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SUMMARY RECORD OF THE 28th MEETING

Held at the Palais des Nations, Geneva,  
on Wednesday, 22 June 1988, at 10 a.m.

President: Mr. MANGWAZU (Malawi)

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The meeting was called to order at 10.10 a.m.

OTHER FUNDS AND PROGRAMMES

(a) REVIEW OF THE UNITED NATIONS VOLUNTEERS (UNV) (item 8 (a) of the agenda)  
(continued) (DP/1988/46 and Add.1)

1. Mr. THYNESS (Assistant Administrator, Bureau for Special Activities) observed that the discussion on agenda item 8 (a) had been characterized by a marked divergence of opinion between industrialized and developing countries on the question of external costs and the Special Voluntary Fund.

2. Most industrialized countries seemed to be of the opinion that all project inputs should be paid for out of the project's own resources - a principle with which it was difficult to disagree. However, developing countries had pointed out that that would mean a substantial addition to the cost of Volunteers and materially affect, in particular, countries with a small IPF, the very ones that were large users of Volunteers. If the Special Voluntary Fund had been receiving sufficient contributions to cover the external costs of Volunteers who did not have a sponsor, there would be no reason for abandoning the existing system. Unfortunately, that was not the case, and the Fund could not continue to be asked for resources which sooner or later would have to be recovered from somewhere. It was incumbent upon the Administrator to point out the true state of the programme's finances, and to make appropriate proposals to prevent the programme from contracting financial obligations for which there were no funds available.

3. A few years earlier UNV had mounted a broad campaign to increase contributions to the Special Voluntary Fund. It had met with the argument that the only way of assessing the value of the Volunteers to user countries was to place the full cost of their services on the project. On that point, the position of the developed countries had not changed, as could be seen from the statements of the representatives of the United Kingdom, the Nordic countries, the United States, Australia and the Federal Republic of Germany. In the circumstances, that course would have to be followed, however painful it was.

4. It remained to be determined whether external costs should be charged to projects for all Volunteers, or only for those without sponsoring organizations. The Administration would prefer the first alternative, the reason being that some industrialized countries had placed a limit in financial terms on the number of Volunteers they were willing to sponsor, and if external costs could be charged to projects, at least one constraint on recruitment in those countries would be removed. In other words, that solution would offer the considerable advantage of contributing to the improvement of geographical distribution in recruitment. Besides, if that solution were not applied to all Volunteers, some of them would be much less expensive than others, depending on their country of origin. That would be most unfortunate.

5. The proposal by the representative of Australia that the true cost should be charged to the project, just as it was for experts, would aggravate the situation by making the country of origin a decisive factor in the selection

of Volunteers. In the case of experts, however, the difference in skills was much more readily identifiable, and the price of their services was so high that the difference in travel costs had little impact.

6. Several delegations had asked that the Special Voluntary Fund should be done away with. He (the speaker) hoped, however, that the SVP would be maintained, for a number of reasons. First, it did represent a modest source of additional financing. Secondly, it was a useful mechanism for equalizing costs and, if contributions increased in the future, it would lessen the charge to project budgets. Thirdly, it helped to finance the very important Programme Officer network, the cost of information activities and the Domestic Development Services Programme - all of which were costs that it would be difficult to charge to the administrative budgets. Lastly, the Special Voluntary Fund gave the UNV programme a measure of flexibility, and it would be truly regrettable if it were to be abolished.

7. A number of representatives, in particular the representatives of Australia, New Zealand and Yugoslavia, had stressed the need for broader geographical recruitment, pointing out that half the Volunteers came from only seven countries. There were several reasons for that imbalance. First, the level of skills differed widely from country to country, and qualified volunteers were not equally available everywhere. Another reason, probably cultural in origin, was that in some countries the idea of voluntarism seemed more natural than in others. If the Council accepted the proposals contained in the financial parts of document DP/1988/46 and Add.1, and the staffing situation improved, UNV would be in a better position to tackle the issue of geographical distribution in recruitment and the Council would be kept appraised of the situation.

8. The programme's Administration was gratified that most speakers had been decisively in favour of continuing the system of submission of multiple candidacies for each post.

9. To the representative of Switzerland, he confirmed that every project was scrutinized as concerned participation of Volunteers, and there had been cases where experts had been replaced by United Nations Volunteers. The clearly stated intention to give preference to the use of Volunteers had had effects already at the stage of project formulation.

10. The representative of Denmark had regretted the absence of proposals for greater integration of UNV with the UNDP programme. The reason for that, no doubt, was that integration was already very close.

11. He was grateful to the representative of China for mentioning the possibility of shorter tours of duty. Although that interesting suggestion had administrative and financial implications which would have to be studied, it should be possible to work out viable solutions.

12. Lastly, turning to the question of "monopoly", he observed that some delegations, notably that of Ghana, seemed to agree that it was more a matter of perception than of fact, and only the representative of the United Kingdom, supported by the representative of the Federal Republic of Germany, had expressed an opinion to the opposite effect. The representative of the United Kingdom was correct in assuming that bilateral volunteers normally had to enter through the backdoor to participate in projects financed by the

United Nations. For his own part, he would very much like to see them use the front gate and be fielded in accordance with UNV standards. He hoped that UNV and the bilateral organizations could discuss that modality concretely with a view to arriving at practical solutions.

