



**Governing Council
of the
United Nations
Development Programme**

Distr.
GENERAL

DP/1990/33
14 May 1990

ORIGINAL: ENGLISH

Thirty-seventh session
28 May-22 June 1990, Geneva
Item 4 (b) (x) of the
provisional agenda

POLICY

PROGRAMME IMPLEMENTATION

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

Government execution

Report of the Administrator

SUMMARY

This report responds to requirements set out in Governing Council decision 88/18 of 1 July 1988 which invited the Administrator to present to the thirty-seventh session of the Governing Council, a report containing specific proposals for the implementation of paragraph 31 of General Assembly resolution 42/196 of 11 December 1987 calling for further support and flexibility to facilitate government execution. The decision also called on the Administrator to report on the implementation and impact of the revised accounting, reporting and audit procedures.

In responding to the above requirements, the Administrator proposes a variety of policy initiatives for the consideration of the Governing Council. He has taken into account the legislative mandates contained in General Assembly resolution 44/211 of 22 December 1989 and Governing Council decision 89/20 of 30 June 1989. The directions to be considered include: (a) the pursuit of national execution as the "ultimate modality"; (b) the strong observation of the Administrator's full accountability; (c) involvement of the specialized agencies of the United Nations wherever feasible and desirable; (d) the shift from a project to a programme approach; and (e) increased decentralization to support development of national capacity.

I. BACKGROUND

1. In a formal sense, this report responds to requirements set out in Governing Council decision 88/18 of 1 July 1988. That decision, in line with a series of previous decisions, called for further support and flexibility to facilitate the government execution of projects; in addition, it specifically addressed issues related to the use of add-on resources and to the implementation of the revised accounting, reporting and auditing procedures.

2. While the Administrator seeks to meet those formal requirements, in the present report, he believes he would be remiss in his responsibilities if he did not take this opportunity to respond fully to the policy dialogue that has flourished during the course of the last year in a number of forums. Consideration of General Assembly resolution 44/211 of 22 December 1989, Governing Council decision 89/20 of 30 June 1989, the report of the Expert Group on the Study of Successor Arrangements for Support Costs and Related Issues (DP/1990/9), and the triennial report on operational activities 1/ of the Director-General for Development and International Economic Co-operation leaves the Administrator in no doubt that a watershed has been reached in regard to the expectations of Governments as to the future of national execution. The present report provides a summary of the Administrator's proposed policy initiatives as they relate to these developments.

II. POLICY FRAMEWORK

3. The legislative mandates contained in General Assembly resolution 44/211 and Governing Council decision 89/20 provide a clear statement of the views of Governments on the directions to be pursued. These include in the first place the pursuit of national execution as the "ultimate modality" for all activities supported by UNDP. Second, there is a strong reassertion of the Administrator's full accountability for the funds entrusted to him. Third, the partnership principle is reaffirmed, bearing in mind the need to redefine the participation of the specialized agencies and technical entities of the United Nations system in particular in the provision of technical support to Governments as requested by them. Fourth, a new focus is placed on the need for a shift from a project to a programme approach with a view to providing more programme oriented mechanisms that would allow for more flexible and effective support to national programmes. Finally, there is a clear call for increased decentralization and delegation of authority.

4. The Administrator believes that the significance and force of these policy thrusts lie in their cohesion as an integrated policy package. They will either prevail together or meander fruitlessly in isolation. A critical aspect of this policy framework is the reassertion of the Administrator's accountability for programme quality and financial integrity through increased attention to management, supervision and monitoring by the field offices. Whilst strengthening national capacities and skills in these areas would facilitate the accountability process, the responsibility of UNDP would in no way be diminished. The role of both the field and headquarters establishments would therefore be significantly

affected in ensuring and managing the accountability responsibility in an effective and efficient manner. Redefinition of the participation of the specialized agencies of the United Nations in particular in the provision of technical support is the strongest guarantee of a vital future for the United Nations operational system as a whole. The promotion of self reliance in a cost-effective manner requires new, more programme-oriented mechanisms that will enable a greater responsiveness to the needs of national programmes. Under the programme approach, there would be a significant reduction in the overall number of projects assisted by UNDP. The UNDP and Governments would therefore not be confronted with the potential difficulties associated with the implementation of 5,000 individual nationally executed projects. Finally, without decentralization, the system as a whole would have difficulty in fulfilling its obligation to be responsive to national programmes and requirements.

