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P O L I C Y

**PROGRAMME IMPLEMENTATION**

**IMPLEMENTATION OF DECISIONS ADOPTED BY THE GOVERNING COUNCIL  
AT PREVIOUS SESSIONS**

**Government execution**

**Report of the Administrator**

**Summary**

In its decision 82/8, the Governing Council approved for an experimental period ending June 1985 an add-on to indicative planning figures (IPFs) for countries where government-executed projects were in operation. The Council requested the Administrator to undertake a review of government execution and to report thereon at the end of this experimental period.

This report therefore provides information on progress being made in the execution of projects by Governments with special reference to the operation of the add-on arrangement. There has been a steady increase in the use of the modality of government execution. While the experimental period for the use of the add-on was 2 1/2 years as determined by the Governing Council, for technical reasons data began to arrive only two years after the adoption of decision 82/8. Although the experience has been encouraging, there has not been enough time to collect sufficient data on which to base a valid judgement on the merits of the add-on arrangement. The Administrator therefore requests the Council to extend the experimental period for another 2 1/2 years.

## Introduction

1. UNDP was mandated by the Governing Council to initiate government execution on an experimental basis in 1975 as part of the new dimensions approach to technical co-operation.<sup>1/</sup> This mandate was approved by the General Assembly by its resolution 3405 (XXX) on new dimensions in technical co-operation. At subsequent sessions, the Governing Council has further elaborated and expanded the mandate and has put government execution on an equal footing with agency execution which is a reflection of the keen interest of Governments in furthering government execution.

2. In June 1982 at its twenty-ninth session, the Governing Council fully reviewed all issues related to government execution (DP/1982/11 and Add.1). On the basis of this review, the Governing Council in its decision 82/8 authorized the Administrator to further encourage government execution of projects by introducing an add-on amount to the respective country or intercountry IPF as appropriate. These add-on amounts would come from resources which under traditional execution modalities would be earmarked for agency support costs, but which would not be utilized in the case of government execution. The amount of add-on to IPFs would in no case exceed 13 per cent of the IPF resources expended by government execution. The Governing Council has specifically indicated the following areas where add-on could be applied, apart from regular project costs as in all IPF-financed activities:

(a) Payment of support costs to United Nations co-operating agencies at the full applicable support costs rate;

(b) Assistance to Governments in meeting additional administrative costs resulting from government execution;

(c) Training of government staff to enhance their competence to deal with government execution;

(d) Increases in field office staff which may be needed to meet additional demands arising from government execution;

(e) Executing agency services rendered by way of advice or other support (other than that provided as co-operating agency) regarding project formulation and similar activities in support of government execution.

The Governing Council further decided to review the operation of the add-on at its thirty-second session, and requested the Administrator to report accordingly.

3. Based on these decisions of the Governing Council, UNDP undertook to define further the policies and procedures for government execution. These were articulated in detailed instructions and guidelines which were distributed to agencies and to field offices in October 1983 and also made available to recipient Governments. This has enabled Governments to make much fuller use of this modality than was the case prior to 1983. In consultation

with UNDP, Governments are now able to choose from a variety of executing arrangements depending on the specific requirements of the project. Apart from the most frequently used modality, namely execution by a specialized agency, projects may be undertaken where part of the external inputs are managed by the Government, where the whole project is government executed, or where the Government executes the project in co-operation with an agency.

I. PROGRESS IN GOVERNMENT EXECUTION

4. The period under review, January 1983 to the present, has seen an increase in the number of projects being approved for government execution as well as in the number of countries undertaking government execution. The following table gives the total number and value of projects approved by year as of 31 December 1984:

Table 1. Number and value of government-executed projects, 1976-1984

Approval year	Number of projects	UNDP Input including cost sharing (In US dollars)	Net UNDP contribution (In US dollars)
1976	2	1 723 108	1 723 108
1977	4	4 723 582	4 165 582
1978	10	5 181 782	3 181 782
1979	28	14 450 543	11 221 194
1980	39	11 735 454	11 573 414
1981	53	16 023 290	15 965 689
1982	55	19 971 398	19 397 909
1983	79	30 023 065	23 666 985
1984	104	16 899 607	14 875 454

The figures above show a gradual increase until 1982. Between 1982 and 1983 there was a significant increase (a 25 per cent higher UNDP input including cost-sharing). This corresponds with the commencement on 1 January 1983 of the experimental period for the add-on. However, while the same rate of increase was experienced in terms of the number of projects approved in 1984, the total value of new projects shows a reduction in 1984 from 1983. This is a reflection of the decrease in the value of new projects approved for the programme as a whole in 1984.