13. The representative of the United Kingdom had also mentioned the need for an authoritative voice on the use of volunteers. That was a very useful suggestion, and he was in a position to inform the delegation of the United Kingdom that it had been decided to publish an "advisory note" for the guidance of the entire United Nations system.

14. Mr. NABULSI (Executive Co-ordinator, United Nations Volunteers) noted with satisfaction that the controversial issues were not as serious as he had feared. The recipient countries had expressed satisfaction with the way in which the programme was operating. On the basis of the review report, which identified the areas in which improvements were possible, the programme could be made even more effective. In the circumstances, it seemed preferable not to attempt to modify it, because that would be liable to disrupt its momentum.

15. There were, however, a few problems yet to be overcome, particularly the small number of Volunteers from industrialized countries. UNV was making every effort to remedy that situation, but it was confronting basic structural difficulties, for UNV was an international body which could not be changed into a bilateral one. Countries wanting their nationals to take part in the programme must therefore come to terms with its international character and arrange for more of their nationals to be recruited.

16. The recruitment of volunteers tended to concentrate in a small number of countries because some countries had a larger population, more facilities for sending their Volunteers, more financial resources, etc. However, UNV officials had made new arrangements to diversify recruitment and would continue to devote very careful attention to the matter.

17. As far as the financing of the UNV programme was concerned, the authors of the review report requested the developing countries also to contribute to the defrayal of external costs, to the amount of \$US 3,500 per Volunteer. Those countries were already contributing \$US 1,000 towards that amount, and the additional resources required therefore amounted to \$US 2,500 only, which would not always be sufficient to cover actual expenses. Consequently, it would be necessary to draw on the Special Voluntary Fund, an indispensable working instrument, which served as a crucial "equalizer" in financial terms, making it possible to recruit the right Volunteer for the assignment, whatever his country of origin. He asked the countries which had advocated abolition of the Fund not to insist on that course, and warmly thanked those which had generously supported the Fund.

18. Mr. DRAPER (Administrator of the United Nations Development Programme) stressed the dedication and skill with which the Executive Co-ordinator had carried out his difficult task for 10 years. By his untiring efforts, he had helped to make UNV an effective instrument serving the third world. He paid a tribute to the entire staff of UNV, and invited the Council to applaud the Executive Co-ordinator.

19. The PRESIDENT, speaking on behalf of the Governing Council, associated himself with the tribute to Mr. Nabulsi and welcomed Mrs. McSweeney, his successor.

20. Mr. PETTITT (United Kingdom of Great Britain and Northern Ireland), referring to the suggestion of Mr. Thyness to publish an "advisory note" on the use of Volunteers, said that his delegation wished that note to be circulated to all the United Nations agencies using volunteers, whether United Nations Volunteers or others, such as UNICEF, UNRWA, etc.

21. Mr. THYNESS (Assistant Administrator, Bureau for Special Activities), replying to the representative of the United Kingdom, said that the Bureau was in touch with various organizations and institutions in connection with those matters. The advisory note itself, which was intended mainly for all staff working for UNDP within the United Nations system, would obviously affect most projects. The Bureau would endeavour to circulate that important note as widely as possible.

22. Mr. SAHLMANN (Federal Republic of Germany) said his delegation associated itself with the observations of the delegation of the United Kingdom regarding the question of recruitment, but not with those regarding a "monopoly".

23. The PRESIDENT announced that the general debate on the item had ended. If there were no objections, he would take it that the Council decided to instruct the Drafting Group to begin work on a draft decision on the item.

24. It was so decided.

#### PROGRAMME IMPLEMENTATION (item 4 of the agenda)

- (a) IMPLEMENTATION OF DECISIONS ADOPTED BY THE GOVERNING COUNCIL AT PREVIOUS SESSIONS
  - (i) REVIEW OF PROGRAMME AND PROJECT ACTIVITIES

#### b. GOVERNMENT EXECUTION (DP/1988/19 and Add.1 to 4)

25. Mr. BROWN (Associate Administrator) introduced the Administrator's report on Government execution (DP/1988/19/Add.2). For the evaluation conducted in 1987, field work had been carried out in nine countries, Governments and all executing agencies had been consulted, and UNDP had interviewed six United Nations agencies. UNDP had used external consultants to review accounting and audit issues. Their reports were available for examination.

26. The overall finding of the evaluation was that government execution was an important modality of project implementation, was widely used and had produced significant results. Its further growth should be supported, and greater attention paid to its application.

27. That modality had grown dramatically. In 1987, one out of every five projects assisted by UNDP had been government-executed. Experts and training had accounted for the largest share of the resources, and equipment, for 28 per cent (as against 23 per cent for the Programme as a whole).

28. Government execution had two interrelated objectives: first, the enhancement of a Government's capability to plan and manage technical assistance and to intergrate it into its own development programmes, and, secondly, the cost-effective attainment of project-specific technical assistance goals. All the Governments consulted had confirmed that government execution furthered those two objectives. All the countries visited during the evaluation had stated that government execution of projects helped to initiate and maintain self-reliant development management, and provided an opportunity to acquire experience in the myriad details of project implementation.

