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POLICY REVIEW: THE ROLE OF THE UNITED NATIONS
DEVELOPMENT PROGRAMME IN THE 1990s

UNDP and world development by the year 2000

Report of the Administrator

SUMMARY

This report has been prepared in response to Governing Council decision 88/15 of 1 July 1988, by which the Council decided to devote the high-level segment of its thirty-sixth session (1989) to the issue of the role of the United Nations Development Programme in the 1990s, and requested the Administrator to submit a comprehensive report on the subject.
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INTRODUCTION

A. The rationale for this exercise

1. There are times when the world community and international institutions must pause and reflect about their past performance and their future mission. The advent of the 1990s offers an opportunity for such introspection.

2. Taken as a whole, the economic progress of the developing countries in the last 25 years has, in many ways, been quite rapid by historical standards. Yet, there is growing concern about the unevenness of this progress and the evident deterioration in the human condition in many parts of the world. The debt burden, threats to the fragile ecosystem, growing urbanization, and the persistence of poverty, to mention a few, are areas which now call for decisive, co-ordinated action and innovative strategies.

3. For the 1990s, the United Nations Development Programme (UNDP) will play its part in helping developing countries to meet these challenges within the context of the Consensus of 1970, the New Dimensions resolution of 1975, and reinforced most recently by General Assembly resolutions 42/196 of 11 December 1987 and 43/199 of 20 December 1988, which reaffirmed the co-ordinating role of UNDP within the United Nations system, and called upon UNDP to assist Governments in strengthening national capabilities to coordinate and manage international co-operation and assistance. UNDP has been continually adjusting its technical co-operation programme to the changing needs of world development. However, now that the Third International Development Decade draws to a close and the international community is focusing on strategies for the 1990s, it is important to see how far we have come, and where to go from here.

4. At this juncture, therefore, it is imperative that UNDP review its own capacity to respond to the challenges of the 1990s. This issue was discussed in the June 1988 Governing Council session, when it was decided to devote the high-level segment of the Governing Council's thirty-sixth session to the issue of the role of UNDP in the 1990s, and the Administrator was requested to submit a comprehensive report on the subject.

B. The process being undertaken

5. The examination carried out over the course of the year has included discussions by in-house task forces, contributions from selected Resident Representatives and other staff members, and a special consultation with a group of world development leaders. The results of this exercise were then subject to widespread consultation both at UNDP headquarters and among the Resident Representatives and their government and agency colleagues in the field, the other organizations of the United Nations system, and members of the Governing Council. Informal Governing Council consultations were also held on 6-7 April and 1-2 May 1989.
6. All of these inputs have gone into preparing the present document now being submitted for the consideration of the Governing Council. In the course of the exercise, the Administration has benefited from the valuable contributions of its own staff, agency representatives, Governing Council delegates and their operational colleagues at home as to what UNDP means to them, and what it can be in the future. These views have been taken into account in preparing the report. The goal of this process has not been simply to produce a report; the goal has been to reach as broad an agreement as possible among all concerned parties on how UNDP can respond to the challenges of the future, in expanded collaboration with its partners inside and outside the United Nations system.

C. The framework for this exercise

7. Accordingly, the guidance of the Council is sought at the current session and, hopefully, agreement will be reached as to the overall thrust of UNDP approaches to technical co-operation for the 1990s. Among other things, the high-level debate in the Governing Council in June should be seen as another step in a continuing process of: (a) improving UNDP performance within the context of the United Nations system operational activities for development, which will set the stage for its role in the 1990s; (b) discussing preparations for the fifth cycle; and (c) contributing to the debate on the International Development Strategy.

I. WORLD DEVELOPMENT PERFORMANCE IN THE 1980s

A. Economic growth and development

8. The 1980s will be remembered as a decade of crisis, depression and lost opportunities for many developing countries. According to the report of the Secretary-General on the overall socio-economic perspective of the world economy to the year 2000, the world economy as a whole grew more slowly than in the previous decade, with gross world product rising in real terms by only 2.5 per cent a year during the first half of the decade and by 3.1 per cent during 1986-1987.

9. Many external shocks buffeted the economies of the developing countries, which had to borrow extensively in order to build their economies. Their strategies were thwarted by high interest rates and the instability of exchange rates, by structural changes in the demand for their export products, and by sharp drops in commodity prices and trade restrictions.

10. Progress has become increasingly uneven both among regions and among the various classes of individual countries. The reduction of Government expenditure and the diminishing ability of the State to support social development programmes has resulted in increases of poverty levels. These problems are compounded by rapid population growth in most developing countries. Their average rate of population growth is currently 2.1 per cent. If this trend were to continue, the developing countries (China excluded) are likely to witness a doubling of their population over the next 30 years.
11. With the exception of China, South Asia and East Asia, economic growth has slowed in all regions of the developing world since the second half of the 1970s. Average incomes have in fact fallen in much of Africa, the Middle East and Latin America.

12. The 1980s have, however, also witnessed limited developmental advances. Progress has been achieved in terms of capacity-building, both institutional and human. Many developing countries have, furthermore, expanded their infrastructure, including road networks and other systems of transportation and communication. Yet, much of their existing capacity remains underutilized. Lack of financial resources, in particular, the scarcity of foreign exchange, has given rise to severe problems of repair and maintenance. Public expenditure curtailments have, in many countries, included a retrenchment of the civil service and other setbacks to employment. The least developed countries (LDCs) are facing the most critical problems in this respect. However, the increasing external debt burden, reduced Government expenditures and declining incomes have led to increasing unemployment, underemployment, poverty, and social and political tensions in other countries as well.

B. Unresolved issues

13. In spite of growing diversity among them, the developing countries have been facing a number of common problem areas. Some of the most important of these are: the neglect of human development, increasing poverty, the debt burden, accelerating environmental degradation and deteriorating human settlement conditions.

14. The neglect of human development. The economic problems of debt and trade, recession and adjustment have so absorbed time and resources in the 1980s that there has been little attention to human needs in many developing countries. The tragic result is that in certain countries plans for long-run improvements in the capacity of human beings have been totally abandoned or only partially implemented.

15. Poverty. Recent estimates indicate that the number of people living below the poverty line has risen during the first half of the past decade. This increase reflects, in part, declining per capita incomes, especially in Latin America and sub-Saharan Africa. It relates to public expenditure cuts and, in certain countries, to the exacerbation of economic difficulties through prolonged droughts and other natural disasters.

16. However, even in countries with high per capita income and strong growth, there are large numbers of people who are poor. This shows that poverty is often a deep-seated, structural problem. It signals a continuing uneven distribution of developmental benefits and opportunities, in particular lack of access to land, unemployment and underemployment.

17. The debt burden. At the end of the 1980s, the debt problem remains as pressing as ever. The total external debt of developing countries is estimated to have reached more than $1.3 trillion and the trend continues. Moreover, the flow of new resources has not kept pace with development needs. For the heavily
indebted middle-income countries, there has actually been a net outflow of resources. Instead of using proceeds from export earnings to buy needed goods, Governments must divert them to repay debts to others, thereby reducing their own ability to invest in vital services at home. Even in countries that are performing well, with growing levels of per capita income, there has been a steep decline in investment and a rise in unemployment.

18. **Environmental degradation.** The deterioration in the world's environment persisted during the 1980s. There was further soil erosion, deforestation, urban and industrial pollution and increased emissions of hazardous waste. The decade ends leaving a widespread fear about a possible warming of the global climate and the disastrous effects this could have on future life in the North and the South.

19. **Deteriorating human settlement conditions.** Urbanization is the single most important phenomenon transforming the human settlements of the developing countries today and the catalyst for far-reaching economic and social change. Cities are currently absorbing two thirds of the developing world's total population increase. At this rate, close to 2 billion people will be living in urban areas by the year 2000 - some 800 million people added over the next decade. But, while cities are already making major contributions to the output of developing countries, the supply of urban infrastructure and services (housing, health care, transport, education) and employment opportunities are lagging far behind demand. The need for cities to cope with widespread poverty, to continue to perform their economic functions and to improve standards of living is straining the financial and managerial resources of most local governments.

C. **On balance**

20. The overall development of the 1980s is thus mixed. There has been both buoyant and sluggish economic growth; advances in national capacity-building in some areas have been offset by lost opportunities for skill formation and human development in others. The result is a growing diversity among developing countries. Given these circumstances, there can be no general blueprints for development. Very specific measures, tailored to prevailing realities, are required. At the same time, however, the current world economic and financial trends and the globalization of certain development problems, such as environmental degradation, call for more global, regional and subregional co-operation.