5. The interrelationship of these elements is complex but it is incontestable. The Administrator's proposals take as an assumption that these elements form an integrated policy package. In this connection, the Administrator wishes to stress that his recommendations in regard to national execution must be read in conjunction with his proposals relating to the successor arrangements on the issue of support costs. The two sets of proposals are inextricably intertwined.

III. PROPOSALS

6. In response to the policy framework described above, the Administrator is making a number of recommendations with regard to the future of national execution in relation to UNDP-assisted activities.

A. Definition

7. The terminology "government/national execution" was introduced in General Assembly resolution 44/211. To better reflect the diverse and flexible nature of government/national execution and the variety of ways in which projects are implemented, the Administrator proposes that the term "national execution" be adopted as has been done in the present report. The concept of execution denotes control, direction, supervision and legal responsibility for the selection, procurement and effective delivery of programme and project inputs and the achievement of the objectives of the programme or project.

8. In view of the emerging policy framework, the Administrator proposes that the official definition be revised to read as follows:

National execution is a co-operative operational arrangement whereby the Government assumes responsibility for the effective management of all aspects of its UNDP-financed technical assistance projects and programmes as requested by it and agreed to by the United Nations Development Programme (UNDP). National execution recognizes the wide range of technical support possibilities, and encourages implementation arrangements that draw upon outside technical expertise and in particular, the specialized agencies of the United Nations. Under national execution, Governments are responsible for the

conduct of all project and programme activities including those implemented by the specialized agencies of the United Nations, the Office of Personnel Services (OPS) of UNDP, or other organizations or institutions on their behalf. Governments are accountable to the Administrator of UNDP for ensuring the most appropriate implementation arrangements, the quality of technical co-operation funded by UNDP and its judicious financial management.

9. The Administrator wishes to underline the distinction proposed between "execution" and "implementation". The Government is inherently responsible for execution. This primary responsibility having been affirmed, the Government and UNDP are then free to determine the elements of a mix of implementation arrangements which could involve governmental organizations and institutions (national and international), specialized agencies of the United Nations, UNDP/OPS and non-governmental organizations. Thus, while the responsibility for execution is uniquely that of the Government, implementation utilizes a broad range of national, international and multilateral institutions to achieve development goals. In this regard, the definition emphasizes the use of outside technical expertise and in particular that of the specialized agencies of the United Nations. The Administrator would also emphasize the significance of the concept of national execution for the future of participatory development. The concepts of local participation and grass-roots development with their focus on the alleviation of poverty, would not only be fully accommodated but would flourish more fully within the framework established by the principle of national execution.

B. Implementation timetable

10. Paragraph 28 of General Assembly resolution 44/211 calls on UNDP to present a three-year implementation schedule to implement the main actions called for by that resolution. In response, the Administrator proposes that all UNDP technical co-operation activities financed from country indicative planning figures (IPFs) initiated on or after 1 January 1992 should be nationally executed. The choice of this date would ensure consistency with the anticipated date for the implementation of the recommendations of the Expert Group on Agency Support Costs (DP/1990/9). Furthermore, the use of this data would provide an opportunity to synchronize the adoption of national execution with the next UNDP programming cycle.

C. Accountability

11. General Assembly resolution 2688 (XXV) of 11 December 1970, the consensus resolution, stipulates that the Administrator will be responsible and accountable to the Governing Council for all phases and aspects of the implementation of the programme. It further provides that every executing agent will in turn be accountable to the Administrator for the implementation of UNDP assistance to projects. It is a sine qua non that accountability presumes responsibility; yet with regard to UNDP-assisted projects the experience to date suggests a diffusion of responsibility in practice to the various partners in the system. Under national execution, Governments alone would be accountable to the Administrator for all aspects of project and programme activities, including those implemented by other organizations - public or private - within or outside the United Nations

system. The Administrator is convinced that this clarification would enhance the effective discharge of his accountability and in this vein would have a positive impact on the quality of the programme.

