed in accordance with those policy proposals. At its twenty-sixth session, in decision 79/48, the Council invited the Administrator to review the UNDP guidelines on government execution with a view "to facilitating the various options available to Governments for project implementation in order to achieve the goal of self-reliance".^{5/} In giving effect to this decision, the Administrator submitted to the Council at its twenty-eighth session the recommendations in DP/558, referred to in paragraph 1 of DP/1982/11, which were designed to achieve the fuller participation of Governments in the execution of projects and which led to decision 81/21 requesting the present study (paragraph 2 of DP/1982/11).

^{1/} Official Records of the Economic and Social Council, Sixty-first Session, Supplement No.2 (E/5779), paragraph 193(x)(iii).

^{2/} Ibid., Supplement No.2A (E/5846/Rev.1), paragraph 94,V(d).

^{3/} Ibid., Sixty-third Session, Supplement No.3 (E/5940), paragraph 16(e).

^{4/} UNDP/PROG/69;HQTRS/116;FIELD/101, dated 18 January 1979.

^{5/} Official Records of the Economic and Social Council, 1979, Supplement No.10(E/1979/40), p 168.

B. Government execution and government management

2. Current UNDP guidelines define government execution as "the arrangement whereby UNDP entrusts to a Government the responsibility for the mobilization of UNDP-financed inputs and their effective application, in combination with the Government's own and other available resources, towards the attainment of the project's objectives".^{6/}

3. The concept of government execution embraces that of government management, which would apply in all UNDP-assisted projects whether government-executed or not. At its twenty-fifth session, in decision 25/20, the Governing Council reaffirmed the principle of government management and in this connection recalled the following:

"(a) A project assisted by the United Nations system is essentially an undertaking of the Government which, while retaining the responsibility for its initiation, formulation, implementation and follow-up, seeks the co-operation of the United Nations organizations in the process or parts thereof. The over-all 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. UNDP and other organizations of the United Nations system should, in formulating and implementing their policies and procedures, ensure that their approach is consistent with the effective exercise of the prerogative by the Government, subject only to the provisions of any agreement which the Government may enter into with the organizations with regard to programmes and projects;

"(b) Within this broad concept of government management, the Government may execute the project under government execution arrangements, as approved at the twentieth, twenty-second and twenty-third sessions of the Council, thus retaining full responsibility for all aspects of project execution, or it may utilize the traditional execution arrangements".^{7/}

4. While fully appreciating the importance of enhancing the Government's role in accordance with the principle of government management of projects by such means as the appointment of national project directors or co-ordinators and the subcontracting of specific components of agency-executed projects to Governments, these aspects of project implementation, which are common to all projects, are not the subject of this paper and are therefore only briefly touched upon here.

^{6/} UNDP/PROG/69;HQTRS/116;FIELD/101, p.2.

^{7/} Official Records of the Economic and Social Council, 1978, Supplement No.13, (E/1978/53/Rev.1), p.194.

5. By executing a project, i.e. assuming responsibility for the implementation of UNDP assistance to it, the Government becomes directly accountable to the Administrator for such implementation. Thus an additional relationship is established between the Government and the Administrator which is similar to that of an external executing agent in which the latter is responsible to the Administrator for the efficient implementation of UNDP assistance. Whatever the arrangements for project implementation, ultimately the Administrator is fully responsible and accountable to the Governing Council for all phases and aspects of the Programme. In exercising that responsibility, the Administrator should have available to him in the implementation of all projects, as appropriate, the advice of the organizations of the United Nations system, whether such projects are executed by them or not.^{8/}

C. Guidelines on government execution

(i) Efficiency and quality

6. In order to meet the Governing Council's concern about maintaining the efficiency and quality of the Programme in giving effect to government execution, the guidelines presently in use provide that the availability of technical and administrative capability to assume responsibility for the mobilization and effective application of UNDP inputs should be a pre-requisite for the approval of government execution. The UNDP Resident Representative is therefore required, when considering a proposal for government execution, to review with the Government and consult the competent agency on (a) the available technical experience within the Government or accessible to it; (b) the proposed arrangement for the administrative and financial management by the Government of the project and of UNDP-financed inputs; and (c) the need for additional resources required from the United Nations system.

