SUMMARY

In decision 89/4 of 24 February 1989, adopted at its special session, the Governing Council of the United Nations Development Programme (UNDP) requested the Administrator to continue his efforts to implement the Management Development Programme (MDP) on the basis of decision 88/31 of 1 July 1988, and to present to the Council, at its thirty-sixth session in June 1989, proposals to revise the preliminary guidelines for the implementation of MDP.

The revised guidelines are annexed for the approval of the Governing Council.
INTRODUCTION

A. Governing Council decision

1. In paragraph 10 of decision 88/31 A of 1 July 1988, the Governing Council decided to establish a Special Programme for Management Development and Related Institution-building, to be known as the Management Development Programme (MDP) and to be operated under the following principles:

(a) The programme will be available to all countries wishing to participate and in order to ensure a fair regional balance in administering the funds available under this programme, no more than 50 per cent of the resources will be allocated to programmes in one region;

(b) The programme will operate only in response to requests from developing countries to assist them to design and/or implement long-term, sectoral or multi-sectoral programmes of management development and related institution-building;

(c) No conditionality will be applied in the use of these funds or in the activities of the programme other than the normal requirements of United Nations Development Programme (UNDP) programmes;

(d) The use of this facility will not be related to the implementation of any policy other than that of the Governments concerned;

(e) The activities of UNDP in this field should not be conditional on those of any other organization.

2. The Governing Council allocated $60 million for MDP during the fourth programming cycle.

B. Background and justification

3. In many developing countries, a combination of factors has produced massive financial problems. External factors include depressed commodity markets, adverse terms of trade, trade barriers, stagnant and, in real terms, often declining financial flows, all of which have contributed to a net transfer of resources from the developing countries. Internal factors include domestic policies leading to overvalued exchange rates, low productivity, inflation and negative interest rates. Inefficiency in the public sector, lack of an entrepreneurial and productive private sector, and price distortions have also played an important role. These issues have served to raise not only the question of policy options but also concern for the management capacity of national institutions responsible for the implementation of policies decided upon.
4. The situation of acute financial emergency has in many cases necessitated urgent measures, including major changes in economic policy and management and substantial financial support. Many donors, including UNDP, have provided substantial assistance to strengthening management capabilities in national institutions as part of the structural adjustment process. In most cases, however, such assistance has focused on short-term remedial measures, particularly in the budgetary and fiscal areas.

5. Technical co-operation programmes, whether funded by bilateral or multilateral institutions, have long focused on the strengthening of the institutional capacity of developing countries in a broad variety of technical fields. Projects funded by UNDP have been no exception. In many cases, donors, acting separately and independently, have given assistance in an ad hoc manner to specific ministries and departments. The result has often been conflicting and unco-ordinated approaches to public management within the same country, with each donor sponsoring its own system, thus making it difficult for the Governments to implement coherent public management policies.

6. An increasing number of Governments in the developing world are aware of the need for a strengthening of their management capabilities. In recent months, UNDP has been approached by many countries from all developing regions for assistance in key aspects of public sector management. They appear concerned that if their management capacities are not enhanced, the sustainability of the societies they are attempting to develop and their efforts towards self-reliance will be endangered, given the environment of crisis management in which they now operate.

7. In recent years, UNDP has paid increased attention to the management capacity of Governments in the developing world, particularly in Africa. The evolving situation has also led to a broadening of UNDP activities, including such new mechanisms as National Technical Co-operation Assessments and Programmes (NATCAPs) and the enhancement of the round-table mechanism; greater UNDP participation in the preparation of consultative group meetings; the increased emphasis within the Special Measures Fund for the Least Developed Countries (SMF/LDC) upon management issues, including support to government efforts at aid co-ordination; and similar activities being supported through Special Programme Resources (SPR).

8. In addition, projects funded under both the country and intercountry indicative planning figures (IPFs) are being related increasingly to the building up of the management capacity of Governments. Regional activities are playing an increasingly important role in this area. Among these are the Special Action Programme for Administration and Management (SAPAM); the Structural Adjustment Advisory Teams for Africa (SAATA); UNDP support to the Special Programme of Co-operation for Central America; the Caribbean Group for Co-operation in Economic Development; and the Arab States Gulf Co-operation Council.

9. While the proposal to the Governing Council for a management facility focused mainly on management needs in sub-Saharan Africa, the Governing Council stated in its decision (88/31 A) to establish MDP that the programme should be available to all countries wishing to participate and that no more than 50 per cent of the resources would be allocated to programmes in one region.
10. MDP will enable UNDP to expand its activities with regard to public sector management and to encourage Governments to choose a comprehensive approach to improved management of the public sector and to assistance in the field of public administration and management. It will also give UNDP scope for developing its approaches and methods of work. Guidelines for the implementation of MDP are given in the annex below.
ANNEX

Guidelines for the implementation of the Management Development Programme

I. OBJECTIVES

1. The overall objective of the Management Development Programme is to assist developing countries to achieve sustainable improvements in the public sector through the enhancement of their management capacities and capabilities. The thrust of MDP will be directed towards countries requesting support for major comprehensive efforts at improving the performance of the public sector. MDP should encourage innovative approaches to public sector management and be ready to contribute to the financing of such activities. Special efforts should be made to facilitate an exchange of experience between developing countries through Technical Co-operation among Developing Countries (TCDC) modalities.