29. Government execution was cost-effective. There was no evidence anywhere that the direct costs of government-executed projects were any higher than those incurred by United Nations agencies. Governments felt that government-executed projects had greater potential for sustainability. UNDP needed to keep the question of sustainability under review, and study it in connection with future evaluations. More project-level evaluations of the working of the modality were required.

30. As far as accounting and audit were concerned, the external consultants had reviewed three issues, namely, the implications of government-executed projects for the accounting work-load of the Operations Sub-Unit in UNDP's Division of Finance; accounting procedures and accountability controls and their impact on the financial integrity of the system; and audit procedures and principles.

31. Accounting procedures would be revised to ensure that a Government entrusted with the execution of a project had to report only on what it had actually received. Disbursements by UNDP headquarters, field offices or United Nations agencies would be recorded directly. Audit procedures would be reviewed and not all projects would necessarily be audited. UNDP was establishing a selection procedure.

32. The consequences of the rapid growth of government execution were threefold. First, the growth would have to be better managed and supervised; secondly, the involvement of United Nations agencies would have to be optimized so as to benefit the projects implemented under that modality; and, thirdly, UNDP's achievements should be shared within UNDP as a whole. The Administration of UNDP would ensure that attention was paid to those aspects.

33. Since February 1988, changes had already been made to improve the operation of the system. Accounting procedures had been revised and a draft manual was under preparation. Audit procedures were to be reviewed. The UNDP training programme had introduced specific sessions on government execution. Field offices were providing training for government officials. The monitoring of government-executed projects would be strengthened.

34. Mrs. BARRIOS (Argentina) said that her country made extensive use of the modality of government execution, with satisfactory results. Argentina's overall programme for the fourth programming cycle (1987-1989) amounted to \$US 100 million, of which only \$US 6.6 million was covered by the IPF, the remainder being financed from various sources, including a large proportion provided by the Argentine Government. Argentina approved the objectives and

advantages of government execution, namely, the strengthening of the recipient Government's capability for planning and execution, and the reduction of implementation costs, ensuring better utilization of IPFs.

35. In its resolution 42/196, the General Assembly requested the Governing Council of UNDP "at its thirty-fifth session to consider what further support can be offered to Governments and what further flexibility may be called for to facilitate government execution of projects". It was in that perspective that the delegation of Argentina was examining the proposals of the Administrator. In the first place, Argentina would have liked the Administration to recognize the advantages of government execution more positively. Her delegation had duly noted the shortcomings that had been pointed out, but observed that, according to the Administrator, projects executed by Governments gave rise to problems similar to those typically arising in connection with projects executed by agencies of the United Nations System. The shortcomings in question were therefore not inherent in that modality of execution.

36. Generally speaking, her delegation could endorse some of the recommendations put forward, but she had to say that government execution had been subjected to close scrutiny and much criticism - which was not the case for other, more traditional modalities of execution, and that the factor of cost-effectiveness had not been taken into account.

37. Paragraph 40 of the Administrator's report (DP/1988/19/Add.2) stated that projects without co-operating agencies needed rigorous supervision and backstopping. The delegation of Argentina could not agree that such a statement should be laid down as a principle, especially if the supervision entailed the establishment of a mechanism involving not only field offices, the Office for Project Services and specialized agencies, whose costs would be changed to the Government executing the project. At least, that was the implication of paragraphs 41 and 65 of the Administrator's report.

38. Lastly, it seemed to her delegation that there was a contradiction in the recommendations. On the one hand, they recognized the justification and necessity of promoting government execution, which seemed to be accepted as a more effective and economical means of using assistance to developing countries. On the other hand, some of the recommendations seemed to convey the idea that Governments which executed projects would be penalized by more severe restrictions and additional costs. Argentina wondered whether those were really the measures that the Governing Council wanted to adopt in application of General Assembly resolution 42/196, in which the Assembly had specifically requested it to consider what further flexibility might be called for to facilitate government execution of projects.

39. Mr. ALOM (Observer for Bangladesh) was of the opinion that execution of projects by the Government of the recipient country contributed to enhancement of its self-reliant capability to plan and manage technical assistance in a cost-effective manner, and facilitated integration of such assistance with the country's own development policy and programmes. His delegation had noted with interest the findings of the evaluation exercise. Bangladesh shared the perception of the Governments consulted during the evaluation that technical co-operation projects executed in the traditional manner were often not fully integrated into the mainstream of the development activities of the country concerned. Other findings of the evaluation study had also attracted the



interest of his delegation: that there was no evidence of the direct costs of government-executed projects being higher than those offered by the United Nations System; that government execution had increased the purchasing power of IPFs; and, lastly, that in many cases Governments had managed to procure inputs at lower direct cost.

40. Commenting on the recommendations based on the evaluation (DP/1988/19/Add.2, sect. III), he agreed that the usefulness of a modality of execution should be assessed at the project formulation stage. In that connection, he suggested that the statistics made available to the recipient Government at that stage should be transparent and comparable. Secondly, as concerned operational issues, it was important to undertake performance evaluations, including in the concentration countries. In that connection, his delegation would like to know about the criteria used for assessing the capabilities of the executing department or service. Thirdly, with reference to accounting and audit issues, he wished to know why the existing staffing levels were inadequate to cope with the accounting work-load. It was also important to know about the factors that constrained improvement in the level of performance, before the Council considered the recommendation for increased staffing (DP/1988/19/Add.2, para. 44).