(ii) Preserving the multilateral character of UNDP technical co-operation

7. In order to ensure that the multilateral character of UNDP technical co-operation is preserved in government-executed projects, and that use is made of the technical experience and knowledge available within the United Nations system, the guidelines further provide for the close association of organizations of the United Nations system, as appropriate, in project planning and formulation, preparation of the project document and in the appraisal, implementation, monitoring, evaluation and follow-up of government-executed projects.

8. UNDP Resident Representatives, and where appropriate the Regional Bureaux of UNDP, are required to call on agencies and organizations of the United Nations system for consultation and advice within the areas of their respective competence concerning projects for which government execution is contemplated or has been adopted. Such consultations are specifically required: (a) when a proposal for government execution is being considered by UNDP for the determination of available national technical and administrative capability within the Government; (b) in project planning and formulation; and (c) in appraisal and approval of as-

^{8/} General Assembly resolution 2688(XXV), Annex, paragraphs 37-44.

sistance. Resident Representatives are required to provide the competent United Nations agency with information on recruitment actions by the Government and the proposed appointment of project personnel, as well as on its actions with respect to training and subcontracting for services or equipment.

9. Services rendered by an agency to UNDP (Regional Bureau or Resident Representative) in a government-executed project may consist of advice from agency headquarters, regional offices, country representatives, or field staff. Actual expenditures incurred by the agency for making available the services of agency staff to undertake specific assignments at headquarters or in the field would be chargeable against the project budget or to the support cost general resources of UNDP, as appropriate.

10. In addition to the involvement of the organizations of the United Nations system through the UNDP Resident Representatives and Regional Bureaux as described above, a wide range of possibilities exists whereby Governments can associate agencies with the formulation and implementation of government-executed projects:

(a) The association of an agency can consist of its active participation in project formulation or its assumption of full responsibility for project design and formulation. UNDP finances such participation under preparatory assistance or, in the latter case, as a separate small-scale project for which the agency concerned acts as executing agency;

(b) The Government may seek the support of one or more agencies in discharging its execution responsibility through the agencies' participation in project execution. Agencies so participating are referred to as Co-operating Agencies. They are responsible for providing specified UNDP-financed inputs and assisting the Government in their effective utilization. They are to participate in project reviews and evaluation exercises. Arrangements for the participation of a Co-operating Agency are to be confirmed in a Service Agreement concluded directly between the Government and the agency, patterned after the Standard Letter of Agreement used between agencies. The Co-operating Agency is compensated for support costs by UNDP in accordance with the applicable UNDP rate. At the urging of agencies, UNDP funds are disbursed directly to the Co-operating Agency, which also reports on their use directly to UNDP;

(c) Governments may further seek assistance from agencies in the course of project implementation through ad hoc services. Such services may include rendering technical advice as the need arises, finding suitable expertise to be engaged by the Government (experts, consultants, subcontractors), selecting training facilities abroad for Government staff engaged in the project, making arrangements for the admittance of a trainee to a selected institution, preparing specifications for equipment, etc. Actual expenditure incurred by agencies in rendering ad hoc services including, if necessary, additional staff costs, are chargeable against the project budget; and

(d) As a further alternative, project activities may be organized into two or more self-contained but mutually reinforcing projects, with the Government assuming execution responsibility for one or several and the appropriate United Nations agency for the other(s).

11. Finally, agencies having a technical interest in a project are given the opportunity to participate in its review and evaluation if mutually agreed to by the Government, the Resident Representative and the agency concerned.