5. Bearing in mind this general decrease in approvals in 1984, a comparison of approvals of the number of projects under government execution with the total number of approvals over the last four years yields the following data:

Table 2. Government-executed projects as a percentage of total IPF projects, 1980-1984

Year	Total IPF projects approved	Government-executed projects approved	Percentage of total
1980	1 331	39	2.9
1981	1 178	53	4.5
1982	1 302	55	4.2
1983	963	79	8.2
1984	860	104	12.0

The table shows a steady increase in the number of approved government-executed projects. This increase has continued steadily, even in the last two years which marked a decline in total approvals. The relative increase has therefore been quite significant, showing the proportion of projects being executed by Governments as 8.2 per cent and 12 per cent for 1983 and 1984 respectively. These last two years correspond to the issuing of definitive procedures for government execution and the introduction of the add-on.

6. Of the of 156 countries and Territories participating in UNDP, 84 (or 54 per cent) have government-executed projects. By the end of 1984, 374 government-executed projects had been undertaken since 1976 when the first one was approved. The following table groups these projects according to economic sector.

Table 3. Government-executed projects according to economic sector, 1976-1984

Economic sector	Number of projects	UNDP contribution (In US dollars)	Percentage of total
Political Affairs	3	80 900	0.1
General Development Issues, Policy and Planning	81	23 474 630	22.2
Natural Resources	54	23 970 689	22.7
Agriculture, Forestry and Fisheries	55	13 418 189	12.7
Industry	33	9 891 539	9.3
Transport and Communications	16	3 348 914	3.2
International Trade and Development Finance	4	2 735 199	2.6
Population	1	40 342	0.1
Human Settlement	8	4 185 220	3.9
Health	19	3 278 143	3.1
Education	22	5 663 026	5.3
Employment	27	5 377 209	5.1
Humanitarian Aid and Relief	9	1 500 755	1.4
Social conditions and equity	18	1 494 151	1.4
Culture	5	121 288	0.1
Science and technology	19	7 190 923	6.8
<b>Total</b>	<b>374</b>	<b>105 771 117</b>	<b>100</b>

The two sectors which take up 45 per cent of all government-executed projects are general development issues, policy and planning and natural resources. The percentages for the whole programme for these two sectors are 12 per cent and 13 per cent respectively. While the overall programme share for agriculture is almost 30 per cent, in government-executed projects it is only 13 per cent.

7. UNDP continues to monitor progress on government execution especially as concerns identifying difficulties and bottlenecks in project implementation. As table 2 above shows, there is an increased recognition among Governments of the option of government execution and with a clear upward trend. While attitudes of recipient countries to this modality remain varied, there is an increased willingness to try it as procedures become clearer.

8. A good example of this variation in attitudes is the experience in two of the largest recipient countries in the Programme. The experience in the first presents a very good case of government execution where excellent co-operation exists between the Government, the UNDP field office and the specialized agencies. Agency expertise is widely made use of within the substantial number of government-executed projects. This, combined with the fuller participation of government specialists and technical services employed in government execution, has led to improved formulation and implementation of projects. The Government has created a special unit to deal with government execution. The UNDP field office has played, and continues to play, a key role in the training of government staff as well as providing logistical support to the special unit. It also plays an important co-ordinating role by making available to the Government the expertise and know-how available in the United Nations system. A special Manual for National Project Directors and other training materials on government execution were prepared and used at a recent workshop.

9. The other large country, although it has proven capacity to manage effectively external assistance and where equally excellent co-operation exists, has so far not undertaken execution of UNDP-financed projects. The Government has preferred to maintain the traditional involvement of United Nations specialized agencies in executing the projects, under the assumption that only thus could they benefit from the technology and know-how accumulated by these agencies. Recently, however, as the programme is changing, with projects depending more on indigenous management, and as it is realized that the technical inputs of specialized agencies can also be obtained under government execution, this modality is being considered more favourably in that country.

10. The feedback so far received from the field offices in countries with government-executed projects seems to indicate that the financial administration and reporting requirements associated with government execution are not fully understood and not always easy to follow. In spite of the availability to Governments of comprehensive guidelines, among the reasons often cited by these field offices for difficulties encountered by Governments in utilizing this modality is insufficient familiarity with procedures. The availability to Governments of written guidelines can provide partial help

until such time that government officials have sufficient experience with the use of this modality. In some instances, lack of trained government staff was felt. The use of the add-on for training government staff will help to remove these constraints. Governments' own procedures and regulations however, are most often cited as the reason which impedes effective management and administration of UNDP financed projects. On the other hand, there have been reports from field offices where Governments are not experiencing particular difficulties in executing projects once they understand UNDP procedures.

11. A growing trend is the approval of government-executed projects which include a sizeable cost-sharing contribution by the Government. Governments are attracted to this arrangement since it affords them the possibility of better integrating the external inputs provided by UNDP with their own, thus facilitating planning and management. Yet, using the modality of government execution with respect to cost-shared projects does not abridge the role of UNDP, since according to existing UNDP policy, the Administrator is accountable for the use of all project funds including those obtained under cost-sharing.