41. Lastly, he pointed out that Bangladesh had the third largest UNDP programme. More than 100 projects were under implementation, yet, regrettably, not one of them was being executed by the Government. Bangladesh was discussing the matter with UNDP, and looked forward to a favourable decision in that regard.

42. Mr. SKLIAROV (Union of Soviet Socialist Republics) said that his delegation accepted the conclusions and recommendations in document DP/1988/19/Add.2, and supported the measures adopted to simplify and improve the administrative and financial procedures for government execution. They would make possible even broader application of that modality of execution, strengthen government capabilities in the area of technical-assistance planning, and facilitate the integration of UNDP projects with national programmes.

43. In the opinion of the Soviet delegation, the involvement of specialized agencies in the implementation of the projects in question had been somewhat neglected in the Administrator's report, although paragraph 26 stated that "Governments consulted during the evaluation ... affirmed that they have considerable use for agency involvement". Involvement of specialized agencies in such projects was quite insufficient - \$US 2 million in 1986 out of the total of \$US 44 million for all government-executed projects.

44. During the evaluation it had been found that inputs could be procured at lower direct cost when projects were government-executed. Regrettably, there were no details on the input procurement mechanism, or on the part played by specialized agencies, or again on the need to arrange for the involvement of bodies of other developing countries or of donor countries in procurement of the resources needed for government execution. That would be a way of further reducing costs and enhancing project quality, by offering a broader range of resources to choose from.

45. Lastly, his delegation shared the view of developing countries that additional costs incurred by the UNDP secretariat for such projects should be treated in the same way as costs incurred by a specialized agency. In other words, as decided at the thirty-fourth session they must not affect the regular budget.

46. Mr. GERDAU (Peru) said that his country's experience with government execution had already produced good results, for it had helped to identify the real bottlenecks and introduce innovations. The Government of Peru, through its National Planning Institute (INP), and UNDP had decided to decentralize the formulation, implementation, administration and monitoring of the projects executed by the Government, by entrusting those operations to the Consultative Unit for Special Projects (UAPE), which had been put entirely in charge of them since November 1987.

47. Six months later, concrete results had already been registered, namely, marked improvement in project formulation; computerized management of all projects; publication of financial and administrative rules for the benefit of project directors; acceleration of execution; and lower costs. To perform its functions, UAPE had prepared instruction manuals and guides on various subjects; it was also engaged in training, organization of working meetings, preparation of reports and circulation of publications. UAPE was co-ordinating and supporting the execution of some 20 projects. Furthermore, it had provided technical assistance for the formulation of half a dozen projects with a view to possible financial support from UNDP. In some cases, UAPE had contacted sources of financing other than UNDP.

48. As the experience was only recent, all the possibilities of action had not yet been exploited. However, on the strength of the progress already made, it was hoped to be able to make available to national executing agencies the technical and administrative support of a specialized body, thereby helping to improve not only the formulation of the projects but their execution as well. In conclusion, he said that his delegation associated itself with the observations of Argentina concerning document DP/1988/19/Add.2, and that it would support any recommendation designed to encourage and strengthen government execution in accordance with General Assembly resolution 42/196.

49. Mr. DE BEER (Netherlands) expressed his delegation's satisfaction with the evaluation conducted on government execution. The Netherlands supported that modality of assistance, not only in its bilateral programmes, but also through UNDP.

50. Paragraph 12 of document DP/1988/19/Add.2 stated that "there were also repeated affirmations that projects executed by Governments had the distinct potential to sustain their outcomes". The experience of the Netherlands corroborated that conclusion. However, did that imply that other types of projects were less sustainable? The delegation of the Netherlands requested the secretariat to clarify that point.

51. His delegation had intended to ask some questions about financial and other aspects discussed in the document on evaluation, but the information given by the Assistant Administrator on the measures taken by UNDP since February 1988 had allayed its concerns. It was important that the aspects relating to responsibility for projects and financial results should be duly integrated in all government-executed projects.

52. Mrs. DOHERTY (United Kingdom of Great Britain and Northern Ireland) said that her delegation wished to know whether government execution was accepted by UNDP as an effective means of implementing projects. It also wished to clarify the meanings of various recommendations. Specifically, with reference to paragraph 34 of document DP/1988/19/Add.2, stating that "greater focus is needed on the contribution of the modality to effectiveness", she asked whether the consultants had some question as to the effectiveness of government execution and therefore more work needed to be done on the question.

53. In paragraph 44 (c) of the report there was a proposal to consider the installation of a computerized monitoring system. Her delegation believed that that should be done before the seven posts mentioned in subparagraph 44 (a) were made permanent, for rationalization and computerization might reduce staffing requirements.

54. As to the recommendation in subparagraph 44 (d), her delegation would like to see due account taken of Governments' compliance with accounting and financial reporting requirements when deciding whether government execution was really appropriate in countries that failed to comply with those requirements.

