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POLICY

Joint United Nations/UNDP/UNIDO evaluation of UNDP-financed
technical co-operation activities of UNIDO in the field of Manufactures

Assessment of findings and recommendations of the Staff Report*

Report of the Administrator

Summary

This report is submitted in response to the Governing Council's invitation to the Administrator at its thirtieth session to determine which of the conclusions and recommendations of the Staff Report should be accepted, either at once or after referral is made to the Governing Council.

In Part One, UNDP's comments and operational response to the conclusions and recommendations, according to subject area, are set out. In Part Two, the conclusions reached upon the seven categories of conclusions which are contained in the last 16 pages of the Staff Report are stated. Most of the conclusions and recommendations are found to be reasonably acceptable, given the various qualifications as stated.

The Governing Council is specifically invited to consider certain conclusions of the Staff Report on the following matters which, in UNDP's view, are the primary responsibility of the recipient Governments: greater use by Governments of UNDP and UNIDO resources in industrial planning, if the need is felt; more research by Governments on high impact problems in the industry sector; more involvement of the end-users (specifically, the non-governmental sector) in the project cycle; and some re-emphases by Governments of their role in certain procedural actions in the country programme cycle and project cycle where UNDP and UNIDO are dependent upon their specific initiatives.

*Evaluation Staff Report on the Joint United Nations/UNDP/UNIDO In-depth Evaluation of the Technical Co-operation Activities of UNIDO in the Field of Manufactures, dated 1 February 1983.

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INTRODUCTION

1. At its twentieth session, in May-June 1980, the Committee for Programme and Co-ordination (CPC) reviewed the results of a United Nations desk study on a group of field activities in industry. Part of this study dealt with the technical co-operation activities of UNIDO, most of which are financed by UNDP. Doubts were raised over the approach and findings of this part of the study. To resolve the matter, CPC invited the three organizations concerned to co-ordinate their resources and interests and to prepare a new, joint study on the same topic. The United Nations, UNDP and UNIDO agreed on the study design in April 1981. Following intensive desk studies and various field missions, the Staff Report was finalized early in 1983.
2. The study was conducted by three co-ordinators, each nominated by one of the three organizations. The co-ordinators were given autonomy to conduct the study without further direction or supervision, in order to preserve objectivity. Provision was made for recourse to an informal working group composed of senior officials of the three organizations, in the case of any disagreement among the co-ordinators; however, such recourse was not requested. The High-level Steering Committee on Evaluation (later replaced by the Programme Planning and Budgeting Board) was to provide policy guidance, approve the study design, and comment on the final draft.
3. The co-ordinators produced a 117-page Staff Report with seven annexes. A 43-page summary (E/AC.51/1983/5/Add.1) prepared by the United Nations was submitted to CPC in May 1983 and subsequently to the Governing Council, at its thirtieth session, in June 1983. Doubts were raised in both bodies regarding the approach and findings. It was suggested that the data presented formed an inadequate basis for the conclusions arrived at and the recommendations made; and that some of the terms of reference had not been adhered to; and that, therefore, the original topic of manufactures projects had been inadequately focussed upon. Many delegations, however, saw the report as evidence that constraints exist in the tripartite system and that changes are required to enhance the performance of the system. The discussion produced no final decision with any operational implications.
4. During information consultation, the Council agreed that the Administrator should "examine the report in further detail, and with a positive approach, including the evidence on which the conclusions were based, in order to identify those recommendations which are practical and appropriate and can readily be adopted; those which require further study and consultations; those which would require changes in existing legislation and decision by the Governing Council; and those which the Administrator considers impractical or inappropriate". (DP/1983/L.13/Rev.I, para. 7)
5. Based on the conclusions of the informal consultation, the Council requested the Administrator to "examine further the conclusions and recommendations of the evaluation team and to determine those on which action could be taken, either immediately or after referral to the Governing Council, to improve project

identification and implementation in the industrial sector; in so doing, he should collaborate with the United Nations, the United Nations Industrial Development Organization and other organizations of the United Nations system and take into account the views of delegations expressed at the thirtieth session of the Governing Council and those subsequently transmitted to him by Governments after their consideration of the staff evaluation report".^{1/}

6. This note has been prepared in response to the request of the Governing Council. It contains an assessment of the study's findings and conclusions, as well as a considered reply to each recommendation. The Staff Report has accordingly been carefully studied, issue by issue, in order to distinguish suitable subject areas for comment and to analyze any empirical justifications for the original conclusions.