## II. REVIEW OF EXPERIENCE WITH THE ADD-ON

12. The Governing Council in its decision 82/8 authorized the Administrator to operate the add-on to the IPF from 1 January 1983 for a period of 2 1/2 years. After this period, operation of the add-on is to terminate automatically unless the Governing Council at its thirty-second session decides to continue these arrangements. In this respect, it should be noted that the amount of add-on funds could be determined for individual countries that had government-executed projects only on the basis of actual project deliveries for the year in question. Since these figures become available only in the subsequent year, add-ons for 1983, which was the first year in respect of which this provision was applicable, were established in mid-1984. Thus, at the time of preparing this report, add-ons had been in operation for less than one year. The following table shows the value of add-ons established in 1984, in respect of 1983 by region as well as the number of countries where they have been established:

Table 4. Add-on funds for 1983 expenditures by region

<u>Region</u>	<u>Number of countries</u>	<u>Total annual expenditures</u> (In US dollars)	<u>Amount of net add-on</u> (In US dollars)
Latin America	10	2 207 002	213 292
Africa	12	2 369 337	261 194
Asia and the Pacific	16	8 702 104	934 895
Europe	4	254 314	33 061
Arab States	4	850 569	103 098
Interregional and global		7 928	1 031
<b>Total</b>	<b>46</b>	<b>14 391 254</b>	<b>1 546 571</b>

Of the total expenditure of \$14.4 million, about \$1.3 million was administered by United Nations system agencies which were engaged by the respective Governments as co-operating agencies. The add-on figures above do not include the agency support costs which were paid to co-operating agencies.

13. Although allocated add-ons have been operational for less than one year some information is already available on how Governments intend to use these funds. Resident representatives have had active contacts with Governments on this subject and have reported on agreements on the use of add-on funds, or in some instances on plans for future utilization of these resources. In all, out of the 46 countries that have had add-ons allocated to them, 25 have made decisions on their present or future use. Out of these, 15 Governments wished to use the add-on to supplement the IPF either as a general increase or to augment the budget of identified projects. In some cases these projects were also government-executed. Three countries agreed to the use of add-on funds to strengthen the UNDP field office in accordance with the use of add-ons specified by the Governing Council which was referred to in paragraph 2(d) above; six countries intended to use add-on funds for training and other support to government administration and one would use the funds for both field office and government support.

14. The replies received so far are an indication of the Governments' keen interest in putting to the best possible use this facility which has been made available to them. Training programmes are planned, either in the form of seminars or fellowships for government officials in such subjects as project management and administration and procurement. Some Governments have proposed to strengthen their capacity in project management record keeping and accounting by acquiring appropriate computer systems. One Government has proposed the hiring locally of a specialist who would provide supervision and follow-up, thus strengthening the Government's executing role.

15. As mentioned earlier the period during which the add-on has been in operation is less than one year. The Governing Council's intention, however, was to have an experimental period of 2 1/2 years during which time the concept could be tested in operation. The Administrator therefore proposes that the Council extend the experimental period until the end of 1987 to allow for a reasonable period during which the operation of the add-on could be reviewed in accordance with the Council's original intention. The Administrator would submit a relevant report to the Governing Council at its thirty-fourth session in June 1987.

### III. MEASURES TO ASSIST GOVERNMENTS IN UNDERTAKING GOVERNMENT EXECUTION

16. An increasing number of countries are recognizing the advantages associated with executing projects themselves. Some difficulties are still being experienced, but it is envisaged, on the basis of present indications, that with the use of the add-on to bolster government capacity for project management many of these difficulties will be overcome. Some of these problems can be attributed to start-up difficulties: e.g., lack of familiarity with procedures; lack of understanding of the possibilities offered by this modality of execution; and the misconception that specialized agency

technical contributions cannot be obtained under it. To overcome these initial difficulties and ensure an appropriate role for the agency concerned, greater involvement of field offices in assisting Governments in organizing, managing and administering government-executed projects is required. In these cases the UNDP Office for Projects Execution (OPE) can play a role as a co-operating organization on government-executed projects as set forth in Governing Council decision 84/6 V adopted at its thirty-first session. OPE could, for example, assume responsibility for organizing, in co-operation with the field office and the Government, special training workshops, national or regional, for selected government officials on different aspects of project implementation, such as financial reporting, recruitment of consultants, placing and administration of fellowships, procurement and competitive bidding.

17. Furthermore, with the issuance of detailed instructions coupled with training - of both government officials and UNDP field staff - difficulties of Governments in meeting their obligations in substantive and financial reporting and project management are bound to diminish. In some cases however, the difficulties in managing and administering projects under this modality of execution may be due to the project being wrongly identified for government execution. The role of the field office in identifying projects suitable for government execution is therefore a critical one. Efforts are being made to ensure that field offices judiciously apply established criteria in making such identifications. In addition, UNDP will continue with its efforts to assist Governments in achieving self-sufficiency and the capability of administering and managing development projects.