(iii) Administrative arrangements and procedures

12. Current UNDP guidelines on government execution include the following administrative arrangements and procedures:

(a) For the execution of UNDP-supported projects, Governments can adopt internal arrangements which are compatible with their organizational structure and best suited to their internal administrative arrangements. They should designate one central authority to represent the Government vis-a-vis UNDP in all matters pertaining to the Government's execution responsibilities. Preference is expressed for the designation of the Government co-ordinating authority as such;

(b) Since Governments are expected to rely on their own administrative and technical services for the execution of UNDP-supported projects, they are not compensated for support costs from UNDP resources. However, to help a Government meet additional needs arising from its execution functions, provision may be made for UNDP-financed administrative support as part of the UNDP project budget or separately as a programme support project financed from available country programme resources;

(c) The Administrator alone can approve government execution as the modality for implementing UNDP assistance to a project. In order to facilitate his decision, the Resident Representative is required to advise UNDP headquarters in detail regarding all aspects of the proposed execution arrangement (see paragraph 6);

(d) The Government is required to indicate its cash requirements for UNDP funds in a schedule of disbursements included in the project document. Advances are made by UNDP for the appropriate periods, as requested by the Government, in accordance with the schedule of disbursements;

(e) The Government is responsible to the Administrator for the custody and proper use of funds advanced to it by UNDP. The Government should maintain separate accounts for UNDP resources and submit, at regular intervals, financial statements on funds received and spent. Annual financial statements should be audited by the Government in accordance with its internal regulations or by external auditors designated with the agreement of UNDP.

(f) UNDP may request that all accounts relating to a government-executed project be subject to an independent audit by the UNDP Internal Audit and/or the United Nations Board of Auditors or by chartered or certified public accountants designated by the United Nations Board of Auditors; and

(g) In this connection, it should be noted that the financial regulations of UNDP, adopted by the Governing Council at its twenty-eighth session in decision 81/28, include the provision (regulation 16.2) that Governments, when executing projects, "shall require their auditors to follow, to the extent possible, the audit principles and procedures prescribed for the United Nations".^{9/}

II. REVIEW OF PERFORMANCE UNTIL THE END OF 1981

1. Trends in government execution

13. Since the adoption by the Governing Council of the new dimensions in 1975, UNDP assistance to projects executed by Governments has been approved at an increasing rate:

<u>Year</u>	<u>Number of projects</u>	<u>Total contribution</u> <u>(including cost-sharing)</u> \$
1976	2	1 630 230
1977	4	4 397 790
1978	10	5 174 773
1979*	26	13 858 701
1980	30	5 990 127
1981	40	12 298 538

* Issuance of revised instructions on government execution.

During the period 1976-1978, assistance to 16 government-executed projects was approved by UNDP. Between 1979 and 1981, 96 projects were added, bringing the total to 112. Thus, by the end of November 1981, 102 country projects in 40 different countries, eight regional and two interregional projects (executed by intergovernmental organizations or selected Governments) had been approved for government execution, with a UNDP contribution of over \$43 million, representing just over one per cent of the over-all programme of financially incompleted projects amounting to \$3.7 billion. The value of UNDP assistance to these projects ranged from a low of \$3,000 to a high of \$4.7 million with 34 projects costing over \$400,000. Twenty-five had total budgets of \$150,000-\$400,000, 22 of \$50,000-\$150,000, 23 of \$10,000-\$50,000 and six less than \$10,000. Two approved projects were cancelled. Twenty-five

^{9/} Official Records of the Economic and Social Council, 1981, Supplement No.11 (E/1981/61/Rev.1), pp.64-68. See also DP/552 and Add.1 and Corr.1, Add.2 and Corr.1.

new projects with total planned UNDP contributions of \$9 million had been proposed for approval in July 1981, involving eight additional countries and bringing the total of countries which had introduced the concept of government execution in their programmes to 48.

B. Sectoral and structural aspects of government-executed projects

14. Although government execution of UNDP-financed assistance encompasses country, regional and interregional activities in a variety of fields and involves countries at various stages of development, the sectoral distribution of government-executed projects reveals a concentration of resources in four key categories. Projects in the field of natural resources, including land, water and energy, accounted for the largest share (19 per cent)^{10/}, while projects designed to strengthen development policy and planning activities, including public administration, represented 18.7 per cent. Approximately 15 per cent of UNDP assistance to government-executed projects was devoted to the agriculture, forestry and fisheries sectors, including projects to strengthen agricultural development support services; 9.6 per cent was concentrated in employment and skills development. Smaller shares of planned expenditures in government-executed projects were devoted to human settlements, industry, education, international trade and other sectors.