2. In the case of a number of countries undertaking major public sector management reforms, MDP will (a) assist the Government in making overall assessments of their requirements for improved management in the public sector; (b) advise, when requested, on methods to bring about an internal process of management improvement; (c) help in formulating programmes devised to meet requirements, particularly through projects either with a potential for pervasive impact on the total public sector or with a focus on key functions; and (d) fund and monitor projects.

3. Assessments of management needs will be undertaken against the background of the overall development strategy of the Government. These assessments may focus on all or some of the following areas:

   (a) The organization and the productivity of the public and parastatal sector;

   (b) The capacity of the administration to formulate and implement long-term reform policies, whether or not arising from structural adjustment programmes;

   (c) The organization of the civil service, conditions of service, and human capabilities development in the public sector;

   (d) The monitoring and evaluation machinery of the Government, including services for statistics and auditing;

   (e) Resource management, including planning, budgeting, taxation, capital market organization, debt management, aid-co-ordination and related fields;

   (f) Training and research institutions in public administration and business management.
4. In line with its stress on a comprehensive approach to improved management, MDP will be particularly concerned with measures aimed at improving the entire government machinery. Central institutions for resource management are, however, essential for the efficiency of the total public sector, as are the monitoring and evaluation machinery of the Government. Measures directed to such institutions would also be given priority. The stress on comprehensiveness also implies that MDP must have available an overview of the activities in the country which are being undertaken in the field of public sector management and assistance to such activities. This will avoid duplication and will assist in the presentation of coherent recommendations which may serve the purpose of facilitating governments' co-ordination of assistance for public sector management.

5. The particular needs and underutilized potential of women in developing economies will be given explicit consideration, as in other United Nations Development Programme (UNDP) programmes.

6. It cannot be too strongly emphasized that there is no intention to impose any particular model or philosophy of management upon developing countries. The role of MDP is that of adviser. It is the Governments that decide which reforms are to be undertaken. The recommendations for management improvement will be designed to meet the specific requirements of individual countries.

II. ACTIVITIES AND MODUS OPERANDI

7. At the request of Governments, UNDP will field missions to undertake preliminary management surveys. They will help Governments to assess their total needs for management improvements in the public sector. Requests for such surveys may be initiated at any time. UNDP will expect the requests to contain information concerning any policy reforms under consideration and the responsibilities and organization on the government side for these reforms. A government focal point should also be identified. Considering that the issues involved touch on important and sensitive aspects of a government's functions, the successful implementation of a long-term programme for public sector reform will require full support and commitment at the highest policy-making level of Government.

8. Considering the highly diverse situation among different countries, UNDP will not regard missions as described in paragraph 7 as the only way to initiate co-operation under MDP in support of public sector management improvement. The UNDP response must be flexible. A Government may, for instance, wish to call on UNDP to support a public sector reform programme by some other approach. Such requests will be reviewed against the objective of MDP to support sustainable and comprehensive efforts to enhance public sector management capabilities.

9. It is important that, from the outset, the intervention of MDP be fully co-ordinated with other UNDP activities in the countries concerned. Duplications of missions should be avoided and terms of reference of missions should take fully into account such studies as have already been made. In the case of countries engaged in National Technical Co-operation Assessments and Programmes (NaTCAPs) and
similar exercises or those which are in the Special Action Programme for Administration and Management (SAPAM) programme, UNDP will determine whether there is a need for special missions under MDP. Should any surveys be required in these countries in addition to those already undertaken, they should be done within the framework of co-operation already established. The countries in question should be assured that projects based on existing studies may be considered for financing from the funds of MDP and that UNDP will be ready to give the same fund-raising support to these countries as will be given for activities initiated by special management surveys.

10. Requests for surveys and for other forms of support from MDP should be addressed to the regional bureau concerned. Such requests will be reviewed by that bureau and the Management Development Support Unit of the Bureau for Programme Policy and Evaluation (BPPE) (see paras. 17-19). Decisions about survey missions or other activities intended to develop support for reform programmes will be taken by the regional directors on the recommendation of the Co-ordinator of MDP.

11. The funds of MDP are to be seen as seed money. During the fourth programming cycle, no more than $2 million from MDP can be committed to any one country. Normally, the contribution from MDP will be $1 million or less. Decisions about the use of the funds will be taken on an ongoing basis bearing in mind that 50 per cent will be allocated to programmes in sub-Saharan Africa and that a certain regional balance should be achieved in respect of other regions. When deciding on the amount to be made available to each country, UNDP should give priority to the needs of the least developed countries.

