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P O L I C Y

ANNUAL REPORT OF THE ADMINISTRATOR FOR 1983

**Report of the Joint Inspection Unit on the UNDP
Office for Projects Execution (OPE)**

Note by the Administrator

The Joint Inspection Unit report entitled "Office for Projects Execution of the United Nations Development Programme (OPE)" (JIU/REP/83/9) is a formal report addressed to the United Nations for action. It deals specifically with an activity which is directly within the responsibility of UNDP and its Administrator. However, because of the obvious interest of other organizations of the United Nations system in this matter, the Secretary-General of the United Nations has sought their views on the report. At the request of the Director-General for Development and International Economic Co-operation, the Administrator hereby transmits to the Governing Council a summary of the comments on the report communicated to the Director-General by organizations other than UNDP. 1/

1/ The complete text of the comments of each organization of the system will be made available to interested delegations at their request.

Annex

Summary of comments of organizations other than UNDP on the JIU report on the UNDP Office for Projects Execution (JIU/REP/83/9)

1. It would appear that the concerns of most of the organizations other than UNDP are reflected in the summary of conclusions and recommendations of the Inspectors' report. However, the specific comments received from those organizations and programmes 1/ on the report itself vary from general endorsement of the conclusions and recommendations of the report to, in the case of two organizations, questioning of several of the assumptions and premises on which the report is based and to dissenting from some of its conclusions and recommendations. In terms of the two specific recommendations contained in paragraph 69 of the JIU report, the divergence of comments concerns mainly Recommendation 1, while there is general support for Recommendations 2.

I. RECOMMENDATION 1

2. This recommendation reads as follows: "The Governing Council of UNDP should provide new terms of reference for UNDP direct execution, limiting such execution to projects which require general management and direction and to projects of a non-technical nature. The staff and other resources of OPE would be correspondingly reduced over a three-year transitional period."

3. With two exceptions, all organizations which have commented generally support this recommendation with varying degrees of emphasis. The following are among the main considerations cited by one or other of those organizations endorsing this recommendation.*

(a) Attention is drawn to the danger facing the United Nations development system when the essential distinction between technical agencies and financing bodies is undermined by arbitrary recourse to direct execution by funding sources. The actual nature and volume of OPE operations have deviated significantly from its original concept as expressed in the Consensus. 2/ Such a trend is at odds with the overall philosophy of the system and with the continuing efforts to streamline and avoid duplication. It is cause for concern that the erosion of UNDP's central funding and co-ordinating role went hand-in-hand with a spectacular expansion of OPE's direct project execution with expenditure from all sources rising from \$3 million in 1973 to about \$80 million at present;

* For ease of understanding, paraphrases of comments received from organizations are given in indented form. Each comment has been made by at least one organization, but not necessarily by all.

(b) Several OPE-executed projects could and should have been entrusted to the technical agency having competence in the sector involved; several others are suited for government execution. The point made in paragraph 22 of the report that it would be preferable for UNDP "to confront the system squarely with its shortcomings in order to press through corrective measures", rather than curtailing the role of agencies through direct execution of projects, is supported. Attention is also drawn to paragraph 24 of the report which supports the position spelled out in the 1982 UNDP policy document, that "any solution for the improvement of programme delivery can only come about if fully supported by all partners and after open and frank discussions between UNDP and the agencies." (DP/1982/5, paragraph 60);

(c) UNDP needs to institute effective mechanisms that ensure that OPE's terms of reference are in fact being applied in practice; to this end, the process of consultations envisaged in the revised guidelines for direct execution should for each project begin at the earliest possible stage;

(d) The revised 1982 guidelines themselves are still unclear and have not been fully effective. Only minimal consultations through correspondence, mostly ex post facto, have been carried out by the resident representatives or the regional bureaux of UNDP on project proposals involving the question of designation of appropriate executing agency. Additional rules, in the form of more detailed selection criteria, are needed;

(e) OPE subcontracting operations run counter to the requirements of national self-reliance and the principles of New Dimensions 3/ and lacks an essential ingredient of technical co-operation, namely the transfer of technical knowledge and experience. In addition, the true cost implications of subcontracting are extremely difficult to grasp;

(f) As mentioned in paragraphs 13 and 14 of the report, General Assembly resolution 32/197 conferred on DTCD and the regional commissions a legislative mandate to implement interdisciplinary and multipurpose projects and projects which do not fall within the technical competence of any individual agency, thus removing at least two of the reasons for direct execution;

(g) It is also suggested that the JIU report does not provide sufficient analysis of the actual or possible reasons for the spectacular expansion in OPE activities. Have Governments developed preference for OPE execution because of agencies' poor technical performance? Or is it the capacity of OPE as executing agent? Or is it a result of ineffective application of the revised guidelines and procedures? There is clearly a need for more detailed answers on these points and, consequently, for a continuing dialogue within the system;

(h) UNDP/OPE does not fully utilize agency expertise, preferring instead to rely almost exclusively on consultants. When OPE is designated executing agency, it should use agency technical expertise, at least for short-term assignments, in order to ensure the technical monitoring of projects subcontracted through OPE;

(i) As stated in paragraph 37 of the report, projects with large equipment components should not be considered non-technical as technical inputs are required in order to ascertain adequately the type of equipment and specifications prior to procurement. It would be necessary for the Governing Council to provide a clear and agreed definition of projects which require general management and direction of projects of a non-technical nature.