55. Her delegation supported the recommendations in paragraph 56. It had become comparatively rare for auditors to carry out 100 per cent audits of accounts. Sampling techniques were used extensively. When deciding how best to proceed, UNDP should take account of its experience with particular Governments, concentrating more on those which had failed consistently to comply with financial regulations.

56. Mr. PARK (Republic of Korea) welcomed the efforts made to increase government execution of UNDP-financed projects. In his view, the method would become more effective if the co-operation and assistance of the field offices were more active. Furthermore, the Government of the recipient country should report on the results of the project as soon as it was completed. That would allow UNDP to ensure better co-ordination, which, in turn, would increase the number of projects that could be implemented and improve the delivery rate of projects. The Government of the Republic of Korea desired that UNDP should enlarge project personnel as well as its financial support for government execution of UNDP projects. Lastly, he pointed out that during the fourth programming cycle, his Government had decided to execute six projects at a total cost of \$US 1.7 million. He expressed the hope that other recipient Governments or member countries would assume responsibility for more projects, and that UNDP would assist them in doing so by making such arrangements as were required.

57. Mr. KRAMER (Canada) said that the main conclusion to be drawn from the evaluation of government execution was that it was an important and useful modality of execution which helped Governments to integrate projects into their institutional fabric and enhanced their sustainability. The Governing Council should encourage that modality of execution and seek ways of adjusting UNDP's administrative and accounting procedures to that new orientation of its policy. The growing number of projects executed by Governments accentuated the need to review the procedure for that modality as well as the part played in the process by UNDP and the executing agencies. The General Assembly had rightly requested the Governing Council to consider the question of further arrangements for the reimbursement of support costs, inasmuch as government

involvement could be expected to increase steadily in the long run, government execution was functioning very well in countries capable of mastering the process. It was therefore necessary to be both flexible and selective. Canada encouraged UNDP and Governments to use the expertise of the specialized agencies, as required, to support certain elements of governments execution.

58. Mr. LI YANG (China) stressed the snowball effect of government execution of projects: national personnel acquired valuable practical training which they could then apply to future projects; Governments identified better with project activities - which improved their quality; and they endeavoured to procure inputs at the best possible price, thereby enhancing the cost effectiveness of assistance. What was more, the emergence of that new modality of technical co-operation would probably be conducive to a rationalized and more effective participation of specialized agencies. He noted with satisfaction that the evaluation study had confirmed the advantages of government execution. However, as with any new approach, the modality still had some weaknesses and unknowns. UNDP should assist Governments to remedy such shortcomings, as requested by the General Assembly in its resolution 42/196.

59. The Administrator's recommendations in document DP/1988/19/Add.2 would, on the whole, facilitate the task of Governments. With reference to paragraph 26, he pointed out that the specialized agencies, with their extensive know-how, were in a position to provide valuable assistance to Governments in project formulation and execution. At the project formulation stage, it was important to accurately determine the Government's administrative and management capabilities, and spell out the responsibilities to be assumed by each of the parties involved. However, the fact that a project was executed by the Government must not preclude simultaneous use of such forms of assistance as training of national personnel.

60. With reference to the recommendations in paragraphs 45 and 46, he said that if government execution added to the workload of UNDP's Division of Finance, any additional expenses resulting therefrom should, as any other administrative costs, be charged to the Programme's regular budget and not to IPF add-on funds. To defray such additional costs by drawing on the add-on funds would be contrary not only to the spirit of paragraph 32 of General Assembly resolution 42/196, but also to the very principle of assistance to Governments. He therefore considered that the auditing of the accounts of co-operating agencies and of Governments should continue to be financed from the regular budget. In that connection, UNDP's workload would lessen if it made a greater effort to inform Governments and national personnel of its policies and regulations concerning government execution and if it played a greater part in training such personnel so as to enable the State to manage its finances better. China's training experience had been highly successful in that respect.

61. Mr. PAYTON (New Zealand), after noting the outstanding quality of the report on the evaluation study, regretted that it had not been possible to take into account the experience of all Governments, particularly those of the island countries of the South Pacific, where government execution was applied on a very large scale. In Tuvalu, for example, 10 of the 19 projects undertaken in recent years had been government-implemented. Paragraph 17 of document DP/1988/19/Add.2 stated that the modality mobilized inputs at less direct cost to the project concerned. In the South Pacific, the savings

achieved in that way were of the order of 50 per cent in some cases, and country IPFs were so small that the services of co-operating agencies could not be afforded. Action was therefore being taken at the regional level. The Governments concerned had decided to pool their add-on funds in order to increase the staff of the Regional Bureau and equip it with a computer, so as to facilitate the activities carried out for the Governments. With regard to financial reporting, it must be borne in mind that it was sometimes difficult for recipient countries to account in full for the resources entrusted to them, because only part of those funds were actually handed over to them and registered in their books. None the less, he welcomed the arrangements that had been proposed.

62. The government execution modality was bound to become increasingly important in the implementation of UNDP-financed programmes. However, the specialized agencies should continue to play an important part and participate in the projects executed by Governments whenever the latter deemed it necessary. Considering the very different situations encountered from one country to another, the Governing Council must adopt flexible policies. For example, in deciding on government-execution procedures, for example with respect to the use of add-on funds to cover support costs, it should take account of the special problems confronting South Pacific island countries because of their size, degree of development and acute shortage of labour.