II. **WORLD DEVELOPMENT IN THE 1990s**

A. **The will to act**

21. The late 1980s have generated renewed hopes for genuine disarmament and the decrease of current political tensions. If these hopes materialize, there could be a release of considerable resources for development purposes that are now tied to military expenditures. There is also a growing recognition that the world community must act on its unresolved problems. Human development has acquired a new importance for both developing and industrialized countries as competitiveness,
productivity, skilled labour and management capacity become the key factors of economic growth. Improvements in peoples' capacities will be more important than additions to capital.

22. There is also broad agreement that solutions to the debt issue must include a development component with measures for improved trade and renewed flows of capital. Important initiatives to alleviate poverty are under way in Africa and Latin America with joint participation by UNDP, the World Bank and the specialized agencies within the United Nations system as well as regional development banks. The issuance of the Brundtland Report on "Our common future" and its consideration by the General Assembly, has highlighted the future of the environment and sustainable development.

B. Priority issues

23. Judging from the preliminary discussions held in connection with the preparation of the new strategy for the fourth International Development Decade, it would appear that the future development priorities of the international community might address at least three major concerns: growth with equity; sustainability; and greater self-reliance.

24. In order to achieve their growth objectives many developing countries will continue to pursue improvements in economic performance. It is also important to put emphasis on achieving equity, so that the human and social dimensions are not sacrificed for the sake of economic growth. Financial and environmental sustainability are critical to sound national development. Therefore, they must be given sufficient weight in national planning. National self-reliance, the ultimate objective of all technical co-operation, calls for accelerating education, training and skill formation, for more investment in human and institutional development, and for the strengthening of indigenous scientific and technological capacity.

C. The challenges facing technical co-operation

25. It is evident from the foregoing that self-reliant, sustainable development based on economic growth with equity is a complex process. A careful balance has to be achieved between the State, the private and informal sectors, between macro-economic and local-level planning, on intersectoral linkages, and on placing the national economy within the context of the world economy. The strengthening of national capacity to analyse, plan, negotiate and manage development will, therefore, have to figure prominently among the developmental tasks to be addressed by Governments and their aid partners in the decade ahead.

26. The strengthening of management capacity, albeit important, will constitute but one aspect of a much wider effort of national capacity-building that will have to be accomplished in order to foster more self-reliant and indigenous development. While achievements have been made in terms of national capacity-building during the 1980s, the existing capacities are overstrained and put to harsh tests by the formidable development tasks that the developing countries are facing. There is an unabated need for external technical co-operation.
27. External technical co-operation in the future will have to vary in terms of contents and modalities employed, reflecting the growing diversity among developing countries. In some countries, or sectors within countries, the focus may be on creating national capacity, including a greater involvement of the beneficiaries in the planning and implementation of projects. In other areas, the primary concern may be the acquisition of modern technology or sharing of experience and information with other developing countries. Some developing countries may primarily require external expertise. Other countries may be in a position, with UNDP financial support, to rely on their own relevant sources of technology, training and advice. As a result of the national capacity-building achievements of the 1980s, there will certainly be a growing trend towards Government programming and execution of external assistance efforts and a growing demand for short-term advisory services which could help improve the functioning of existing institutions. It can also be expected that there will be an increasing emphasis on high-technology inputs, equipment and expert advice, especially in the more advanced developing countries, as Governments search for new, more viable longer-term development strategies. Clearly, UNDP cannot help to solve the problems in all the areas cited above. There will be a need to focus UNDP activities in each country according to its needs and to the resources of UNDP.

III. UNDP-SUPPORTED TECHNICAL CO-OPERATION: AN ASSESSMENT OF ITS CAPACITY TO RESPOND TO THE CHALLENGES OF THE 1990s

A. The mandate

28. The UNDP mandate was redefined in 1970 by the Consensus approved by the Governing Council and the General Assembly. The Consensus suggested refinements in UNDP country programming, improved procedures for formulating projects, and more equitable distribution of UNDP resources, with particular emphasis on the needs of the poorest nations. In addition, greater emphasis was placed on building up national capacity for the planning and management of development programmes, increasing the use of national experts and local procurement, and decentralizing UNDP programme activities while strengthening the role of its country representatives.

29. UNDP-supported technical co-operation is to be of a tripartite nature, i.e., a joint undertaking of the Government, UNDP and the specialized/executing agencies. The responsibility for the programming of technical co-operation rests with the Government. Moreover, technical co-operation programming is to be characterized by decentralization and country-specificity, flexibility and responsiveness to prevailing and newly emerging developmental requirements. These principles, as well as the multilateralism and neutrality found within UNDP, and the grant nature of its assistance, remain important comparative advantages. Current developmental trends have made them even more relevant and critical to the developmental efforts and concerns of developing countries.

30. The UNDP mandate was further amplified by General Assembly resolution 3405 (XXX) of 28 November 1975 on new dimensions in technical co-operation. Its basic purpose was to emphasize project outputs and to make UNDP a more results-
oriented organization. It gave new impetus to a number of facets of technical co-operation.

31. Within this established framework of technical co-operation principles, the search for improved programme quality, effectiveness, efficiency and impact has to continue. What follows is a brief review of past programming experience in order to determine how well equipped UNDP is today for assisting developing countries to move into the 1990s.

B. The evolution of UNDP technical co-operation: An overview

32. The table below illustrates the global trend in the distribution of IPF resources for the period 1972-1991. Given the established principle of Government sovereignty in selecting the areas and priority concerns for which UNDP resources are to be utilized, the table does not reflect any programming emphases advocated by UNDP. It indicates the proportion of resources spent on the basis of project agreements reached with Governments and approved by the Governing Council. It shows that there has been a continuous increase in demand for UNDP resources in the policy and planning sector, which includes development management. In fact, the policy and planning sector has now become second only to agriculture in importance, followed by transport and communications, industry and natural resources.

33. In many countries, UNDP assistance constitutes but a small fraction of the total external assistance flow. A very similar sectoral pattern of resource allocation emerges from the Development Co-operation Reports compiled annually by UNDP field offices for the purpose of presenting an overview of external assistance funds received by the host country from all funding sources. However, the above picture of IPF resource expenditure priorities does not necessarily reflect the overall development priorities of developing countries, since countries may also allocate their own development resources or other donor resources in other ways.

34. The sectoral distribution of UNDP resources masks important differences among countries. Projects in the more advanced developing countries tend to operate on a higher technological level, and inputs, especially expert advice, are of shorter duration. In many LDCs, on the other hand, longer-term, comprehensive institution-building efforts still constitute a major concern, and projects rely more on resident experts than on short-term consultants.

35. Cross-sectoral development concerns such as the environment or women in development (WID) have increasingly become incorporated into the UNDP project portfolio. In addition, non-project efforts have been launched. For example, scores of country workshops on sustainable development and on the encouragement of private sector initiatives have been held. Special programming exercises have been undertaken, such as the Special Action Programme for Administration and Management (in Africa) (SAPAM), and special financing arrangements have been set up, such as the Africa 2000 Network and the Management Development Programme. The regional programme for Africa is involved in easing the social consequences of structural adjustment, and critical issues of poverty are being addressed within the framework of the regional programme for Latin America and the Caribbean. The latter has also
sponsored important environmental initiatives, as has the regional programme for Europe.

36. The description of the UNDP response to cross-sectoral development concerns would be incomplete without reference to the contribution that some of the special funds under the Administrator's authority have made, notably the contribution of the United Nations Sudano-Sahelian Office (UNSO) to desertification control, the search by the United Nations Development Fund for Women (UNIFEM) for new, innovative approaches towards WID, the role of the United Nations Capital Development Fund in financing complementary capital expenditure on a grant basis, and the support of the United Nations Fund for Science and Technology for Development to science and technology development. The United Nations Volunteers (UNV) has helped to promote participatory development across sectoral boundaries at the village level. Its innovative use of the inter-country IPFs in the Participatory Development Programme has enabled UNDP to help build durable links, usually for the first time, between developing-country non-governmental organizations (NGOs) and grassroots organizations.