4. One organization, while in basic agreement with the recommendation, notes, however, that there is one area in which the UNDP has thorough knowledge and expertise: the planning and administration of technical co-operation in developing countries. In the view of that organization, UNDP, through OPE, has successfully implemented a number of projects in this area and should continue to do so.

5. Another organization states that while it agrees with the main theme of the report that projects of a technical and specialized nature should be handled by the appropriate agencies, it has not encountered any problem in connection with UNDP/OPE-executed projects.

6. Two organizations have expressed dissent from that part of Recommendation 1 which seeks to place a limitation on the types of projects which OPE executes with a consequent reduction in OPE staff and resources.

7. One of these organizations, which is both an executing agency for UNDP-financed projects and a large funder of technical assistance activities for some of which its borrowers use OPE as an executing agent, emphasizes that the needs of the recipient countries must be the paramount consideration in the selection of executing agents, and not the interests of international organizations. That organization makes the following further points.

(a) The use in the JIU report of phrases like "agencies....competing for scarce resources" (paragraph 60) and "prospective beneficiary" (paragraph 29), is therefore most unfortunate as they carry the connotation, false as one must believe, that UNDP's programme is operated for the benefit of one or other of the United Nations organizations. The concept of injecting considerations of "Agency benefit" into the Administrator's choice of executing agency is foreign to the intended process and it is noteworthy that OPE often declines, when asked to execute projects (paragraph 27), apparently foregoing the "benefit" to OPE. This organization does not share the

concerns or anxieties shown by some agencies, nor the JIU's view that the remedy is to restrict the role of OPE; rather, in its view, OPE has substantially fulfilled the objectives that gave rise to its creation and continues to be an essential component of UNDP's overall effectiveness. That organization's experience with OPE does not support the purported "lack of technical supervision" in OPE projects; nevertheless OPE might make greater use of agency expertise, where appropriate, in OPE-executed projects if agencies agreed to accept this role and to subordinate themselves to the overall requirements and timing of the project. In essence, UNDP has in OPE a versatile and flexible instrument to respond to the almost infinite variety of assistance requests which it receives. Curtailing OPE's role would reduce the options available and would not be advantageous to the developing countries;

(b) Thus this organization, while supporting a review and confirmation by the Governing Council of the role which OPE is to play in the future, dissents from the remainder of Recommendation 1, viz., the proposed limitation on the type of projects which OPE executes, and the consequent reduction of staff and resources.

8. The second organization sharing such a dissenting view is not an executing agency, but is a programme and funding agency. It has used OPE to execute three major projects. Its selection of OPE as executing agent for these projects was necessitated, it states, by the negative experiences it had with other executing agencies at the beginning of those projects. It further states that OPE successfully overcame the earlier problems in those projects through flexibility and willingness to accommodate the special needs of the countries involved in these projects. This organization adds that although projects funded by it involve several specific sectors, they present special difficulties which have to be skillfully tackled in the context of overall development strategies and that OPE has been most valuable in this regard. Accordingly, in the view of this organization, the role OPE now plays in the field of technical co-operation needs to be strongly supported.

II. RECOMMENDATION 2

9. This recommendation reads as follows: "ACC, assisted by the Interagency Task Force at UNDP headquarters, should examine the procedures used by OPE with a view to recommending for use by all organizations those that have proven their worth in the delivery of technical co-operation to Governments."

10. Almost all organizations which have commented support this recommendation. One agency, however, feels that recommendation should have been more specific since the body of the report has not, in its view, identified any specific procedure which might be particularly efficient and effective, and thus worthy of emulation. Another suggests that a study of the broader use of subcontracting should pay special attention to (a) the direct involvement of counterpart staff and institutions, and (b) the comparative cost of subcontracting.

III. OTHER COMMENTS

11. In the view of one specialized agency, while the role of OPE is an important matter of concern to agencies, it is preferable to have this matter discussed between secretariats and in appropriate interagency fora. This organization adds that the Inspectors' report is essentially intended for the relevant governing bodies and, in view of this, the decisions of those bodies should be awaited.

Notes

1/ At this writing, responses have been received from the following executing agencies: ILO, FAO, UNESCO, WHO, World Bank, UPU, IMO, IAEA, WIPO, UNCTCD, UNCTAD, UNIDO, UNCHS, ECLA, WFP, IFAD and the African Development Bank. Responses have also been received from the following entities in the United Nations Secretariat: DIESA, DAM, UNOG, UNOV, UNCSTD, UNRWA, UNHCR, UNFDAC and the Division of Narcotic Drugs.

2/ Annex to General Assembly resolution 2688(XXV) of 11 December 1970.

3/ See Official Records of the Economic and Social Council, Fifty-ninth Session, Supplement No. 2A (E/5703/Rev.1), paragraph 54.

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