12. With the unambiguous assumption of responsibility by Governments, it would be incumbent on the Administrator to satisfy himself that the appropriate conditions exist in which Governments are able fully to discharge their accountability. The UNDP would respond to government needs for the establishment of appropriate execution capacity. Positive consideration would be given in particular, at the request of Governments, to providing assistance in the establishment of central management or support units within Governments to support programme and project implementation. OPS would continue to provide services as requested by Governments in this regard. Another route open to Governments would be to seek the required support from UNDP field offices. With the increasing shift towards national execution, Governments have sought the services of field offices in the provision of administrative and logistical support, procurement and personnel services for their multilateral programmes, in much the same vein as these services are currently being provided to other executing agencies. In providing such services at the field level, however, UNDP has taken care to ensure that governments/national organizations continue to be responsible for projects where they have been appointed as an executing agency, yet retaining the Administrator's accountability. UNDP has also ensured that its assistance enhances government capacity to assume full responsibility for such activities. In order to institutionalize these arrangements and enable Governments to utilize fully the services of the UNDP field network, field offices would provide the services mentioned above directly to Governments. The Administrator wishes to emphasize that the guiding principle in determining the precise arrangements established to enhance the capacity of national execution must be responsiveness to the specific circumstances faced by each Government.

13. Measures would be taken to maintain the Administrator's accountability, including UNDP responsibility for the appraisal and approval of all projects, as well as the provision of necessary assistance in project and programme management, particularly in those instances where the Government does not undertake implementation of the project in whole or in part by itself. The UNDP, in securing the best available technical services for the Government, would give preference to the specialized agencies of the United Nations.

14. Both General Assembly resolution 44/211 and Governing Council decision 88/18 point to the need for a simplification of procedures if national execution is to expand as a modality. In this connection, the Administrator notes that the current rules pertaining to project personnel, which constitutes the most significant component of technical co-operation, are highly complex and labour intensive to administer. Furthermore, against the background of evolving requirements and an increasing demand for short-term and technically oriented expertise, a remuneration package based on a career service concept is neither responsive to the needs of Governments nor to the needs of the experts themselves. Simpler and more flexible payment packages could substantially ease the burden placed on Governments in regard to the administration of international project personnel. The Administrator proposes that after consultation with the agencies, simplified payment packages

should be implemented in conjunction with the proposed adoption of national execution and the revised support cost arrangements.

15. The General Assembly, in paragraph 18 of its resolution 44/211, stressed the need to facilitate the mechanisms and procedures by which Governments are to be held accountable. This was also the main thrust of Governing Council decision 88/18. A study undertaken in 1987 on compliance with financial reporting requirements (DP/1988/19/Add.2) revealed overall delinquency rates by Governments of nearly 75 per cent. Consequences of this high rate of delinquency included, inter alia, an inability to record the true rate of programme delivery, excessive government operating fund account balances and an increased work-load in terms of the follow-up on compliance.

16. In January 1989, a revised, more simplified set of financial reporting procedures was put into effect. These procedures are designed to ensure adequate financial accountability by Governments, keep responsibility for expenditure certification vested in Governments, provide for a more appropriate way of recording expenditures and remove any impediments to increasing the use of the modality. The UNDP undertook a number of training and explanatory procedures throughout 1989 as part of the transition from the old system to the new and to help Governments and resident representatives better understand what was required of them. An analysis of compliance with the revised procedures shows a dramatic rate of improvement. For the second and third quarters of 1989, 81 per cent of Governments had complied with the reporting requirements. This accounts for more than 90 per cent of advances made to Governments.

17. The 1987 study (DP/1988/19/Add.2) also reviewed compliance with audit procedures and in this regard revealed overall delinquency rates by Governments of nearly 90 per cent. Because of the uncertainty of the integrity of the financial information, a major consequence of this high rate of delinquency was the qualification of UNDP annual financial statements. Effective 1 January 1989, UNDP issued a revised, comprehensive set of audit requirements that Governments as executing agencies should follow in order to provide UNDP with reasonable assurance that its resources are being managed in accordance with all pertinent financial regulations, rules and procedures. The UNDP undertook a major orientation effort in late 1989 and early 1990 during which a large portion of the audit staff was mobilized. Based on these efforts, the Administrator feels confident that a significant improvement in government compliance with the audit requirements will be achieved and he will continue to take the steps required to ensure that this is the case.