Global sectoral allocation of UNDP resources (1972-1991) a/ 

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<tr>
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<th></th>
<th></th>
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<tbody>
<tr>
<td>Policy and planning</td>
<td>7.11</td>
<td>9.45</td>
<td>12.62</td>
<td>16.41</td>
</tr>
<tr>
<td>Natural resources</td>
<td>10.51</td>
<td>10.67</td>
<td>13.08</td>
<td>11.27</td>
</tr>
<tr>
<td>Agriculture, forestry and fisheries</td>
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<td>27.98</td>
<td>23.05</td>
<td>17.92</td>
</tr>
<tr>
<td>Industry</td>
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<td>12.00</td>
<td>12.57</td>
</tr>
<tr>
<td>Transport and communications</td>
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<td>12.07</td>
<td>11.80</td>
<td>10.48</td>
</tr>
<tr>
<td>International trade and finance</td>
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<td>3.25</td>
<td>2.34</td>
<td>2.72</td>
</tr>
<tr>
<td>Health</td>
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<td>6.34</td>
<td>6.10</td>
<td>6.35</td>
</tr>
<tr>
<td>Education</td>
<td>8.18</td>
<td>5.53</td>
<td>4.35</td>
<td>3.50</td>
</tr>
<tr>
<td>Employment</td>
<td>5.53</td>
<td>5.49</td>
<td>4.92</td>
<td>4.09</td>
</tr>
<tr>
<td>Science and technology</td>
<td>4.69</td>
<td>4.47</td>
<td>5.44</td>
<td>10.10</td>
</tr>
<tr>
<td>Others, including human settlements</td>
<td>2.64</td>
<td>3.25</td>
<td>4.30</td>
<td>4.59</td>
</tr>
</tbody>
</table>

a/ The percentages for the period 1972 to 1986 are based on actual expenditure, while the 1987 to 1991 percentages are based on budgets.

b/ This is the sector classification of the Administrative Committee on Co-ordination which UNDP has been following. The classification does not cover cross-sectoral concerns.
37. Certain trends relating to UNDP technical co-operation programmes and projects should be highlighted. First, it appears that even in the regions where there might be a greater need for the "software" of development (i.e., education, training and skills formation), Governments tended to shift expenditures to what are perceived as more productive sectors in times of economic stress. Second, the globalization of the world economy finds little reflection in the UNDP project portfolio, judging from the small amount of resources devoted to international trade and finance issues. Third, the newly emerging cross-sectoral development concerns, such as management, WID and the environment, have moved into the existing project portfolio. They are also being addressed through a number of non-project efforts, utilizing non-country IPF resources. Fourth, the heightened importance accorded by Governments to development planning and management is reflected in an increasing number of both project and non-project activities in this area. And fifth, support of regional co-operation and integration has gained markedly in importance.

38. Looking at the total picture, the current assistance trends appear to be focusing well on the developmental priorities of the 1990s. The views expressed by Governments at the informal consultations on the draft of this report in April and May 1989 were that UNDP-supported technical co-operation had played a valuable and at times prominent role in the development of their respective countries. This was, in large measure, attributed to the basic characteristics of UNDP assistance, i.e., its responsiveness to the Government's own policy priorities and strategies, its flexibility, multilateralism, neutrality and universality, as well as to the grant nature of UNDP resources, which had allowed the Programme to play an innovative and catalytic role. The basic principles of UNDP-supported technical co-operation laid down in the Consensus and New Dimension resolutions had proven effective. It was also stressed that the comparative advantages of UNDP had gained in importance with the growing diversity among developing countries, and ought to be safeguarded in the future. However, while the basic characteristics of the current UNDP mandate remain valid, there is room for improved effectiveness and efficiency in the way the Programme operates.

C. National capacity-building: An assessment of the results and the strategies

39. National capacity-building: The approaches taken. According to the Consensus and New Dimensions resolutions, national capacity-building through technical co-operation is a multi-faceted process. It involves the creation and strengthening of national institutional capacity across all sectors, the training of national staff in all relevant aspects of development, and the transfer of technology. An important aspect of national capacity-building is the mobilization and utilization of existing national capacities. Among other modalities, this is accomplished through employing national experts in UNDP-supported projects, through sub-contracting with national consulting firms and NGOs, and through government execution of projects. Two closely related modalities are Technical Co-operation among Developing Countries (TCDC) and procurement from developing countries.

40. A quantification of the broader impact achieved by UNDP-supported projects in
terms of national capacity-building is not always possible. Evaluations can measure the achievement of the specific objectives of a project. However, the impact of these objectives on the total economy is usually difficult to isolate from the impact of other determining factors. The following discussion will, therefore, focus on identifying what has worked in UNDP approaches to national capacity-building, and where weaknesses have been observed.

41. **Institution-building.** The main objective of more than half of UNDP-supported assistance efforts is some form of strengthening of institutional capacity in developing countries. Much has been achieved in this respect. Recent UNDP assessments of institution-building projects have, however, indicated an interesting dualism. The projects were typically quite successful in upgrading the technical competence of recipient institutions, but less successful in strengthening management and administrative capacities because of problems such as lack of counterparts and overambitious project design. This has affected in particular the sustainability of institution-building efforts in the poorer countries, where organizations still have to be built from scratch under most difficult economic and financial conditions.

42. Evaluation studies have also shown that institution-building, in particular the creation of new institutions, is a lengthy process. It has been found that the relatively short duration of many UNDP-supported projects often makes it difficult to develop a full perspective on the total assistance effort required. It follows that for the future UNDP will make, whenever appropriate and relevant, a clearer distinction between (a) a description of the total effort required for institution-building and (b) approval of a particular project phase, with limited objectives and well-defined targets, constituting but one step in the planned overall assistance process.

43. Another interesting finding has been that the need for institution-building has often been taken for granted, especially institution-building in the public sector. Alternatives have rarely been explored, including the involvement of the private sector and people at large in launching certain developmental functions, such as agricultural extension or water-pump repair and maintenance. As a result, institution-building, however successful, has often placed a heavy burden on the Government's budget in terms of recurrent follow-up expenditures.

44. **Training.** Training comprises many elements, the most important of which is on-the-job transfer of skills by advisers involved in projects. In addition, training is provided locally in institutions, as well as through fellowships and study tours abroad. UNDP statistics do not measure the magnitude of training given through on-the-job transfer of skills. However, as regards formal training, the budgetary amount is $486 million so far for the fourth cycle, and the annual average number of fellows sent abroad is between 11,000 and 12,000. According to project review and evaluation reports, the quality of persons trained under UNDP projects is usually quite high. One aspect of training that requires added attention relates to the rapid pace of technological change. Trainees feel that the courses they attend prepare them primarily for today's tasks but teach them little about staying abreast of developments in their respective fields. To address this, TRAINMAR in the area of management of ports and shipping, TRAINAIR in
the field of civil aviation, and CODEVTEL in telecommunications are examples of modalities which use international networks to maintain local training institutions current with the latest technological developments. Other possibilities, which would need to be explored, could be the provision of funds for post-project follow-up training to be managed by a Government's manpower planning and development authorities.

45. **Technology transfer.** As stated previously, projects in the more advanced developing countries tend to operate on a higher technological level. The implication of this on national capacity-building is that as countries advance, technical co-operation requested from UNDP may increasingly be concerned with the transfer of technology. The table above shows that the number of UNDP-supported projects in science and technology rose dramatically over the last cycle, and the trend is increasing.

46. Against this background, however, much of the forms of technology are in the private domain. Accordingly, UNDP will have to develop innovative mechanisms to make available what the developing countries want. For example, one newly introduced approach has been "technology incubators", which help to develop technology locally. Another has been to initiate a "technology rights bank", where people who control foreign technology are brought together with the people who seek it.

47. **Utilization of existing national capacities: personnel and equipment.** The 1980s have seen important changes in the use of national capacities in UNDP-funded projects. Nationally recruited project personnel increased from 1,412 per annum in 1983 to 2,159 per annum in 1987. There has also been an increase in the procurement of equipment from developing countries. The share of developing countries in total United Nations system procurement of equipment and services for operational purposes stood at 18.6 per cent in 1986 and at 22.4 per cent in 1987. While progress has occurred, more could certainly be achieved. Improved information on national supply sources of expertise, other services and equipment could be critical in this respect.

48. **Government execution.** Since the early 1980s, the number of government-executed projects has been rapidly increasing. Approvals of projects for government execution increased fourfold, from 40 to 571 between 1981 and 1987.

49. Government officials contacted by a recent evaluation mission on government execution stated that this modality had afforded them an opportunity to familiarize themselves with the myriad details of project implementation. They also felt that government-executed projects were better integrated into the country's overall efforts. Project inputs were, at times, procured at costs lower than those offered by the United Nations system. However, in several instances, government-executed projects have added significantly to the work-load of UNDP country offices. In many cases, a more frequent and fuller association of the specialized agencies could have led to better results. There have also been serious problems with reporting and auditing government-executed projects, and steps are being put in place to remedy this.
50. **Technical Co-operation among Developing Countries.** TCDC activities, particularly those funded from the Special Programme Resources (SPR), have also been rapidly increasing. The number of TCDC projects funded from SPR since 1983 stands at approximately 1,700. The stimulus has come from TCDC programming exercises held in selected developing countries, such as China, Peru, Pakistan, Tunisia, Turkey and Egypt. However, TCDC as an execution modality of mainstream country and regional level projects, funded from IPF resources, remains, in large measure, a potential that still needs to be fully mobilized.