12. The technical assistance provided under MDP should be fully co-ordinated, where appropriate, with financial support provided to facilitate structural adjustment and economic reform programmes. Close co-ordination with technical assistance from bilateral and other multilateral sources is also essential. Whenever invited, UNDP will be ready to advise Governments on the co-ordination of various technical and financial inputs so that effective co-ordination is assured.

13. Unless otherwise decided, the projects or activities requested from UNDP will be reviewed, as is the general practice in UNDP, by the Project Appraisal Committees (PACs) of the regional bureaux. The Support Unit, in collaboration with the Technical Advisory Division (TAD) of BPPE, will appraise all projects submitted for financing from the funds of MDP. Projects considered suitable for approval will be submitted to the Action Committee.

14. In the implementation of the programme, UNDP will, as appropriate, co-operate with other agencies of the United Nations system active in the field of public sector management, particularly the Department of Technical Co-operation for Development (DTCD) of the United Nations Secretariat, the International Labour Organisation (ILO) and the World Bank.
III. USE OF THE FUNDS OF MDP

15. The funds of MDP can be used for the following purposes:

(a) For missions or other activities requested by Governments for the development and monitoring of programmes for management improvement;

(b) For projects requested by Governments which form part either of programmes developed by missions (see para. 7) or of other comprehensive programmes for management improvement in the public sector (see paras. 8 and 9);

(c) For experimental activities and studies which can help to develop innovative approaches to public sector management, including workshops and seminars which aim at facilitating an exchange of experience between developing countries;

(d) For the administrative cost of the Support Unit in BPPE.

16. It should be stressed that the resources within the indicative planning figure (IPF) are the normal UNDP source for project financing, while the funds of MDP should be used for project financing only within the terms given above.

IV. ORGANIZATION AND MANAGEMENT OF MDP

A. Implementation

17. The implementation of MDP will not require any new structures or forums within UNDP apart from the Support Unit in BPPE presented below. Management responsibility at headquarters rests with the regional bureaux, which will co-operate closely with BPPE in the implementation of MDP.

18. A Management Development Support Unit will be established in BPPE. The unit will initially have four Professional posts and will be headed by the Co-ordinator of MDP.

19. The Support Unit will act as an adviser to other units within UNDP in matters regarding the implementation of MDP. In co-operation with other concerned bodies, the unit will be required to:

(a) Assess requests for preliminary management surveys, undertake desk studies and prepare terms of reference for missions;

(b) Organize and, when needed, conduct or participate in missions, brief and debrief consultants and finalize mission reports;

(c) Develop criteria for the selection of projects to be financed under MDP;

(d) Develop new strategies and methods for improvements in public sector management;
(e) Appraise projects proposed for financing by MDP;

(f) Assist resident representatives in negotiating the content and scope of technical co-operation programmes needed to strengthen the public sector management capability of the countries to which they are assigned;

(g) Monitor the execution of projects and prepare reports on programme implementation;

(h) Establish a network of experts and institutions qualified for participation in MDP and promote this resource base in response to the evolving requirements of developing countries.

20. The consultants to be engaged in missions and projects will be both international and local. The recruitment of international consultants will be made with a view also to facilitating a transfer of experience between developing countries. Great importance will be attached to the use of local experts. It will be a major responsibility of resident representatives to help in identifying qualified local consultants with competence in the fields of MDP.

B. Co-ordination and resources mobilization

21. The resources available to MDP are limited and will need to be supplemented from other sources. Efforts should be undertaken to augment UNDP resources available for MDP through funds-in-trust, cost-sharing, co-financing or parallel funding. Where several sources of funding are involved, mechanisms may be needed to promote the co-ordination of the activities of various donors involved in the support to public sector management. Accordingly, it is intended that:

(a) The Governments concerned will be advised either to use existing aid co-ordination forums for consultations with concerned donors about the Government's programme for improvement of the public sector or to set up a special management co-ordination committee. In such forums, the Governments would be able to consult donors on the selection of management projects and on the mobilization of additional resources;

(b) On the basis of Government requests for projects and guided by consultations that have taken place in the host country, a select number of donors may be asked by UNDP to fund specific components of projects or management programmes that have been formulated. The possibility of co-financing projects or activities which can be financed in part by UNDP will also be explored;

(c) If acceptable to the Governments in question, interested donors may be asked to participate in missions undertaking preliminary management surveys;

(d) If it can be foreseen that the resources of MDP will be exhausted before the end of the fourth programming cycle, the Administrator will inform the Governing Council accordingly and propose to the Council what steps should be taken to acquire additional resources.
C. Reporting and evaluation

22. The Administration will report to the Governing Council in 1990 on the progress of MDP. Towards the end of 1990 an evaluation of MDP will be initiated to provide the basis for the Administrator's proposal concerning MDP during the fifth programming cycle.