15. Some 33 per cent of the UNDP-financed and cost-sharing inputs of country projects executed by Governments consist of subcontracts. Eight projects were entirely subcontracted and in at least twelve others more than 70 per cent of UNDP resources were devoted to subcontracts. The fact that Governments are generally very familiar with international subcontracting for the purpose of obtaining skills from abroad and that subcontractors under government execution are directly responsible and accountable to the Government implementing agency are important reasons why Governments resort to government execution if project implementation under subcontract is envisaged. Another notable feature in government-executed projects is the frequent emphasis on equipment. Three projects had an equipment component accounting for 100 per cent of UNDP-financed inputs; in nine projects, equipment alone absorbed 75 per cent or more and in four projects the equipment component exceeded 50 per cent. Moreover, for the period 1976-1982, equipment constituted the second largest component (26 per cent) of all UNDP inputs for government-executed country projects. The provision of professional project personnel services accounted for 19 per cent^{11/}. Training acti-

^{10/} This includes almost \$4.7 million for one regional project.

^{11/} A review of the completed questionnaires for 43 government-executed projects shows that, for professional personnel services, Governments relied more extensively than in other projects on recruitment of nationals and use of local consultants. In practically all cases, the Governments concerned undertook recruitment themselves. Most Governments also recruited foreign professional staff and consultants directly or, in a few instances, through UNDP. In other cases, the designated United Nations Co-operating Agency provided the required expertise. Very limited use was made of agencies in foreign recruitment by Governments.

vities were included in 55 projects, accounting for 19 per cent of all UNDP resources devoted to government execution. A comparison of these averages with the over-all averages for UNDP-financed projects during the same period shows significant differences in the structure of project inputs:

<u>Component</u>	<u>Government-executed projects</u>	<u>All projects</u>
	%	%
Personnel	19	52
Subcontracts	33	13
Training	19	12
Equipment	26	21
Miscellaneous	3	2

C. Project design and substantive performance

16. UNDP field offices usually see that project documents meet the required standard before being approved or transmitted for approval to headquarters. The same applies to government-executed projects whose design therefore does not differ in quality from that of other UNDP-supported projects. In cases where a United Nations agency acts as Co-operating Agency in accordance with paragraph 10(b), the agency is usually involved in the formulation of the project and shares responsibility for the quality of its design. Agencies have also assisted in the formulation of government-executed projects which did not require the participation of a Co-operating Agency (see paragraph 22 below).

17. By the end of 1981, almost all approved government-executed projects were operational and field operations on 27 had been completed. Based on information obtained from project progress reports for a total of 42 government-executed projects, which represent over one-third of all government-executed projects, in 27 projects no major problems had been encountered with respect to project design and the scope of the work undertaken. Difficulties, however, did arise in five projects. In three of these, the Government implementing agency was found to be both technically and administratively weak, while the other two projects involved problems of poor timing and implementation on the part of consultants.

18. It would appear from the review of the sample that the problems posed by government-executed projects are not inherent to this mode of execution but are similar to those that beset many traditionally-executed projects. Some of the difficulties encountered underscore the importance of carefully assessing the capabilities of the Government implementing agent when government-execution is contemplated.

D. Reporting on progress in the implementation of government-executed projects

19. Performance in reporting on the progress of government-executed projects has been unsatisfactory. Only 24 per cent of the government-executed projects for which reports were due had progress reports covering their full period of operations; 29 per cent only par-

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tially met the reporting requirements and in 47 per cent of the cases the Government concerned failed to submit any report at all. While through constant, on-the-spot monitoring, field offices are able to keep themselves informed about project performance and render assistance whenever problems have to be solved, the lack of progress reporting constrains both UNDP and the agencies' headquarters in their assessment of performance.