51. **The tasks ahead.** A great deal has been learned in applying the above modalities to national capacity-building, both human and institutional. UNDP will ensure that the extensive, cross-sectoral experience it has gained in this respect will be carefully applied to its future assistance efforts. The task ahead, therefore, is to reinforce those programming efforts that could accelerate the move of UNDP assistance from external technical support to support for self-sustaining national capacity-building.

52. More specifically, it appears necessary to place more emphasis on pre-project analysis in order to develop project designs which are more realistic in terms of the costs in human resources and other follow-up costs which they place on Governments. Project designs also need more realistic time frames.

53. It is also important to place stronger emphasis on project process management, i.e., linking inputs to outputs, effects and impact. For example, projects need to be more deliberately and systematically integrated into the Government's own development efforts. Project-based training has to become part of the Government's overall staff development and training. Project costs have to be more carefully calculated, and innovative solutions have to be found for assisting recipient institutions in meeting local project costs and recurrent follow-up expenditures.

54. In addition, it would be desirable to link more closely than hitherto the two different strands of national capacity-building, i.e., the creation or strengthening of national capacity, on the one hand, and utilization of existing capacity, on the other hand. This could, for example, be achieved by broadening the efforts to move projects which start out as agency-executed endeavours systematically into the category of government-executed projects. To this end, the capacity to implement and execute projects should be transferred in a planned, progressive fashion from international to national project management.

D. **Programming instruments**

55. **Country programming and co-ordination.** Past General Assembly resolutions and Governing Council decisions stipulate that UNDP technical co-operation should be guided by co-ordination, flexibility and decentralization, and should be country specific. Accordingly, the country programme is the cornerstone of the technical co-operation process. Its purpose is twofold: (a) to help to identify and approve the support which UNDP should provide to the country within the framework of its development objectives, and (b) to serve as a frame of reference for the operational activities of the United Nations system and for the co-ordination of assistance at the country level.

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56. The UNDP country programming process has been the subject of many in-depth reviews. These studies have shown that the country programme has not been effective in fulfilling its frame-of-reference function for United Nations system operational activities. In order to react to changing realities, additional mechanisms were devised, including national technical co-operation assessments and programmes (NATCAPs) and round-table meetings for countries which have selected this approach. These programming and co-ordination exercises are broader in scope than the UNDP country programme. The NATCAP, for example, is intended to be a fully internalized instrument for the identification of all technical co-operation needs of a country and for reviewing the effectiveness of technical co-operation from all sources. Similarly, round-table meetings are typically attended by all the major aid partners of the Government. In addition, the United Nations specialized agencies have been actively involved in the follow-up to round-table meetings in the sector or policy-based programming work that has been undertaken. UNDP has, furthermore, supported the preparation of reports on technical co-operation needs requested by Consultative Group meetings as a contribution to their deliberations. UNDP support to the programming of technical co-operation has thus reflected the growing diversity of developing nations.

57. The need of many countries for effective co-ordination of external assistance has become more evident in recent years. The number of development aid organizations and special sector funds has expanded, as has the number of projects. This has made the co-ordination of external assistance more difficult for recipient countries. In response to Government requests, UNDP has placed increasing emphasis on helping Governments to strengthen their own capacities to co-ordinate, including assistance in the area of generating information on external aid flows and the monitoring and evaluation of external assistance programmes and projects. In order to facilitate the Government’s task of aid co-ordination, UNDP has also helped encourage co-ordination among donors at the country level. Its field offices have provided active support to the activities of Resident Co-ordinators/Resident Representatives. The Programme has also participated in the work of the Consultative Committee on Substantive Questions (Operational Activities) (CCSQ (OPS)) and the Joint Consultative Group on Policy (JCGP). A case in point is the JCGP pilot initiative of joint mid-term programme reviews in five selected countries. Co-ordination within the United Nations system has worked well in emergency situations. Studies are under way to identify more systematic approaches of moving from emergency relief to rehabilitation and development.

58. The project approach. UNDP has invested a lot of time and effort in improving its project design procedures and the project document format. However, it is apparent that the project approach has to be complemented by other modalities of delivering technical co-operation which are broader, more flexible, and more programme-oriented. The need for this stems from changing development requirements, especially the renewed emphasis on more participatory development and the current concern about moving from output production to developmental effects and local-level impact. Projects need to be managed within the context of broader policy or sector strategy concerns. This is particularly important where development is based on community involvement. People's perceived needs may change as they become more aware of new, alternative development opportunities. The approach should be flexible enough to accommodate such consciousness-building.
the case of programme-based assistance, the thrust or goal would be determined beforehand; the precise implementation strategy and input details, however, would be expected to become clear and definite only as the assistance effort advances.

E. The country offices

59. UNDP country offices play a critical role in ensuring the responsiveness of UNDP assistance. They are in constant contact with government authorities. They also serve as a liaison with agencies and UNDP headquarters, and they make a substantial contribution to programme and project design, monitoring and evaluation. Yet, in many respects, field offices find it extremely difficult to discharge their functions adequately, because of the ever-increasing work-load.

60. This problem will become more serious as development becomes more complex, and as greater decentralization takes place. Field offices will therefore have to be strengthened both qualitatively and quantitatively. Only when the field staff of the United Nations system are equipped to act as full partners in the development dialogue at the country level will they be in a position to optimize their contribution to the development of the economies of the host countries. UNDP could, through the reinforcement of its country offices and backed up by technical support from other United Nations organizations, help increase the effectiveness of the United Nations system at the country level.

F. UNDP and the executing and participating agencies of the United Nations system: Review of a relationship

61. The relation between UNDP and the executing agencies has changed from one in which the agencies were mainly expected to function as executors of UNDP-funded assistance to one in which they are called upon to perform increasingly diversified functions. Besides project execution, it is the intention of UNDP to have the agencies more fully involved in exercises of the NATCAP type, round-table meetings, pre-project and sector analyses, in TCDC and advisory services linked to UNDP, and in NGO-executed and government-executed programmes and projects. Full use must be made of the specialized expertise of the specialized agencies. To this end, UNDP has been having a number of discussions with the agencies. Annual meetings have been held with various agencies on improving project quality and delivery. The involvement of the agencies in broader programming efforts has, moreover, been the subject of other joint UNDP-agency meetings, in part organized at a regional basis.

62. UNDP and the executing agencies should review jointly their response to some of the new and changing requirements of developing countries. There will be a greater demand for more high-technology and short-term advice, and faster, more flexible delivery mechanisms. Arrangements must be devised to ensure that the growing trend towards government-execution of projects does not limit Government access to the wealth of technical expertise and experience accumulated in the specialized agencies. The agencies could also act as sub-contractors to Governments in government-executed projects. This would bring a new aspect into the existing tripartite relationship. These and other related issues will have to

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be examined in the context of the ongoing study by the group of experts on support-cost arrangements undertaken pursuant to Governing Council decision 88/50 of 1 July 1988.

63. Relations between UNDP and the agencies have also changed as a result of the growing interdisciplinarity of key development concerns which have led to a growing demand for a multi-sectoral agency for project execution, such as the UNDP Office for Project Services (OPS). However, notwithstanding an expansion in the number and value of OPS-executed projects, it has consistently remained below 10 per cent of the total annual IPF.

64. The interdisciplinarity of many of today's critical development issues has, as discussed, also brought about a more concerted approach to technical co-operation programming of United Nations system organizations at the country level, under the leadership of the Resident Co-ordinator. Measures to further strengthen the leadership role of the Resident Co-ordinator are the subject of a report by the Director-General to the second session of the Economic and Social Council in 1989, in response to General Assembly resolution 43/199. In arriving at a decision on this matter, the Director-General has consulted ACC and its subsidiary organ, CCSD (OPS). The forthcoming triennial policy review of operational activities is also expected to deal with this issue.

65. In the relationship between UNDP and the agencies the growing multiplicity of funding sources within the United Nations system has been another important factor which has given added urgency to United Nations system co-ordination at the country level. The concern of Governments for a more integrated, comprehensive approach to external assistance programming also extends to the link between technical co-operation and capital assistance. The relation between UNDP and other multilateral financing institutions, especially the World Bank, is being seen as complementary, but without conditionality. This point was stressed in the informal consultations of the Governing Council on the drafts of this report. Complementarity, the exact type and nature of which is a matter to be decided by the Government, should also mark the link between, for example, World Bank-financed technical co-operation and technical co-operation from UNDP.