18. The work-load implications for UNDP headquarters and field offices of national execution are specifically treated in Governing Council decision 88/18. The work-load implications for UNDP headquarters with regard to the accounting and audit functions are dealt with in the Administrator's revised 1990-1991 budget estimates (DP/1990/65). With regard to the work-load of the field offices, a mechanism consistent with the decision reached on the successor arrangements (see DP/1990/9) for support costs would have to be determined to enable field offices to be responsive to needs generated by national execution. In this connection, both the basic structure and the managerial and supervisory capacity of field offices would be reassessed.

D. Programme quality

19. The objectives of national execution and the full utilization of national capacities are to ensure that programmes and projects are managed in an integrated manner, which promotes their long-term sustainability and wider impact on the development process. The issue of programme quality and its control therefore assumes special significance. In this context, the Administrator is also aware of the need under national execution to enhance and refine programme monitoring, reporting and evaluation procedures. He has taken note of the recommendations of the Expert Group on Agency Support Costs (DP/1990/9) relating to programme accountability. He particularly wishes to focus on the issue of an assessment of the impact of UNDP-assisted activities on the strengthening of national capacity. Appropriate adjustments would be made in UNDP programme procedures.

E. Add-on funds

20. Governing Council decision 88/18 requested the Administrator, together with Governments, to ensure a greater commitment to the use of add-on funds for the purposes specified by the Governing Council, including the meeting of costs incurred in complying with UNDP accounting, reporting and auditing requirements. Pending a final decision by the Governing Council on the structure of a new support-cost arrangement, the current arrangement, whereby support costs to Governments are made available by means of an add-on to IPF, should continue as a transitional measure. For this interim period, a procedure would be established that provides for advances of add-on funds, in place of the current system of reimbursements, for those Governments wishing to establish or strengthen their programme or project support structures. These advances would be reconciled against delivery.

IV. PARTNERSHIP

21. The concept of national execution fully recognizes the wide range of technical expertise available in the specialized agencies of the United Nations. It encourages implementation arrangements that draw on outside technical expertise and in particular the expertise available within the specialized agencies.

22. The UNDP would take the initiative in informing Governments of the technical expertise available and encouraging them to use the full range and depth of the expertise in the specialized agencies of the United Nations. In this connection, the Administrator is proposing the introduction of the concept of technical support services in his recommendations relating to support-cost successor arrangements. The Administrator is firmly convinced that the vitality of the technical capacity of the specialized agencies is an essential element in the viability of the United Nations operational system. As stated in General Assembly resolution 44/211 and presented in the study of the Expert Group on Agency Support Costs (DP/1990/9), the partnership principle would be strengthened and further revitalized through a redefinition of the participation of the specialized agencies towards the provision in particular of technical support to Governments as requested by them. The Administrator is committed to supporting this process. More details of the ways in

which he proposes to continue to fully involve the specialized agencies of the United Nations in national execution are contained in his recommendations relating to support-cost successor arrangements (see also para. 28 below).

V. PROGRAMME APPROACH

23. Since its inception, national execution as well as all other modalities of execution have delivered technical assistance through project mechanisms. The UNDP country programmes, while closely following the country's medium-term development goals, have largely comprised a variety of projects each with a discrete set of objectives. Project outputs and results have typically formed the basis on which the impact of UNDP-financed efforts has been measured.

24. With the underlying objectives of national execution geared towards strengthening government capacity to manage and co-ordinate development programmes, the mechanism or approach used to accomplish these objectives must in itself contribute to a process of internalization and in this way promote self-reliance.

25. Although many individual UNDP projects have met with success, the use of a micro-focused approach may not by itself help to achieve broader national development objectives, simplify development co-ordination or facilitate development planning and management processes. The use of a project mechanism may, in fact, strain programme level co-ordination and management resources. The proliferation of many projects can often drain rather than strengthen national capacity and weaken government ability to sustain technical assistance outcomes.

26. Where Governments have reasonably clear goals and targets to deal with sectoral or macro-level problems, national execution would best be implemented through the use of a programme approach as emphasized in General Assembly resolutions 42/196 and 44/211. The programme approach has also been described in some detail and strongly endorsed by the study of the Expert Group on Agency Support Costs (DP/1990/9). The establishment of sectoral policies and goals would provide the framework within which UNDP resources could be programmed. Within a particular programme, the concept of a project or subprogramme would be redefined in terms of a common set of programme objectives. Subprogramme activities would be carried out within the context of the overall programme.

