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Agenda item 3

POLICY REVIEW: THE FUTURE ROLE OF UNDP, ITS STRUCTURE AND NEW AND SPECIFIC WAYS AND MEANS OF MOBILIZING INCREASED RESOURCES ON AN INCREASINGLY PREDICTABLE, CONTINUOUS AND ASSURED BASIS

COMMENTS OF THE UNITED NATIONS EDUCATIONAL, SCIENTIFIC AND CULTURAL ORGANIZATION (UNESCO)

Note by secretariat

At the request of the Director-General of UNESCO, the Administrator is circulating, for the information of the Governing Council, the attached paper containing UNESCO's comments on documents DP/1982/5, DP/1982/15 and DP/1982/35.
Policy Review: The future role of UNDP
(Comments by UNESCO on documents DP/1982/5, 15 and 35)

1. The three documents which are before the Governing Council in connection with the policy review of the future role of UNDP are of critical importance to the Executing Agencies which receive from UNDP an important share of the funding for their technical co-operation programmes. That is one reason why UNESCO was particularly dismayed to learn that far-reaching proposals on the future role of UNDP, and on alternative ways of providing development assistance through UNDP, have been submitted to the Council without utilizing the available interagency mechanisms for prior consultation. Nevertheless, we are happy to have this late opportunity to provide the Council with our views on these proposals. UNESCO's views will be presented in two parts: Part I deals with the document on "The future role and structure of UNDP" (DP/1982/5) and with the document which is entitled "Additional and alternative ways of financing and providing development assistance through UNDP" (DP/1982/35); Part II of our comments contains general comments that we would like to make on the future role of UNDP, including the problem of "ways and means of mobilizing increased resources..." covered in document DP/1982/15.

PART I

A. The future role and structure of UNDP (DP/1982/5)

2. As concerns the proliferation of special purpose multilateral funds, we cannot agree with the contention (para. 3) that proliferation has generally resulted in "duplication, lack of coherence and reduced cost-effectiveness". It should suffice to recall the unique, coherent and effective results obtained over the years by UNICEF, UNFPA, WFP, the UNESCO Nubian Monuments Campaign, etc... to refute such a contention. On the other hand, the failure of attempts to create additional special-purpose funds in recent years certainly argues against the creation of separate fund-management mechanisms whose cost would not be in proportion to the volume of funds mobilized. The administration of new special-purpose funds, therefore, should be entrusted to existing United Nations agencies according to their administrative and/or substantive capacity to cope with the additional workload at the least possible expense to the system as a whole. We cannot accept the argument that the mere existence of surplus capacity within the current administrative structure of UNDP is a sufficient and valid reason for UNDP to assume a broad range of technical co-operation functions and responsibilities which are presently competently administered and implemented under other arrangements.
3. Paragraph 25 of DP/1982/5 draws attention to the heart of the problem by noting that "if field offices in the $500-plus GNP-per-capita countries were maintained solely to negotiate the country programme under the IPF and monitor its implementation, the ration of cost to delivery ... would be inordinately high". The expanded UNDP role that is proposed as a means to absorb this surplus UNDP administrative capacity is mentioned in paragraph 41 ("increased cost-sharing and trust funds") and paragraph 51 ("UNDP can act as a 'service' agency to facilitate the implementation of technical co-operation"). These proposals are amplified in document DP/1982/35.

4. Notwithstanding the points of concern mentioned above, DP/1982/5 also gives positive emphasis to several other issues of major importance: the defense of the concept of multilateralism, the consideration of human resources development as a prerequisite for economic development and, in particular, the reaffirmation of the concept of partnership and of the tripartite nature of technical co-operation.

B. Financing and providing development assistance through UNDP (DP/1982/35)

5. It is all the more disappointing to see that document DP/1982/35 thoroughly ignores the fundamental tripartite concept. It should be recalled that UNDP was created, inter alia, to provide the basis functions of: (a) raising resources; (b) distributing these resources among agencies in response to the requests emanating from developing countries; and (c) co-ordinating technical co-operation activities. The UNDP document appears to disregard the role and competence of UNDP's partner Agencies. The document conveys the impression that UNDP is pleading the case solely for its own existence, and trying to preserve its sizeable field apparatus at any cost. In the section (paras. 16-22) on trust funds, for example, it is claimed that, by channelling trust funds monies through UNDP, projects can be co-ordinated with the Country Programme and can thus "reinforce rather than weaken the co-ordinated programming approach" (para. 17). The fact that most trust funds, at present, are channelled directly to the United Nations Agencies which execute them provides little reason to claim that this weakens the country programming approach.