66. The future evolution of UNDP-agency relations must be guided more than ever by the objective of enhancing the capacity of Governments to design and manage external co-operation themselves as an integral part of their development strategies.

IV. THE APPROACH OF UNDP TO TECHNICAL CO-OPERATION IN THE 1990s

67. It is through improved human development and national capacity-building that the developing countries will be able to cope effectively and efficiently with the challenges that the future is likely to present. As emphasized, the priority areas for national capacity-building will be those that, according to the Government's own development plans and strategies, deserve priority attention. In some countries, the focus may be on agriculture. In other countries, Governments may wish to see priority attention accorded to social sectors, industry or transport.
68. However, the foregoing discussion has also revealed that developing countries today share a number of concerns: the problems of external debt, poverty and the neglect of human development, environmental degradation and rapid urbanization. It is to be expected that an increasing number of Governments will turn towards UNDP to request its assistance in these areas. UNDP, and its agency partners, should be fully prepared to respond to such requests.

69. In the technical co-operation programming process, UNDP will draw fully on the sector-specific experiences of the specialized agencies and other United Nations system entities. In addition, UNDP will call on its own extensive multisectoral experience in national capacity-building, the ultimate objective of technical co-operation. A systematic, well planned strategy is needed.

70. As the central funding agency for technical co-operation in the United Nations system, UNDP must continue to articulate the needs of the developing countries for external resources. This being so, UNDP will seek to obtain increased resources.

71. It is with these purposes in mind, i.e., offering Governments improved quality in the delivery of assistance and an expanding resource base, that UNDP is setting forth its proposals. They fall into four main categories:

(a) Ways in which UNDP could further help to strengthen the abilities of Governments to manage internal and external resources for development;

(b) Main programme direction of UNDP support to developing countries;

(c) Funding issues which should be addressed to enable UNDP to meet the increased resource demands;

(d) Internal organizational issues which should be addressed so that UNDP can further improve its overall performance and efficiency.

72. The sections that follow include a number of UNDP interventions which enhance national capacity-building and assist countries in bringing about more efficient management of their economies. The proposals go beyond efforts to increase the impact of projects related to capacity-building. This will also be done through increased attention to sustainability factors such as the process of internalizing project results, and an emphasis on learning by doing. Additionally, however, enhanced capacity-building efforts will be introduced through UNDP programme thrusts on human development and on the management of development to meet the anticipated increased demand from developing countries for UNDP support in these areas. Indicators will be developed to measure the impact of country programmes in terms of capacity-building, and targets established where Governments so desire. Government execution of UNDP-assisted projects will become the norm in the 1990s. Finally, greater use of national experts and local supply sources will be stressed in both projects and in the strengthening of UNDP field offices.

73. The universality of UNDP and its flexibility to suit the needs of every developing country are important strengths. Universality and flexibility should remain UNDP cornerstones, and its resources should continue to be made available to
all developing countries. One implication of this is that the Governing Council should provide guidance as to whether UNDP should continue to provide assistance to some countries on the basis that they would reimburse UNDP for this aid. For the fourth programming cycle, a Council decision exists (85/16 of 29 June 1985) for reimbursement by countries above $3,000 per capita gross national product (GNP). For the 1990s, Council guidance is needed and criteria will have to be established as to whether, and where, this line should again be drawn.

V. WAYS IN WHICH UNDP COULD FURTHER HELP TO STRENGTHEN THE ABILITIES OF GOVERNMENTS TO MANAGE DEVELOPMENT RESOURCES

A. Programming development resources

74. As stated in the Consensus, the country programming process should be a Government-led exercise, based on the principle that aid programming is an integral part of the national planning process. While the capacity to assess and programme technical and capital development needs is fully developed in some recipient countries, it is lacking in others. UNDP will assist those countries which desire to reinforce this capacity in the preparation of their national development plans or strategies.

75. The UNDP country programme will be derived from this process, with its contents determined on the basis of the dialogue with the Government. To maximize the programme's impact, consideration should be given by Governments to focusing the programme on a few key priorities, rather than spreading it too thinly.

76. During the programming process it is intended that, in full consultation with the Government, greater use will be made of the specialized agencies in carrying out relevant background studies and advising Governments, at their request, on programming strategies and foci of direct relevance to their respective national development goals and policy priorities. For some countries with small IPFs relative to their total national development programme, greatly simplified procedures would be adopted. Also, the national planning process would be facilitated by a consolidation of existing procedures for country programming, NATCAPs, sectoral programming exercises, and thematic programming exercises. In doing so, the emphasis would be on internalization of the assistance programming process, emphasizing national capacity-building. The new procedures will be followed with respect to UNDP country programmes submitted to the Governing Council for the fifth programming cycle, although the programme period would not necessarily be linked to the IPF cycle.

77. The following implications arise from these proposals:

(a) The Consensus provision that the UNDP country programme should be based on the country's own development plans and strategies should be reaffirmed and fully implemented;

(b) The UNDP country programme document, rather than attempting to serve as a frame of reference for technical co-operation to a country, should be a document
with the more limited purpose of describing the programme of UNDP assistance to a
country. It is important to stress here that the above recommendation would
concern the UNDP country programme document. The document is to be distinguished
clearly from the country programming process which would continue to serve as a
frame of reference and have a co-ordinating function, being a country-wide and
Government-led process;

(c) The UNDP country programme contents, format and formulation procedures
should vary from country to country.

78. The Council may wish to give its views on these proposals. Similar
recommendations, endorsed in general by CCSQ (OPS) and ACC, are also contained in a
recent study on country programming prepared by an independent consultant at the
request of the Director-General. The subject is also part of the forthcoming
triennial policy review of operational activities.

B. Co-ordination

79. Co-ordination of external assistance programmes is the responsibility of the
Government. As stated, an increasing number of Governments have requested UNDP to
help strengthen their own capacities to co-ordinate. Support for co-ordination
will, therefore, continue to remain of the utmost importance to UNDP.

80. The revised programming process described above should contribute to making
aid co-ordination by Governments more effective. Because the Government would
define its overall technical co-operation needs in a national development plan, it
would serve as the frame of reference for all external inputs, from bilaterals,
from UNDP and the rest of the United Nations system. One additional practical
result of this new approach could be the improved implementation of various General
Assembly resolutions that call for the integration of programmes of United Nations
system operational activities for development. Another result could be a closer
integration of technical and capital assistance. A third benefit could be the
contribution of the process to building national capacities for managing
development resources more effectively in an integrated fashion.

81. As part of the above process, UNDP is taking steps to improve the methodology
of the Development Co-operation Reports to include assessments of past, ongoing and
planned development assistance at the country level. The intention of UNDP is to
transfer to Governments, at their request, the capacity and responsibility for the
preparation of these reports.

82. In countries in which UNDP has been assisting the Government's local
co-ordinating mechanisms, UNDP has played the role of facilitator between
Government and donor. UNDP could systematically make available such support for
local co-ordination mechanisms to interested Governments if adequate field office
resources were provided for this function. One mechanism for doing so would be for
the establishment by Governments of a co-ordinating committee of representatives of
all local donors. In cases where Governments so request, UNDP could provide the
day-to-day secretariat for this committee. This secretariat support might be of
particular interest to LDCs, which normally have extensive donor communities but lack sufficient resources to co-ordinate them.

83. As stated above, the co-ordination task of Governments can be greatly facilitated through co-ordination among donors. The Resident Co-ordinator for United Nations system operational activities in a country has to play a lead role in this respect, in consultation with the Government and other United Nations system agencies represented in the country. UNDP will therefore continue to support the reinforcement of the Resident Co-ordinator in his/her efforts to harmonize the operations of all the United Nations organizations operating in a country.

84. One important aspect of improved co-ordination among United Nations system agencies is the further harmonization of procedures, taking, wherever possible and feasible, the Government's own procedures as a reference point. This issue is under study by the Office of the Director-General for Development and International Economic Development and will also be discussed in the forthcoming triennial policy review of operational activities.

85. Another aspect of United Nations system co-ordination concerns the issue of a more unified field office. This issue is one which the Governing Council and the other organizations of the United Nations system should work together to achieve.

C. Evaluation

86. Working together with the agencies, UNDP will continue to improve analytical tools and strengthen its ability to measure the progress of national capacity-building and human development endeavours. It will also develop more effective mechanisms to assess the impact of its programmes. In addition, the feedback of evaluation findings to programmes and projects will be enhanced.

87. The assessment by developing countries of their own progress is an important aspect for improving the effectiveness and impact of the development process. In support of this, UNDP, where Governments request, will strengthen national evaluation capacities.