20. In part, the lack of progress reports is due to language problems, especially in countries which do not use one of the UNDP working languages. One solution, proposed by a Government, would be to assign to the project a national who is proficient in the language used by UNDP in the country and who would assume responsibility for the preparation of reports and other documents in that language. Another possibility, suggested by an agency, would be to allow progress reports to be submitted in the language of the country and arrange for translation by the UNDP field office. The Administrator will examine the various solutions offered and establish procedures which will help improve the performance in progress reporting by Governments.

E. Nature and extent of participation by United Nations agencies in government execution

21. Almost all Governments interviewed in the course of the review expressed the opinion that agencies can play a very useful role in government-executed projects and stated their intent to continue to make use of the expertise and accumulated experience of the United Nations system. A number of Governments felt that the agencies' contribution to government-executed projects should be primarily of a technical nature, and one advocated that the administrative role of agencies in government-executed projects should be phased out completely. Generally, Governments consider the specific requirements of a project and the capability of the Government to provide or acquire the necessary technical and administrative backstopping as determining factors for the nature and extent of the involvement of the competent United Nations agency. Examination of a sample of 43 projects for which a detailed questionnaire was completed by the UNDP field offices concerned has shown that the actual involvement of agencies in the preparation and implementation of government-executed projects so far has been relatively modest.

22. Agencies were consulted at the headquarters level or in the field about the proposed arrangement for government execution in 80 per cent of the 43 projects referred to in paragraph 29. They participated in the formulation of 19 of the projects included in the sample, and were consulted in the appraisal of 32. In approximately one-half of the projects reviewed, the involvement of agencies in project monitoring and evaluation had been foreseen in the project document. However, implementation of that provision was lagging, due in part to Governments' generally poor performance in reporting on the progress of their projects. Agencies participated in government execution as Co-operating Agencies (paragraph 10(b)) in only 11 cases. They were assigned by the Governments concerned responsibility for the mobilization of selected external inputs (experts, in three projects; consultants, in seven; subcontracts, in one; and equipment, in three projects) or for the select-
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ion of institutions for training of staff and the placement of fellows (three projects). In addition, agencies provided ad hoc services, after approval of UNDP assistance, in 11 projects. They did not charge the Government concerned when such ad hoc services consisted of advice or assistance provided by headquarters or a regional/field office. Agencies have advised the Administrator that such practice has only been possible with regard to very limited ad hoc services, and that they would otherwise be unable to bear the financial implications.

23. In one country, UNDP, the Government, and a United Nations agency together designed an "integrated package" of three complementary projects. These involve a management contract (government-executed); consultancies, equipment and training outside the region (agency-executed); and training within the region (government-executed). Co-operation between the Government and the agency in implementation of the three projects is reported as excellent.

24. Over-all, the study shows the role of agencies in government execution to be less than had been envisaged. The general feeling among the agencies is that their technical and operational capacities have often not been adequately utilized by Governments and Resident Representatives. They rightly stress the need to be associated at all stages of the project cycle, particularly in the identification and planning of projects for government execution and in their formulation and design, as well as in monitoring and evaluation, in accordance with the existing guidelines.

25. In a few instances, Governments have resorted to government execution because of their disappointment with an agency's performance in a previous project or phase of the same project, or because of lack of confidence in the ability of a particular agency to perform to the Government's satisfaction in delivering and managing UNDP-financed inputs. It is the Administrator's view that such situations should be avoided by a careful examination of the causes of Government concern and of possible remedial action to be taken by the agency concerned.

26. Current procedures on the implementation of UNDP assistance include an arrangement whereby Governments may assume the responsibility for the implementation of selected components of projects executed by a United Nations agency or organization. Agencies see considerable scope for this modality as well as for the practice of appointing national project directors/co-ordinators (see paragraph 4) as a means of gradually increasing the involvement of Governments in the execution process and they consider it an important aspect in the over-all promotion of new dimensions. One agency observed that the modality may have considerable advantages in furthering the increased utilization and development of national capacities.