18. The relevant instructions describe the procedures and criteria which should guide the selection of Governments as executing agents. It foresees that resident representatives should send their proposals for government execution to the regional bureau concerned at headquarters in conjunction with the submission of the Summary of Project Proposal. This proposal of the resident representative, which includes information on technical supervision, co-operation of agencies and financial and administrative arrangements, should also be copied to the competent agency for comments. Resident representatives should make their recommendation for the selection of execution modality based on an analysis of the various elements of a project and of the available capacity by the Government, including the field office support that may be needed. In order to guide the analysis of the respective roles of the technical co-operation partners, a worksheet has been tested in recent months. A sample copy of it is contained in the annex to this report. Crucial in deciding whether a project can be executed by the Government is an assessment of its ability to undertake most of the responsibility under items 4 and 5 of the table: i.e., its fiduciary and overall management and administrative responsibilities in relation to the project.

#### IV. ROLE OF UNITED NATIONS SYSTEM AGENCIES IN GOVERNMENT EXECUTION

19. When Governments execute projects they should not be deprived of the expertise, knowledge and accumulated experience that the United Nations system possesses. It is therefore provided that specialized agencies and other



participating organizations of the system are involved in government-executed projects. Such involvement of agencies may be as co-operating agencies, but may also be through the provision of ad hoc services other than those covered under a co-operation agreement for both project formulation and implementation. Government execution viewed in this way means that resort to this modality should lead to an enhancement of the agencies' professional role, beginning with identification and design of the project and ending with its evaluation.

#### V. CONCLUSIONS AND RECOMMENDATIONS

20. Under existing procedures, Governments are provided with a wide range of options for executing projects. While there has been an increase in the use of the modality of government execution, the difficulties most often mentioned in connection with this form of execution are in the Government's ability to administer such projects. However, many such difficulties may be overcome with the Governments' gaining experience in executing projects and with the assistance of UNDP field offices. The role of the field offices, and in some cases of OPE, in assisting Governments in this task should be strengthened. As concerns the substantive aspects of government-executed projects, the role of the specialized agencies at all stages of the project cycle must be emphasized.

21. The experimental period January 1983 through June 1985 established by the Governing Council for the use of the add-on, although encouraging, was not long enough to be able to gain the necessary experience with this arrangement. Because add-ons could only be established on the basis of actual expenditures, 1983 add-ons became available in mid-1984 and have therefore been in operation for less than a year. The Administrator therefore requests the Council to extend this experimental period until the end of 1987. The Administrator further proposes to report to the Governing Council on progress in the use of add-ons in June 1987.

#### Notes

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



WORKSHEET TO DETERMINE MODE OF EXECUTION OF PROJECTS

PROJECT TITLE:

Action: By Government



By UNDP F.O.  
(on behalf of Govt.)



By participating organization:  
(including country office)

IDENTIFICATION AND DESIGN

1. Design: idea and first draft  
Mission ( if needed)

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Terms of ref. (TOR), choice of  
members, travel, briefing, reporting

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2. Work plan

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3. Finalizing pro/doc.  
Pro/doc approval

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IMPLEMENTATION

4. Fiduciary responsibility  
(accounting capability, cash  
management, etc.)

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5. Overall management and administration  
(including extension of privileges  
and facilities to UNDP inputs)

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6. Professional and technical support  
and monitoring  
Briefing and documentation

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Monitor visits, and TOR adjustment

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TPRs and pro/doc. modifications

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Follow-up advice and planning

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PERSONNEL

7. Recruitment and servicing

Terms of reference

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Selection (by bids or direct)  
and contract

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Outside travel (visa, etc.)

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Claims, payments, accounting

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8. Local administration and backstopping

Pre-arrival (hotel, govt. notif.)

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Briefing (ID, housing, security, etc.)

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Support services (local travel,  
typing, admin.)

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Local doc., co-ordination with  
other activities, govt. contacts, etc.

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EQUIPMENT

9. Procurement and commissioning

Preparation of specs. and bids

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Analysis of bids (poss. local proc.)

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Contract admin. incl. commissioning

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FELLOWSHIPS AND TRAINING

10. Selection and administration

Programme review

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Interview candidates

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Placement (search for institutions and formalities)

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Payment of stipends and claims settlements

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Follow-up reporting

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EVALUATION OF PROJECT<sup>a/</sup>

11. In-country review

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12. Evaluation report

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13. Follow-up

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<sup>a/</sup> Normally, design and evaluation of technical co-operation projects will involve all three partners. These elements should not be taken into account in determining the mode of execution.