D. The project formulation process

88. The relevance of a project and its impact would be improved by placing more emphasis in the project formulation process on a thorough analysis of alternative solutions. To achieve this, UNDP will accord more attention to pre-project analysis, including the preparation of broader sector or thematic studies, if required. These could be undertaken as a tripartite exercise and with multi-agency participation. In addition, the formulation of projects for which UNDP assistance is requested could in some cases emphasize the separation of the project formulation exercise from project implementation. For large-scale projects with complex technical problems requiring innovative solutions, the specialized agencies and other sources of expertise would be invited to present alternative project...
approaches for review by the Government and UNDP. Irrespective of the eventual executing agent for a project, draft documents will continue to be forwarded to the relevant specialized agency for their review. In cases where the specialized agency is not the executing agent, arrangements will be made to ensure proper compensation for this task.

89. A second need identified for improving the project formulation process is to expedite the process while ensuring quality. Following the national planning process, Governments could commission a major Project Development Facility (PDF) exercise for pipeline development, using project proposals emanating from the exercise. The Governing Council should therefore consider the prospects of increasing the PDF to enable its use for building up a project pipeline in this way.

E. Programme and project approaches

90. Governments are increasingly calling on UNDP to examine the possibility of technical co-operation funding for programmes covering a wide variety of interrelated objectives, as distinct from the narrow group of objectives of a more typical single-focus project. Based on experience acquired so far, additional innovative, flexible project approaches, longer-term phased approaches, as well as non-project approaches, will be further developed and introduced where appropriate, while providing for impact measurement and accountability. This would enable UNDP to be in a better position to facilitate the various contributions made by the United Nations system towards achieving the interrelated objectives of Governments.

F. Project execution

91. Two overriding principles should guide UNDP in its choice of agents to execute the programmes and projects which it funds. First, it must ensure that the resources placed at the Administrator's disposal for use in the developing countries are utilized as effectively as possible. To this end, the Administrator must be in a position to tap all sources of available expertise in order to provide the most appropriate and cost-effective services to recipient countries. Second, in line with the overall mandate of UNDP, and in keeping with decisions of the Governing Council and the General Assembly, UNDP execution modalities should be designed to foster national capacity-building and self-reliance. Government execution of UNDP-supported projects should therefore be seen as the ultimate execution modality, and will be increasingly emphasized. The determining criterion will be the capacity of the Government implementing unit to manage the project. Where technical capacity of the Government exists only in some areas, appropriate portions of a project could either be sub-contracted to specialized agencies or other international or national sources of expertise, or executed by specialized agencies through co-operating agency agreements. The intention would be to provide the highest quality and most appropriate expertise available.

92. In achieving the goal of increased government execution, UNDP will make greater use of the specialized agencies in the formulation of projects, and in
assisting UNDP to identify the capacity of a Government entity to execute a particular project. The agencies could also be used to provide supervision and monitoring for technical services executed by the Government. The agencies would be properly compensated for all these tasks. Finally, agency-executed projects of an expected long-term duration will include activities leading to a progressive transfer of project execution and management responsibility to the Government.

93. To promote government execution, needs assessments carried out in the context of the national planning process will identify technical capacities already existing within the country. This increased knowledge, coupled with a more focused emphasis on government execution for UNDP-supported projects, should greatly expand the use of this modality.

G. Advisory services

94. The United Nations system has the potential to provide specialists capable of giving substantive advice on almost any subject related to national development concerns. Several Governments have successfully taken advantage of this potential to tackle urgent substantive problems by using their Resident Representatives to arrange for the fielding of high-level professionals through the networks of the United Nations agencies, TCDC, Transfer of Knowledge through Expatriate Nationals (TOKTEN) and short-term advisory services (STAS). It would be possible to build on these favourable experiences and create a broader capability for the United Nations system to provide such services to Governments in an expeditious manner as non-project interventions. This would require the specialized agencies and UNDP to make greater use of high-level specialists in this way.

VI. MAIN PROGRAMME DIRECTIONS OF UNDP SUPPORT TO DEVELOPING COUNTRIES

A. Building the capacities of Governments to manage their own development

95. The increasingly complex environment facing the developing world, coupled with a likely levelling off of Official Development Assistance (ODA) resources, means that Governments may wish to increase the use of UNDP to help build national capacity to manage their development resources. Applying the advantages that UNDP possesses in meeting the global challenges mentioned earlier, for example, the management dimension of UNDP support to the development efforts of Governments becomes evident. In the areas of poverty alleviation and urbanization, UNDP and the relevant specialized agencies could assist recipient Governments to undertake comprehensive, multisectoral situation assessments to provide managers with the information needed for decision-making. It could help strengthen national capabilities to plan and manage multisectoral action-oriented programmes. In the field of the environment, UNDP could provide assistance to Governments which would enable them to devise investment criteria that would take into account not only the short-term economic costs and benefits, but also the broader environmental issues. It could facilitate co-ordinated intercountry action plans and resource mobilization efforts to tackle the major regional and global problems more...
comprehensively. In the area of debt, UNDP could assist countries with technical support and training to help with debt management. For all of these efforts, UNDP could support the training of managers and the building-up of local institutes to train skilled managers for development projects, sectoral programmes, or national policy-making.

96. Governments are increasingly assigning complementary roles to UNDP and the World Bank and the other multilateral financial institutions. For example, where these institutions are supporting structural adjustment programmes, the role of UNDP should be primarily to assist Governments, at their request, to strengthen their own capacity to negotiate and undertake reform measures, to help Governments in their efforts to mitigate the social impact of these reforms, and to find alternative paths to restoring economic growth and prospects for sustainable development, in accordance with their development plans, priorities, and objectives.

B. Responding to global and regional development issues

97. Experience shows that more effective responses to many global development issues can be attained by approaching them in a regional, interregional or global manner. Examples of these are cross-border environmental issues, river basin development, transport and communications, programme initiatives contained in regional plans such as the Lagos Plan of Action and the Special Plan of Economic Co-operation for Central America, and regional and subregional integration activities. The global issues include global warming, international trade and debt issues, and major health problems such as AIDS. With the increased impact of global problems on developing countries, and the close interrelationships of individual countries' actions in many areas, intercountry co-ordination is likely to increase in national development priorities. To meet this need, appropriate allocations for regional, interregional and global programmes should be provided.

98. If increased importance is to be given to interregional and regional programmes, it will be the aim of UNDP to improve its procedures to ensure that maximum integration with country-level development programmes is attained. Also in this regard, UNDP will work more closely with the Regional Commissions, which have special expertise in the requisite fields.

C. Human development

99. No challenge is more compelling to developing countries in the 1990s than to establish the supremacy of human beings in the development process - both as participants and as beneficiaries. At a minimum, this will require bringing basic education, primary health care, minimum nutritional requirements, adequate shelter and other essential services within the reach of every family in the developing world. It will also require a direct attack on absolute poverty and uneven income and asset distribution by making all people full participants in their own development, thus enhancing the productivity of the poor and improving their quality of life. Such a comprehensive integration of the human dimension in
development in the 1990s will have far-reaching implications for national planning and international co-operation.

100. In the 1990s, therefore, human development - people as both the means and ends of development - will acquire a new importance. In anticipation of initiatives of developing countries in the area of human development, UNDP must equip itself to support this reorientation of development strategies, using approaches which emphasize enabling strategies and participatory approaches to development.

101. As one example, the effective management of development means making the most of potential resources. For many developing countries, the resources with the greatest potential to be more fully tapped are the people themselves. Several ways exist for the United Nations system to support developing countries desiring to mobilize potential human resources more fully. Up to now, efforts along these lines have included activities for Women in Development, NGOs, the private sector, and TOKTEN. Further initiatives will be considered for UNDP to help interested countries more effectively tap other potential resources for development, such as using the informal sector, or the educated unemployed.

D. Maximizing the use of national expertise, goods and services

102. Some developing countries are acquiring more of the technical capacities and skills needed for development, and this is increasing the number of qualified professionals available in these locations to undertake development tasks. The introduction of systematic needs assessments for technical co-operation activities will make it possible to give maximum consideration to national technical experts, and it is the intention of UNDP to make the fullest possible use of national expertise in its operational activities. To this end, Resident Representatives, working with other representatives of the United Nations system, are establishing rosters of local experts, local consultancy firms, universities, and NGOs for use in the country. In addition to project work, this expertise will be used by the UNDP field office for assignments to support field office operations. Similarly, Resident Representatives will also identify potential suppliers for locally produced equipment and services more systematically.