63. Mr. KATES (United States of America) expressed support for the concept of government execution, because that modality put the recipient countries in a better position to further their own development, provided that it was not reduced to a financial or logistical support mechanism and did not entail undue, and therefore counterproductive, reliance on UNDP field offices. He urged UNDP to seek an optimum solution to the problem of involvement of United Nations agencies in government-executed projects, and invited the Programme and Governments alike to arrange for the agencies to be consulted at all stages of the project. He commended UNDP for its efforts to ensure better compliance with accounting procedures.

64. Mr. GOPINATHAN (India) pointed out that not only did government execution promote the self-reliant development of the recipient countries, but it was also a very attractive modality in terms of cost-effectiveness. India used it extensively, since it was one of the seven "concentration" countries studied during the evaluation.

65. Commenting on the Administrator's report (DP/1988/19/Add.2), he expressed the view, with reference to the recommendations in paragraphs 34 and 35, that there was no point in conducting more evaluations without a specific objective. As to project formulation procedures (para. 36), he pointed out that, before opting for government execution, the Indian Government always made a thorough assessment of the capabilities of the services that were to implement the project. Since the Jansson Report (A/42/326/Add.1) recommended that resident representatives should be given decision-making powers, why not involve them more actively in project formulation? He completely failed to understand why projects without co-operating agencies should need more rigorous supervision and backstopping (para. 40): that did not show much consideration for the capabilities of Governments and national experts. Regarding the Administrator's observations on additional staffing costs (paras. 45 and 46), he said that government execution need not automatically entail an increase in the workload of the UNDP Administration.

If that happened, however, the additional expenditure must not be charged to add-on funds. If the provisions governing the use of add-on funds were to be modified in the case of government execution, then all the cases in which they were used would have to be reviewed. Lastly, he noted with satisfaction that the Administrator recognized in paragraph 60 that the audit requirements should be clarified at the time of project formulation, and that the existing instructions on the matter were unusually stringent and should be modified.

66. Mr. SAHLMANN (Federal Republic of Germany) was of the opinion that the financial implications of the recommendations contained in the evaluation report should be examined by the Budgetary and Finance Committee before the Council took a decision on the matter. Referring to the document on agency accountability (DP/1988/19/Add.4), he agreed that, as stated by the Administrator (para. 12), the real question was not whether agencies had a duty to account to UNDP under signed agreements or common law principles, but rather what such accountability meant in practice. He did not agree, however, that the answer to that question was one of practical, administrative reality and not a truly legal issue. If there was no clear legal basis, there could be no clear responsibility, and that had great influence on administrative reality. He supported the Administrator's proposal (para. 22) for further research on the technical and legal aspects of the accountability of executing agencies, and for further examination of the applicability criteria and ancillary prerequisites. He proposed that those issues, as well as the question of arrangements for project support costs (para. 19), should be examined by a group of independent experts to be set up by the Council.

67. Mr. GIELING (Belgium) said that although the evaluation report indicated that government execution was desirable, cost effective and sustainable, one had to make sure that it was not simply a reassuring name for a modality of execution that was relatively close to traditional modalities and yet added to the work-load of the UNDP field office. Furthermore, the proportions assumed by government execution were liable to modify the tripartite system, and it would therefore be desirable for the other components of that system to decide how they should adjust to the trend. In the circumstances, he supported the Administrator's recommendations concerning, first, the need to take into account, at the project formulation stage, the feasibility of government execution with justification, assessment of capabilities and definition of the procedures to be followed; secondly, the need to lay down clearly the responsibilities, especially the financial responsibilities, of the respective parties; and, thirdly, rigorous supervision of projects without a co-operating agency.

68. With regard to accounting and audit issues, he could support the Administrator's proposal for the expenses associated with the additional work-load arising from government execution to be charged to add-on funds, since they were in the category of costs recognized as coverable by that source. He welcomed with satisfaction the proposed simplifications proposed in the audit and financial-reporting procedures, which were in line with the procedures applicable to executing agencies generally, and he expressed the hope that the simplifications would not only be conducive to more regular reporting and better compliance with procedure, but also help Governments to become more self-reliant in that area in the future, thereby doing away with the need for support by UNDP personnel.

69. Mr. KUMARAKULASINGHE (International Labour Organisation) reaffirmed the ILO's commitment to the modality of government execution. It had certain weaknesses, however, and it had not changed the problems that traditionally affected projects. In many cases, UNDP tended gradually to replace the Government in terms of managerial and administrative support, perhaps because government capabilities in that area had not been accurately appraised at the outset. Government execution should be used on a more selective basis, and government capabilities should be assessed more thoroughly by first consulting the competent United Nations agencies, in accordance with the provisions of the UNDP Programmes and Projects Manual. That approach would allow UNDP to reduce not only its administrative and managerial support to Governments but also the expenses entailed, and to focus more sharply on the technical support required. Moreover, full use should be made of the specialized expertise that the United Nations system could offer, since that was what the Governments themselves desired. Furthermore, government execution should not be considered only with cost considerations in mind - on the questionable assumption that it was a less expensive modality - but rather from the point of view of enhancing sustainability and self-reliance. Lastly, one of the best ways of improving government execution would perhaps be initially to entrust the execution of all projects to co-operating agencies, and then to move into government execution progressively in the final phases of the project.

