I. PROCEDURE OF THE PROGRAMMING EXERCISE

1. The country programming process was initiated in January 1985, when the Ministry of Finance endorsed the draft programme prepared by the office of the UNDP Resident Representative in Nepal. The UNDP office then undertook a performance assessment of the third country programme, followed by a more in-depth assessment of experience gained over the last three country programmes. The first assessment was completed by UNDP in April 1985 and presented to the Government as a background document for use in the programming exercise. In addition to an appraisal of performance at the sectoral level, the assessment provided an analytical review of the programme's overall content and relevance to national objectives, methodology, modalities and implications for the fourth country programme. The assessment was followed by the preparation of the note from the Resident Representative on the fourth country programme which was completed in May 1985. The note addressed the following issues: the need for balanced growth; Nepal's development administration and absorptive capacity; employment and income generation; and the promotion of self-sufficiency. It further discussed the modalities of enhanced interaction with other donors and improved cost effectiveness of programme components. The note was submitted to the Ministry of Finance and the National Planning Commission as a suggestion for determining the focus of the programme in relation to the Seventh Five-Year National Development Plan. The Government endorsed the major themes for priority technical co-operation as developed in the note.

...
2. One of the distinct features of the process followed was the extensive exchange of ideas between UNDP and the National Planning Commission both prior to and after sectoral/line ministry consultations. This was done to ensure that: (a) the fourth country programme would be fully responsive to the objectives, strategies and working policies of the Seventh Five-Year Plan (mid-1985 to mid-1990), which was in the final stages of preparation; (b) the programme would address the real development constraints and needs of the country, based on 30 years of experience with planned development; (c) the principal objectives and thrusts of the development plan would be translated into a definite strategy and a set of priority activities for UNDP support; and (d) the UNDP programme and activities would be supportive of and linked to the activities of the other donors.

3. The assessment and the note were used in consultations with line ministries as a framework for the review and identification of their sectoral technical co-operation requirements. While the line ministries remained within the overall strategy orientation of the note, they were not constrained by specified funding levels in determining their technical co-operation requirements. In this way, it was possible to obtain a close approximation of the overall technical co-operation needs of the Government in the implementation of the Seventh Plan and to provide a wide range of options for subsequent screening and priority project selection by UNDP and the Government. The United Nations specialized and executing agencies contributed actively to the identification of new projects. The identification exercise elicited approximately 200 projects, requiring technical co-operation funding of $150 million to $180 million altogether. Since all agency consultations were fully documented, they were compiled as a resource document on sectoral consultations. The Government did not favour general sectoral analyses to be undertaken by the United Nations specialized agencies; therefore, UNDP programme staff completed sectoral overviews based on the sectoral consultations and available documentation of the Government, the United Nations agencies and other organizations. In addition, there were continuous exchanges with bilateral donors to identify and form linkages with activities supported or likely to be supported by them.

II. THE FOURTH COUNTRY PROGRAMME

4. The areas of concentration of the fourth country programme closely follow the priorities established by the Government in the Seventh Five-Year National Development Plan, 1985-1990.

5. The technical co-operation needs identified are numerous and cover a wide range of activities. However, for the sake of coherence, the fourth country programme addresses three basic objectives: (a) increasing mobilization of domestic resources; (b) improving the Government's capacity to manage development programmes; and (c) attaining balanced rural and regional development. Within these objectives, the intersectoral development strategies employed include increased community participation, the provision of basic needs, private sector expansion and the integration of population policies with development programmes.

6. While improved aid co-ordination was sought through the country programming exercise, there were limitations on what could be accomplished in this respect in the absence of a strong, intersectoral plan and programme framework and the lack of comprehensive identification by the Government of its external...
assistance requirements. A major thrust of the fourth country programme will, therefore, be to strengthen Government capacities in the area of policy and programme development as well as in the area of development administration and aid co-ordination.

7. With a view to achieving a greater impact from the country programme while reducing managerial loads, the possibilities were explored for a greater concentration of resources with a reduction in the number of projects. However, the decisions of the Government were finally determined by more compelling requirements: the need to take advantage of the UNDP capacity to respond to a wide range of needs and to fill a number of strategic gaps in Nepal's development structure. For this reason, and because of a reduced reliance on long-term expatriate personnel and the avoidance of large expenditures on equipment, the average dollar cost of each project is, in fact, likely to be lower than in the past. UNDP does not consider this a weakness in the programme, but rather a conscious and valid decision by the Government in the light of its present circumstances.

8. Multiple possibilities have been identified to develop the industrial infrastructure and to expand the role of the private sector in the country's economy through such activities as the development of a capital market, the improvement of industrial standards and quality control, and investment feasibility studies and promotion. Liaison with the World Bank and the International Finance Corporation has been effective in this regard.

9. Intersectoral project activities with other United Nations agencies linking the productive and social sectors, particularly in regard to women, will be further pursued at the subsectoral and project levels especially through collaboration with the United Nations Children's Fund (UNICEF), United Nations Volunteers (UNV) and Non-Governmental Organizations (NGOs).

10. Potential linkages with UNDP intercountry programming were explored to the extent possible in the country programming exercise. However, since intercountry projects tend to have headquarters in larger, more accessible locations, their impact has been limited. UNDP will seek to remedy this in designing the next intercountry programme for Asia and the Pacific.

11. Investment support activities will be expanded and enhanced together with institution-building and human resources development in order to ensure proper operation and maintenance of completed capital investment and infrastructure projects.

12. Several opportunities for Government execution of projects, where the necessary managerial capacities exist on the part of the Government, have been identified. Additional opportunities will be explored during the implementation of the fourth country programme.

III. MANAGEMENT OF THE COUNTRY PROGRAMME

13. The fact that the UNDP's fourth cycle almost coincides with the
Government's Seventh Five-Year Plan should facilitate the periodic review process of the present country programme. Programme and project monitoring and evaluation will be carried out in accordance with current UNDP guidelines.

14. In view of the magnitude and the wide range of technical co-operation needs identified in the course of the country programming process, it was not considered appropriate to establish an unprogrammed reserve. However, it was felt that considerable flexibility would be needed in the implementation of the programme to enable it to be responsive to the evolving needs and priorities of the Government. Consequently, it was agreed that an evaluation of the country programme would be conducted two years after its commencement, in conjunction with the mid-term review by the Government of its Seventh Plan. This will allow the fourth country programme to be adjusted so that specific projects or project components can be brought forward or postponed as circumstances warrant, particularly in view of the need to maintain the interrelationships between the UNDP programme and the activities of other donors. In addition, the programme and projects will be monitored continuously from both qualitative and resource flow standpoints and will be reviewed annually for the systematic identification of possible implementation gaps and inconsistencies which may arise with respect to the longer-term objectives of the programme. As part of this exercise, complementary support opportunities will be identified for other donors to address emerging needs for joint, parallel or independent financing by them.

15. As referred to in paragraph 1 above, UNDP and the Government have been conducting an in-depth assessment of the utilization of UNDP assistance since 1971, within the context of broad Government strategies for economic development, past, present and future. This study, currently in final draft, runs parallel to the country programme exercise. While its findings have certainly influenced the content of the country programme, it is likely to be more significant in the implementation stage. Since the study has serious points to make on the handling of institution-building, human resources development and pre-investment, all of which are major features of the Nepal programme, UNDP intends to work with the Government in applying the lessons of past experience to the management and execution of the new programme.

IV. RECOMMENDATION OF THE ADMINISTRATOR

16. The Administrator recommends that the Governing Council approve the country programme for Nepal.