27. National execution recognizes the sole responsibility of Governments for planning, managing and co-ordinating development programmes. It is thus the ideal modality for the use of a programme approach. It clearly facilitates Governments macro-level or sectoral-level planning and co-ordination efforts and enables them to maximize and direct all national capacity strengthening efforts to where they would have the greatest impact both in managing and sustaining the outcomes of development programmes. At the same time, it should be emphasized that the programme approach does not preclude activities in project form. Many specialized areas or specific development gaps would be best filled or addressed using project level efforts.

28. Programme-oriented technical co-operation calls for resources to be committed at a sector or subsector level, often complementary to national and other donor resources. The significant difference in the scale and purpose of the intervention implies a change from an essentially project-oriented culture to a programme-oriented one which requires considerable effort and investment to be sustainable and effective. Careful collaboration with national authorities, specialized agencies of the United Nations and other donors (multilateral and bilateral) is needed to produce useful sector analysis. Depending on the extent of participation in the sector, the volume of resources committed per programme would be significant by UNDP standards. The increased volume and the merging of these technical co-operation resources with other donor and national resources have significant implications for management and accountability. Supervision of implementation and performance would call for UNDP to utilize external substantive skills obtained either from the specialized agencies of the United Nations or from other international sources. Therefore at all levels of the programme cycle from identification, formulation, appraisal and approval to implementation, supervision and evaluation, UNDP needs to review afresh its substantive and financial policies and procedures, retrain its technical, managerial and administrative staff and utilize the best skills available in the specialized agencies of the United Nations. Preliminary work has already commenced in UNDP on identifying the work required. The Administrator would proceed with developing policies and procedures and consult with other donors, institutions and United Nations organizations and bodies which have relevant experience in this aspect of development co-operation.

VI. DECENTRALIZATION

29. Decentralization and delegation of authority are essential to ensure responsiveness to national requirements and cost-effectiveness. In this connection, the Administrator is proposing two specific measures in the present report.

30. In the first place, the Administrator would delegate to resident representatives authority for the selection of national execution as the modality to be used within the established approved ceiling. In view of the proposal that all country programme activities initiated in the fifth cycle should be nationally executed, it is no longer reasonable to maintain the current requirement for headquarters clearance of national execution as a modality. Second, the Administrator has issued instructions to resident representatives to explore with Governments the possibility of synchronizing the UNDP country programming cycle with the timing of the national planning cycle. In addition, the Joint Consultative Group on Policy (JCGP) 2/ plans to issue a request to its field representatives to discuss synchronization of programming cycles with the particular Governments concerned.

31. The Administrator will continue to review and implement any opportunities for further decentralization and delegation of authority to field offices.

VII. CONCLUSION

32. Government execution has been treated in the past as one of many execution options. In this sense, the concept of government execution was intrinsically no different from that of agency execution. However, since the mode of agency execution refers to a set of rules and procedures external to Governments, many were unable to comply with the administrative requirements. This led to both modest growth in government execution as a modality and to the setting up of special safeguards to protect the Administrator's accountability.

33. The concept of national execution is a reaffirmation of the fundamental principle that development is a national process. National execution is not one among many modalities but provides the very framework in which UNDP-assisted activities are to be understood. The significance of the distinction between responsibility for execution and implementation arrangements follows from this premise. General Assembly resolution 44/211 and Governing Council decision 89/20 call for a bold and concrete response from the United Nations operational system and from UNDP in particular. In setting forth the proposals contained in this report, the Administrator has attempted to respond to the policy prescriptions laid out in those resolutions. In so doing, he remains convinced that the principle of partnership remains as valid today for the vitality of the United Nations operational system as it did at the time of the consensus resolution (see para. 11 above). He is confident that his proposals relating to national execution will serve to reinforce his own accountability for the use of the funds entrusted to UNDP.

Notes

1/ A/44/324-E/1989/106 and Add.1-4.

2/ The United Nations Children's Fund (UNICEF), UNDP, the United Nations Population Fund (UNFPA), the World Food Programme (WFP) and the International Fund for Agricultural Development (IFAD).