70. Mr. HEIN (United Nations Food and Agriculture Organization) reaffirmed FAO's full support for the modality of government execution and welcomed with satisfaction the suggestion for more active involvement in it of the specialized agencies. FAO had had very promising experiences in that regard, in particular in the South Pacific region, and was prepared to continue in that direction while working out with UNDP the specific ways in which it would be involved.

71. Mr. THOMPSON (Fiji) said that government execution had become a necessity for Fiji, because of its situation as a small island country in the South Pacific. The modality had in fact proved highly attractive on account of its cost-effectiveness, and it was bound to be used on an increasing scale in the future. He called upon UNDP to give favourable consideration to such requests from island countries, to support them and facilitate their task.

72. Mr. BROWN (Associate Administrator) summed up the discussion. There appeared to be unanimous agreement on the idea that the time to evaluate the capability of the Government concerned to plan and manage the technical assistance to be provided as well as the expertise available locally was when projects were formulated and about to be approved. It was clear that the evaluation must take place at the earliest possible stage, and, at any rate, before an executing agency was called in. As had been pointed out by the representative of the ILO, without such an evaluation, UNDP could not delegate responsibilities to the recipient Government. Moreover, if it appeared that the Government did not possess the required capability to execute the project, UNDP must not only envisage alternative arrangements but also undertake to provide the training required to remedy the Government's shortcomings.

73. By and large, and the delegations had agreed, the evaluations made indicated that, in most cases of government execution, it had been satisfactory from the material and technical points of view, but less so in terms of reporting, accounting and auditing. UNDP was anxious to retain the

confidence shown it by the Governing Council, especially with regard to the use of funds. However, the external financial consultants were perhaps too demanding in asking that Governments should account for all disbursements under the projects executed by them. The representative of the United Kingdom had rightly pointed out that such a practice was not followed anywhere, and an intelligent sample providing UNDP with information on the allocation of 30 per cent of disbursements should be sufficient. In that connection, a number of delegations had stated that the field offices should slow down the rate of their disbursements. That criticism applied to the field offices, in other words to UNDP, and not to the Governments executing projects.

74. Several delegations, including that of China, had mentioned the additional costs to UNDP resulting from the shortcomings of Governments in the area of accounting and auditing for the projects they executed. In 1987, the Administration had argued that, in all fairness, such costs should be borne by the country concerned and not by UNDP. The Governing Council had decided otherwise. The Chinese delegation was apparently suggesting that such costs should be charged to UNDP's administrative budget. UNDP was opposed to that course, because it would then be exposed to the criticism bound to follow an increase in administrative expenditure. In his opinion such costs should continue to be dealt with as support costs.

75. In paragraph 61 of document DP/1988/19/Add.2, the Administrator proposed, as recommended by the external consultants, that the audit process should be administered by UNDP staff. As had been indicated by the representative of the Federal Republic of Germany, that proposal would have to be examined by the Budgetary and Finance Committee, but, in any case, UNDP could not be satisfied with verbal assurances about the quality of the execution of a project, and could not refrain from any auditing.

76. The representative of Peru, who had given a detailed presentation on the execution modality applied by his Government, had offered to provide countries wishing to try out that modality with any information they might require. That was an excellent idea. The representative of Bangladesh, for his part, had indicated that although his Government wished to execute projects itself, it had not yet succeeded in making any arrangements with UNDP to that effect. The Associate Administrator indicated that a number of projects to be executed by the Government of Bangladesh were at the formulation stage.

77. The representative of the Netherlands had observed that in paragraph 12 of his report, the Administrator made mention of a view which did not seem entirely justified, namely, that the outcomes of government-executed projects were distinctly more sustainable. There was no doubt, however, that the more "internalized" the formulation and execution of a project, the greater the Government's eagerness to follow it up when it was completed. And UNDP's ultimate objective, like that of any technical assistance, was ultimately to give the recipient countries the capability to "take over" when the foreign experts leave.

78. The representative of the United Kingdom had expressed concern about the consultants' recommendation to entrust the accounting for government-executed projects to permanent staff, which would probably entail additional recruitment. In his own view, the consultants had probably not used the word "permanent" in the sense associated with the contracts of indefinite duration of United Nations staff members.



79. The representative of China had stated that, in the final analysis, it was the resident representative who should be the judge and say whether the execution of a project should or should not be entrusted to the Government concerned. He (the speaker) did not share that view. In the circumstances, the decision must, for the time being, still be taken at Headquarters, because a measure of detachment was required to assess accurately a Government's capability to execute projects. Like the obligations and payments system, the modality of government execution involved susceptibilities that could be dealt with more tactfully at Headquarters than in the field. Yet, no procedure or system was ever final.

80. He fully agreed with the observation of the representative of India to the effect that it was essential for UNDP to closely supervise all aspects of government-executed projects, including its effectiveness, at every stage of execution.

81. Lastly, for the benefit of the representative of FAO, he pointed out that the question of the accountability of executing agencies would be discussed under another item of the agenda.