E. Bringing together local development partners

103. Beyond the issue of rosters, another possibility is to bring in closer contact specialized talent available within a country. In such circumstances, not only do all parties benefit from the cross-fertilization of knowledge, but the recipient Government's access to such expertise is facilitated. To achieve this, UNDP, together with the relevant specialized agency, will assist interested Governments in building up professional associations and networks of experts.

104. A strengthened, efficient UNDP field office could become a nucleus within a country for NGOs, the agencies, and other parties to exchange ideas in development work. In those countries where the Government so desires, and where the capacity exists, UNDP will encourage specialists from NGOs and other organizations to share offices on a reimbursable basis.

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F. Technical Co-operation among Developing Countries

105. The growing emphasis on mobilizing developing country capacities should provide opportunity for increased use of TCDC modalities in project implementation. Therefore, UNDP will ensure that TCDC plays an increased role in helping developing countries in their future development efforts.

106. To this end, more intensive efforts will be made to provide Governments with the opportunity to choose between TCDC and the other modes of project execution, as required by the Governing Council, the High-level Committee on the Review of TCDC, and the General Assembly. These efforts will be reinforced with SPR-funded TCDC programming, which assists in integrating TCDC activities in projects under country programmes, until such time as TCDC modalities become a regular mode of project implementation. UNDP will also continue to strengthen the data base on technical capacities existing in developing countries, which will promote the identification of opportunities for TCDC. Similarly, the Technology Information Pilot System (TIPS) of UNFSTD is expanding the South-South network for trade and technology.

G. The United Nations Volunteers Programme

107. UNV provides a unique mechanism for supplying developing countries with volunteer specialists at a high level of cost-effectiveness. About 1,600 are currently fielded. An evaluation undertaken in response to Governing Council decision 87/36 of 19 June 1987 determined that the potential for expansion of this programme is considerable, and that there was great interest in such an expansion among host country Governments. By using flexible delivery approaches within umbrella arrangements managed by Governments, interested recipient countries would be able to take increased advantage of volunteer specialists for such tasks as filling key operational gaps for temporary periods, or training nationals. The expansion of UNV is therefore foreseen for the 1990s.

VII. FUNDING ISSUES

A. Central funding for the United Nations system

108. At the time of the Consensus, the UNDP share of the United Nations system technical co-operation funding was 75 per cent. Despite the acceptance of the central funding role of UNDP in the Consensus, the UNDP share stands at about 30 per cent if the resources of the United Nations Children's Fund (UNICEF) and the World Food Programme (WFP) are included. Even if the funds expended on technical co-operation by these two organizations are excluded from the calculations, the UNDP share would be only about 50 per cent.

109. This is a matter for concern, because central funding not only lies at the heart of the effectiveness of multilateralism, it is crucial to the respect of the principle of the sovereignty of recipient Governments. An important way in which the priorities of recipient Governments can be respected is to make available a central fund for allocation to these priorities. To the extent that donor
Governments decide beforehand on the programmes and projects for which separate funds would be allocated, they are strongly influencing the policies and priorities of recipient Governments.

110. In various resolutions and decisions of the General Assembly of the United Nations and in decisions of the Governing Council, donor Governments, have explicitly reaffirmed the principle of the sovereignty of independent nations. The fundamental question, therefore, is whether or not the international community is prepared to give full effect to these undertakings. Central funding for the United Nations system is an issue which should be addressed in the context of the future of multilateral development co-operation for the 1990s. It is suggested that the Governing Council take this initiative.

B. UNDP core funds and special funds

111. To enhance the central funding role of UNDP and to meet the substantial needs identified elsewhere in this paper, an increase in both UNDP core and non-core resources will be required. UNDP will adhere to a funding strategy that ensures a proper balance between core and non-core resources.

112. For core resources, the Governing Council should consider setting funding goals at double the current level for the fifth cycle, and triple this level for the sixth cycle. This would allow for an expansion of IPFs and the SPR to respond to both existing priority areas of technical co-operation as well as to the emerging priority areas.

113. There is no incompatibility with UNDP expanding both its core and non-core funds; both are needed to serve developing country needs effectively. The General Assembly and the Governing Council have from time to time authorized the setting up of special funds to be administered by UNDP, in order to respond to priority areas which members feel merit emphasis. Recipient countries have expressed support for such funds insofar as they involve additionality of resources.

114. For the future, it would be useful for UNDP donors and recipients to engage in a dialogue on the extent to which such special funds constitute an additionality of available resources. This dialogue should establish definite criteria concerning a balance between core and non-core allocations for non-additional contributions. Burden-sharing is a factor which Governments would have to take into account.

115. UNDP will ensure the efficiency and effectiveness in the administration of these funds, clearly maintaining their separate identities and management where appropriate. Trust funds which are established by the Administrator will be administered as an integral function of the existing operational units of UNDP.

C. Preferential treatment for the least developed countries

116. LDCs benefit from a preferential allocation of IPF resources. Under the Substantial New Programme of Action, UNDP has supported LDCs in conducting round-
table meetings for resource mobilization at the country level. In addition, several special purpose funds, relating to various decisions of the Governing Council, give special consideration to LDCs, including the Special Measures Fund (SMF) for LDCs and the United Nations Capital Development Fund (UNCDF). The circumstances which led to the establishment of preferential treatment for LDCs have remained valid, and UNDP is expected to continue to concentrate IPF resources there. Meanwhile, preparatory work carried out for the Second United Nations Conference on the Least Developed Countries, scheduled for 1990, will provide an opportunity to refine the detailed position of UNDP towards LDCs for the 1990s.

117. The UNCDF, which provides LDCs with grant capital assistance for small-scale investments (in the $200,000-$5 million range), has been widely and well received. At present, the Fund can hardly meet the demand of its limited group of target countries - over $200 million worth of viable pipeline projects in LDC target countries have been identified for a fund whose present commitment level is approximately $70 million a year. Therefore, the Governing Council should urge a substantial increase in UNCDF resources to serve LDCs adequately.

D. Resource mobilization at the country level

118. A valuable function of UNDP is its ability to mobilize additional resources at the country level for development. A growing number of developing countries with small IPF allocations are utilizing the services of the Resident Representatives to administer a much larger pool of development funds under either third-party or Government cost-sharing arrangements. This modality has been found useful combining the various sources of project resources under one administration. Given the success of the cost-sharing modality, it is anticipated that it will be increasingly applied during the 1990s.

E. The indicative planning figure system

119. Predictability of resources is an important benefit of the IPF system. Subject to the Governing Council's decision on this issue in connection with discussions on the fifth cycle, an internal review has been undertaken separately of the basic elements for allocating IPFs. This review indicates that the essential features of the present system should continue, that is: (a) there should be a planning period (fixed or rolling) for which Governments make and accept forecasts of resources for the purposes of calculating IPFs; (b) the concept of indicative planning figures should be maintained; and (c) more structured mid-term reviews of financial resources should be undertaken.

VIII. UNDP ORGANIZATIONAL ISSUES

120. UNDP organizational issues relate primarily to the UNDP field office and headquarters. The issue of governance and matters relating to the organization of the Governing Council fall under the purview of the Member Government responsibilities, and has therefore not been dealt with in this report.
121. To remain responsive to the needs of developing countries in the 1990s, the UNDP field office of the future will have to be proficient in providing Governments with a wide range of high quality development services. These new activities are added to an already full work-load of project delivery, United Nations Resident Co-ordinator duties, and services being provided for other United Nations organizations. Similarly, UNDP headquarters must be able to provide quick, effective support to its field offices in their support to recipient Governments.

122. If UNDP is to become more effective in helping Governments with capacity-building, it must energize the United Nations system and strengthen its own substantive capacity and its human resources in the most cost-effective manner. For example, increased delegation of authority to the field office will require that field offices have a small but independent technical capacity to perform their project appraisal and oversight responsibilities. Such a capacity would also facilitate contacts and promote dialogue between the UNDP field office and the specialized agencies.

A. Reinforcing a research and analysis capability

123. UNDP will draw on specialized agencies to the maximum extent. Nevertheless, as a funding agency, UNDP should have the capability to examine the problems of technical assistance in a truly rigorous way. It is important to clarify the conceptual bases of current practices, to analyse and measure their impact, to facilitate the exploration of new concepts of technical co-operation and their relationship to the changing needs of development. UNDP must also examine the efficiency of the current modalities of developing and delivering technical assistance, and attempt to devise new and better ways to do it.

124. UNDP should more actively pursue its potential role as the intellectual leader in technical co-operation - both stimulating and conducting appropriate analyses and responding in an informed manner to the initiatives and analyses of others. This would improve both the quality of UNDP-supported programmes and projects and increase their impact on the development of recipient countries.