6. While we believe that the United Nations system should persist in its efforts to enlarge the programming process (see Part II), we fail to see in what way the fact of channelling all trust funds through UNDP would achieve this end. Furthermore, we believe that the attribution of trust funds according to field-of-competence is the most efficient and cost-effective way of implementing these activities.
7. The argument in favour of a central UNDP role in the management of trust funds also contains an offer to waive competitive bidding (up to a ceiling of 50 per cent of the donor's contribution to central resources). A blanket waiver of existing rules concerning international competitive bidding, we feel, would seriously undermine the impartial character of United Nations development assistance. It should be recalled that, at one period in the past, most major donors tied their voluntary contributions to the procurement of equipment or services from their own countries. Since it was felt that a donor might obtain special advantages from tied aid, this practice was eliminated. It was also felt that the flexibility in selecting project inputs by the recipient country was impaired. It would be regrettable to see the practice reappear.

8. Our final remark on the trust-fund section of this document concerns the intention of the Administrator (para. 21) "to take up with Agencies" the question of charging them for services rendered by UNDP field offices in support of trust funds or other Agency programmes. Our first comment on this "service-charge" idea is to recall that the Agencies' involvement in implementing UNDP projects presently requires regular-budget subsidy from the agency in the range of 40–80 per cent above the present reimbursements they receive from UNDP for support costs. It should also be recalled that the Agencies' regular programme activities which complement UNDP projects are designed to benefit the recipient countries, not the Agency. The cost of determining, billing and collecting such charges, would be a sizeable additional expense to the System. Should UNDP propose charging UNESCO, it would be necessary to consider whether other viable arrangements might not be less costly and more effective.

9. We are particularly concerned by the proposal in the section on "management and other support services" (paras. 23–30) concerning a two-year experiment by which UNDP would be authorized to "carry out management or other support services on behalf of donor governments". The document clearly specifies (para. 26) that UNDP itself would be ready to provide services such as project identification and formulation, assistance in recruitment of personnel or procurement of equipment, and the supervision or overall management of projects. In other words, an unlimited expansion of the role of UNDP as an executing agency!

10. Over the ten-year period during which UNDP has availed itself of the "direct execution" modality (via its Office of Project Execution), the specialized Agencies have frequently challenged the legitimacy of a situation in which UNDP acts as both judge and party. The 1970 consensus clearly stated that "the appropriate organizations of the United Nations system will ... have first consideration as executing agents." (Twenty-fifth session of the United Nations General Assembly, resolution 2688(XXV), Annex, para. 40). In defending the sharp increase during 1976–1979 in the ratio of projects which UNDP entrusted to itself for execution, the Administrator evoked another paragraph of the Consensus where it is stated that "in cases where expertise or services are required which are not adequately available ... within the United Nations system, the Administrator will ... exercise his authority to obtain them." (Twenty-fifth session of the United Nations General Assembly, resolution 2688(XXV), Annex, para. 42). This new proposal seems to imply that this loose constraint should be removed altogether and
(i) It would undermine the basic role of UNDP as the co-ordinator of United Nations development assistance by placing UNDP in flagrant conflict-of-interest between its established co-ordinating role and an extended executing function;

(ii) It would weaken the tripartite character of multilateral co-operation because direct execution is, more often than not, an euphemism for execution via subcontracting outside the United Nations system. (We note, in this connection, that increased subcontracting and local-cost financing are already causing a noticeable degree of erosion in the principle stressed by the Consensus that United Nations agencies should be the preferred instruments of technological transfer).

11. Our final remark on this document concerns the proposed waiver of limits on cost-sharing. While we feel that there will be a need to assess, at some point, the effects which such a measure might have on voluntary contributions and on the overall ratio of IPF deliveries to those of other UNDP-administered funds, we have noted - over the several years during which this modality has been tested - that the tripartite programming and management of these supplementary funds is in no significant way different from the programming and management of IPF resources. In fact, the technical services responsible for backstopping projects deal with cost-sharing and IPF projects in exactly the same manner. Consequently this proposal should be welcomed.