82. The PRESIDENT proposed to the Governing Council that the question of government execution should be referred to the Budgetary and Finance Committee and to the Drafting Group for the preparation of draft decisions.

83. It was so decided.

#### PROGRAMME IMPLEMENTATION

##### (a) IMPLEMENTATION OF DECISIONS ADOPTED BY THE GOVERNING COUNCIL AT PREVIOUS SESSIONS:

###### (i) REVIEW OF PROGRAMME AND PROJECT ACTIVITIES (continued):

(a) PROGRAMME AND PROJECT QUALITY;

(d) PROJECT DEVELOPMENT FACILITY;

(c) PROPOSALS FOR STANDARD MODALITIES OF TECHNICAL CO-OPERATION;

(e) PROJECT PERSONNEL (item 4 (a)(i) of the agenda) (DP/1988/19 and Add.1-4)

84. Mr. HIRONO (Assistant Administrator, Bureau for Programme Policy and Evaluation) outlined the measures adopted by UNDP in response to the Governing Council's decision 87/13 to improve the quality of programmes and projects (DP/1988/19, section I, and DP/1988/19/Add.3). New guidelines had been adopted for project formulation and the project document format. Furthermore, a new Programme and Projects Manual had been published and instructions on the revised format and content of the Country Programme Management Plans had recently been issued.

85. Turning to the mid-term reviews of country and inter-country programmes (DP/1988/19/Add.3), he indicated that resident representatives in many countries had already initiated consultations with Governments on the approach to be adopted to those reviews and on the issues that could be

examined in that connection. UNDP Headquarters, for its part, had advised the field offices on simple procedures that could be followed in obtaining the requisite programme and project data. The objective pursued in conducting the reviews was not only to assess progress in programme implementation, but also to determine whether UNDP was bearing in the right direction in accordance with the stated priorities of the Government concerned. Henceforth, both in the Administrator's annual report and at the time of the mid-term reviews, UNDP would be providing a brief overview of the situation, country by country, as well as a synthesis of trends in the assistance provided and the lessons learned therefrom.

86. With reference to the measures taken to give effect to decision 87/85 on the functioning of the Project Development Facility (DP/1988/19, section II), he recalled that the Facility had been set up in 1985 on an experimental basis, that it was a technical mechanism of global scope, and that it was financed from Special Programme Resources. The Governing Council had decided to extend the experiment into the fourth cycle, and would have to decide whether it was to be extended into the next cycle. For the purposes of the experiment, a considerable number of missions had been organized, covering all the regions served by UNDP and many sectors of assistance (DP/1988/19, paras. 21-24). However, it must be remembered, that since 70 per cent of the missions had been undertaken for project formulation purposes, 70 per cent of the Facility's resources fell into the category of reimbursable funds. Yet, as far as actual reimbursements were concerned (DP/1988/19, para. 27), the situation was far from being that satisfactory. The Administration proposed to amend paragraph 31 which stated, by way of conclusion, that "The PDF needs no further replenishment at this time", by making two significant changes, that would have to be submitted to the Budgetary and Finance Committee. Specifically, it was in fact proposing to replenish the Facility's resources once again out of Special Programme Resources, and to do away with the existing reimbursement scheme altogether.

87. He then outlined the measures taken to give effect to Governing Council decision 87/18, in which the Council took note of the Administrator's initiative to formulate proposals with a view to the establishment of standard modalities for technical co-operation (DP/1988/19, section III). Donors had been requested to provide UNDP with information on the modalities they applied in their technical co-operation, but those requests for information had mostly remained unanswered. UNDP had therefore decided to assign a consultant to collect the documentation and information required by visiting the donor countries. Once that information had been gathered, UNDP would be in a better position to embark upon the next stage, involving consultations with recipient countries.

88. Lastly, he turned to the recent study conducted in accordance with resolution 87/5 of the Governing Council on the effectiveness of different types of experts and project personnel (DP/1988/19/Add.1). Initial feedback from selected field offices indicated that a common data base would be welcome. Negotiations on that score were still in progress. The case studies which had been undertaken had led to the conclusion that the approach to the recruitment of consultants and national and international experts and the approach to the composition of expert teams were as varied as the countries and projects themselves. The report stressed that, when there was prior, written agreement between the host Government, UNDP and the executing agencies, the risks of hiring incompatible or underqualified national

candidates were reduced. The case studies had shown that when set standards were followed, the use of national expertise could in many countries prove as satisfactory as that of international expertise, at a much lower cost.

89. The use of national experts raised the issue of their salaries, privileges and social benefits - which were generally based on prevailing local conditions - as well as of their legal status, which was primarily the host Government's concern. It was conceivable that, in the interests of a project, the Government might, in specific cases, decide to grant the national experts some functional immunity, which might be necessary since they were not staff members of the United Nations system and therefore not covered by the Standard Basic Assistance Agreement.

90. The general conclusion of the report was that the use of national expertise was growing and that it could work well provided, first that there was good project design with special attention to the personnel component; secondly that specific national framework agreements were concluded, in particular in countries where large numbers of national experts were used; thirdly, that the issue of the legal status of such experts was borne in mind; and, lastly, that UNDP continued to work on the establishment of a common-system data base.

The meeting rose at 1.15 p.m.