125. In order for UNDP to be able to take a reasoned and well-documented position on the essential issues of technical assistance, its intellectual capacity at headquarters will be built up through modest increases in funds and posts for research and macro-analysis. This will be combined with maximum utilization of intercountry programme resources for financing specialized agency activities and outside leading institutions.

B. Building information networks

126. While information has always been considered important, it has become vital in the 1980s both as a resource and as an asset which should be managed in the same way as any other asset. In recent years, UNDP has begun to make progress in the use of computer tools which provide easy access to the data stored in major databases, and in the use of communication technologies which allow for instant
voice and data communication on a world-wide basis. It is expected that this progress will continue throughout the 1990s, and that the improved focus on information management will come to be considered as one more additional service provided by the UNDP network of field offices.

127. Similarly, with an expanded access to data communication facilities, the entire global field network could eventually be interlinked. One could envision an enhanced capability for comparing country experiences and exchanging knowledge, for co-ordinating intercountry programme activities, and for generally bringing field offices closer together. Efforts will also be made on the one hand to incorporate the specialized agencies for the technical dimensions, and, on the other hand, the Regional Commissions for the regional dimension.

C. Building consulting networks

128. UNDP will be increasingly utilizing short-term, high-level specialists from specialized agencies and outside, to respond to specific Government requests. In meeting this growing demand, it will be important to avoid excessive expansion of the technical specializations of the core UNDP staff. Rather than duplicating being a source of the specialized knowledge which is already available through specialized agencies or elsewhere, a UNDP technical Professional staff member should know who the most appropriate specialists are, and how to access them at short notice when needed. Networks of this nature are already in place for some UNDP units such as TCDC and NGOs, but they need to be expanded systematically.

129. In order to service Governments and the in-house needs of UNDP itself for high-level technical specialists in a cost-effective manner, UNDP technical staff at headquarters will become the focal points for broadening these professional networks. They will establish closer linkages with the specialized agencies for accessing expertise available through them, and will also expand contacts with independent top-level specialists and consulting firms. This will include technical advisory division staff as well as other specialized technical staff such as technical advisers from UNFSTD in science and technology-related areas.

D. Field office strengthening

130. The implications of the proposals contained in the report on field office staffing are that the work-load will go up, and the profile of the staff will become more management oriented. For example, additional staff time will have to be devoted to programme management and donor co-ordination functions, the administration of advisory services, and other new programmes. A corresponding impact on the staffing profile will result in an increased need for high calibre programme managers, office managers, professionals having broad multisectoral disciplines, and Resident Representatives and senior staff with sharpened skills in the technicalities of the development process. To accommodate the work-load, field office staff will need to be increased. In keeping with the UNDP emphasis on national capacity-building, as field offices are expanded to accommodate the increased work-load, national professional staffing will be emphasized. Proposals
have been submitted to the Governing Council recommending increases to this effect in connection with the biennial budget for 1990-1991.

131. The build-up of field offices will be country-specific in terms of numbers, functions and rate of growth. To better suit the new profile, professional staff categories will include Programme Management, Office Management, and Development Support Services. The Development Support Services category will consist of national specialists having fixed-term assignments to carry out substantive specialist advisory and other responsibilities called for under the new services and procedures. In addition, select local short-term consultants or institutions will be retained to carry out ad hoc special assignments on a periodic basis. Further details on the functions of this category are included in the budget submission.

E. Headquarters

132. While the emphasis on human resources enhancement is on the field offices, certain functions of headquarters will require modest strengthening. More technical advisory staff will need to be recruited to build consultancy networks, to contribute to the strengthening of UNDP intellectual capacity, and to manage the strengthened linkages with the agencies. Also, staff and consultants will need to be increased to carry out the enhanced measures for personnel management. Proposals recommending this increase have also been submitted to the Governing Council in the context of the 1990-1991 biennial budget submission.

F. Enhancing personnel management

133. Recruitment, staff development, and training will be geared towards improving the quality of UNDP staff. A more proactive recruitment strategy will be carried out from both headquarters and the field to obtain the best possible people to serve in the organization. The numbers of professional women will be increased. Programmes will be enhanced for staff development, manpower planning, and career counselling, and for succession planning. Training programmes for Professionals will emphasize modern management techniques and skills required for supporting country efforts, including workshops and seminars on key development issues. Training for General Service staff will be expanded to broaden their skills.

G. Conditions of service

134. Satisfactory conditions of service are critical for enhancing UNDP human resources. The erosion of entitlements should be reversed and conditions of service improved substantially so that UNDP can attract and retain the best and the brightest to better serve the developing countries. UNDP will continue to pursue improvements in these conditions in the appropriate forums.
contractors or by co-operative community action. The low administrative burden on UNDP would also be a feature.

6. The average cost of each project would be about $30,000 to $50,000 with a higher limit only in exceptional cases. Authority would be delegated to the Resident Representatives to receive and approve requests for assistance within the amount allocated to the country concerned. Criteria for selection for the identification of these micro-ventures would be determined jointly by UNDP and UNCDF.

7. Two alternative proposals are put forward for funding:

   (a) The Council may seek to allocate an amount of, say, $5 M each year from SPR. This would require an increase in the total of SPR funds;

   (b) A separate Microfund could be established to which donors would be invited to make contributions.

8. Whichever method is decided upon, the intention would be to place overall administration of the fund under UNCDF. Criteria for country allocations would have to be developed, with preference given to low-income countries, and a maximum ceiling per country determined.

II. SUPPLEMENTARY GRANTS FOR EQUIPMENT, SUPPLIES AND CONSULTING SERVICES

9. UNDP experience over the past five years has shown that equipment is becoming an increasing proportion of assistance requested from UNDP. This is partly the result of higher equipment requirements in the more complex technical co-operation projects. It also reflects a reduction in the size of expert requirements as UNDP shifts from using more long-term to more short-term advisers, less costly United Nations Volunteer specialists and national consultants and experts. Equipment is often more than a mere input, it can be a necessary ingredient for technology transfer and technical co-operation.

10. It is proposed that UNDP provide a service to both recipient and donor Governments by facilitating the provision, outside the IPF, of equipment, supplies and consulting services for projects which are included in the recipient country's approved country programme. Such a service adds a new dimension to the concept of management service agreements for bilateral resources, which has enabled recipient Governments to utilize UNDP to assist them in managing their bilateral contributions. This service has allowed developing countries to absorb additional donor resources which they would otherwise not have the capacity to do. Expansion of this service in a direction which integrates it into projects contained in the country programme would thus allow for an increase in development resources applied within the national planning framework.

11. The arrangements for this facility would be as follows:
(a) Donors who have met on the basis of, say, a five-year moving average the target set by the Governing Council for contributions to UNDP central resources, would be invited to pledge a supplementary amount which could be drawn on by UNDP for the purchase in that country of goods, supplies, and contracting services;

(b) The use of this facility would be demand-driven. In consultation with the Government, Resident Representatives and Project Managers would identify within projects approved for UNDP funding, equipment, supplies, or consulting services which could be obtained from one or more of the donors which had agreed to participate. The Resident Representatives and Project Managers would satisfy themselves that the goods and services to be acquired met the specifications which had been prepared. It would not be a case, therefore, in which a donor country had surplus goods and services which it seeks to pass on to a developing country, at the risk of not fitting the project or of artificially stimulating the creation of a project just to utilize the equipment and supplies approved by the donor;

(c) In order to ensure that the best values are obtained in the country, the executing agency of the project would invite bids under its rules, the only difference being that tenders would be sought only from suppliers in the country concerned. Different countries in the scheme could, of course, be used as source of supply for different components of the project;

(d) No cash would be paid by the donor country to UNDP. There would instead be an agreement that the Government would pay the supplier up to the amount pledged in any year. Since it is unlikely that charges would actually match the amount pledged in any year, UNDP would always ensure that orders did not exceed the amount pledged, on the understanding that the unused amount would be carried forward to the next year;

(e) Freight, insurance, and delivery costs are issues to be considered in each case, since these costs would, in many cases, most likely have to be paid to suppliers other than those from the country concerned. UNDP may have to share these costs from the IPF if the projects themselves were to qualify for charge to the IPF. UNCDF and UNSO would have no problems in principle in meeting these charges;

(f) This supplementary funding would be available to UNCDF and UNSO and other subsidiary funds administered by UNDP.

12. The requirements of developing countries for supplies and equipment could be met through this mechanism. The recipient Government would be assured that the supplies and equipment being provided are part of a project in the country programme, and that they would be monitored and supervised by the UNDP field offices.