PART II

General comments on UNDP's future role

12. The introductory section of document DP/1982/15 on "Ways and means of mobilizing increased resources...." provides abundant statistical proof that the major donors of development assistance have, over the past decade, been much more generous to other multilateral channels than to UNDP. Whereas the volumes of development assistance via the World Bank, UNICEF, the World Food Programme, bilateral trust funds administered by the United Nations family, etc., witnessed substantial expansion during the 1970s, UNDP's central resources barely kept ahead of inflation and monetary fluctuation. From a dominant 75 per cent of all technical co-operation grants, the UNDP share has dropped to about 50 per cent of such multilateral aid, or only 39 per cent if technical co-operation components of IDA loans are included. The significant shift in emphasis away from UNDP might well result from the shift in emphasis by UNDP away from its designated mandate.
13. In spite of its impressive catalogue of options, however, this document conveys a sense of resignation that is typified by its conclusion (para. 52), which admits that "It is unlikely that solutions will be forthcoming immediately" insofar as additional central resources are concerned. It is evident that this stagnation of central resources, and the uncertainty that prevails as to their future volume, represent enormous constraints to the provision of optimal operational support by the Executing Agencies.

14. In our view, the debate on the crucial issue of UNDP's future role should not remain confined to the two main features of the papers before the Council, i.e., on the one hand a theoretical examination of possibilities for increasing central resources in the future; on the other, concrete proposals that would rapidly compensate for the accepted fact of diminished central resources by giving UNDP new fund-manager and executing agency functions.

15. As already stated in Part I of these comments, rational and coherent planning for the optimum utilization of United Nations development resources does not necessarily require that all, or most, such resources be channelled through UNDP. There is a variety of cases like the River Blindness campaign in Africa where success depended not upon the centralizing of funds, but upon the merger of separate plans and programmes in a unified effort to overcome a specific development handicap. There is increasing awareness of the need for a more multi-disciplinary approach to problems like rural development and also for a more rational merging of the programming of disparate development resources. In this connection, it should be recalled that the Director-General of UNESCO, in his address to the Governing Council in June 1979, recognized that our common goal of integrated and cohesive operational action was often severely constrained by the forces of compartmentment inherent in the widening diversity of both funding-sources and modes of execution. He nonetheless urged that every effort be made to overcome those constraints so that these diverse capacities could be combined in the kind of inter-disciplinary and multi-source effort that is increasingly required.

16. Support to governments in harmonizing such complex external resources, however, depends heavily upon the impartiality and the imaginative co-ordinating capacity of UNDP field offices. At the core of this essential co-ordinating role, of course, is the country programming process.

17. In too many cases, country programmes cannot serve as the "frames of reference" for the enlarged and integrated programming that is needed because they are too modest in scope, short-term in their perspective, and without serious grounding in tripartite sectoral-analysis dialogue. A significant advance in our moves towards integrated action at the country level would be attained if we could base our programming upon a careful selection of development objectives - a viable "frame of reference".
18. UNESCO would welcome the opportunity to examine ways and means by which regular programme activities could be better integrated with United Nations development actions at the country level. This is, or course, being done in many instances - but it is not yet a standard programming procedure. Many governments and Resident Representatives hesitate to engage in a complex process of longer-term sectoral analysis and planning precisely because current country programming habits are so short-term and so modest. Such a timid attitude must be overcome.

19. In our view, there is growing evidence that bilateral assistance programmes could also be more closely associated with an expanded country programming approach. In this connection, it is interesting to note that recent OECD reports stress the need for intensified studies of needs and priorities of beneficiary countries, studies with which, the Development Assistance Committee has noted, "the donors should be closely associated". Indeed, any institution or agency that is willing to be associated with a UNDP marshalling of resources at the country level - whether public or private, bilateral or multilateral - should be welcomed so long as the policies and objectives of the host government are kept in the forefront of such a broadened dialogue.

CONCLUSION

20. There is no doubt that at the present critical juncture the capacity of UNDP to assume its pre-eminent role as central co-ordinator of the United Nations system's development efforts, and as team-leader of enhanced country programming, needs to be re-affirmed. We do not believe, however, that an expanded UNDP role in direct project execution and management or attempts to gain total control over bilateral United Nations trust funds would contribute positively to this re-affirmation.

21. The proposed radical expansion of special purpose funding through UNDP seems to rest upon two fundamental assumptions which are succinctly described in the summary of document DP/1982/35:

   (i) That the proposed increase of funds flowing through UNDP will provide additional assistance; and

   (ii) That the proposed alternative ways of providing assistance would not affect the level of voluntary contributions.

22. Experience over the past few years provides no proof whatsoever of the validity of these assumptions. On the contrary, experience gained so far makes UNESCO believe that the implementation of these proposals would lead to an irreversible erosion of UNDP's major virtue - its impartial and universal character.