7. The comments are based upon an analysis of various documents, relating both to the study and to the tripartite system's procedures and policies. Interviews with various resource persons both in UNDP and the United Nations in New York and at UNIDO Headquarters in Vienna have taken place. Comments provided by member Governments, United Nations system organizations and resident representatives have been taken into account.^{2/} This paper was commented upon, in draft, by the United Nations and UNIDO. The Inter-Agency Consultative Meeting (IACM) of 5-7 December also reviewed the draft paper, and, inter alia, concluded that wide-ranging recommendations for the system should not be derived from individual sectoral evaluation studies; the methodology and criteria employed in future studies should be recognized by all parties before the studies are carried out; and the accuracy of the background data should be confirmed.

8. The Council, during informal consultations, also requested the Administrator to prepare a Programme Advisory Note on the manufactures projects (DP/1983/L.13/Rev.1, para. 9). This document is under preparation; it should be completed early in 1984, and is to be submitted for comments to those organizations of the system with a common interest in such projects.

Part One

ASSESSMENT OF FINDINGS AND RECOMMENDATIONS OF THE STAFF REPORT

9. Part One of the report is divided into four chapters. First, the approach and scope of the study are briefly analyzed. The subsequent three chapters deal with the recommendations of the Staff Report along the following lines: assessment of project results; project cycle planning and management; and issues involving the tripartite system. Each chapter contains: a brief summary of conclusions drawn from the body of the Staff Report; comments by UNDP; and an indication of how the Administrator expects to respond operationally to the conclusions and recommendations of the Staff Report. In Part Two of the report, the over-all comments of the Administrator to the recommendations which appear in the final pages of the Staff Report are presented.

I. APPROACH AND SCOPE OF THE STUDY

The Staff Report: summary of conclusions

10. The CPC requested that the evaluation primarily assess and thus improve project relevance, design, implementation, effectiveness and impact in the area of manufactures, as well as in other sectors. The co-ordinators believed that the field of "manufactures" was too wide, so that certain subsectoral and other issues had to be pre-selected in order to establish a suitable sample for analysis. The study design called for the evaluation to focus on three sectoral subject matter areas, which it tentatively identified as fertilizers, packaging and metal products, within the global priority theme of "food production and delivery". The study design also referred to selected issues. Most were discarded and three were retained: levels of entry into the sector; complexity of the sector; and the system's concentration on inputs and neglect of results. A number of issues in the fact-finding phase were concluded to have significant external influence. The co-ordinators considered it important to analyze them. They include UNIDO's capacity, UNDP's role, the tripartite relationship, and the complexity of the industrial sector. (Summarized from the Staff Report.)

UNDP comments

11. In practice, the mandate from CPC was found to be difficult to pursue operationally. It required lengthy deliberations for the three organizations to agree on the study design. Consequently, the timetable, established for a 20-month period, fell behind schedule, and the co-ordinators reduced or eliminated some of their targets. The delays in conducting the study resulted in the synthesis and report writing phase being foreshortened, from nine months to two, in order to present CPC with the report early in 1983.

12. In April 1982, CPC received a progress report and it recognized the considerable problem caused by simply requiring the study to be focussed upon "manufactures". CPC resolved that, in future, in-depth studies would be chosen on the basis of a well-defined, readily identifiable and specific project area. Problems were indeed created for the co-ordinators by imprecise definition of, for example: the concept of "manufactures", which comprises over 80 per cent of all UNIDO's activity at widely differing levels; the substantive issues and global priorities; the precise interest to be taken in tripartite policies, procedures, staffing and structure; and the role of the High-level Steering Committee vis-a-vis the three independent evaluation co-ordinators.

13. It should also be stated, however, that several departures from the study design, itself fairly satisfactory, were not fully discussed with all three organizations. These include the expanded scope of the study, changes of project samples, and choices of issues and themes. The central managements of the organizations were not interviewed on the tripartite system issues referred to. Also, claims for the study's rigour and thoroughness have not fully stood up to close inspection. Some reduction in the many repetitions in the Staff Report

might have permitted the inclusion of more project-level findings and analysis, which are rather generally felt to be inadequate.

14. Two major points arise in the various responses to the Staff Report received by UNDP from Governments, United Nations system organizations and resident representatives:

(a) The wide scope of the study, while beyond that originally intended, nevertheless raised certain important issues of tripartite procedure and structure. It was observed, however, that coverage of those issues beyond the immediate project focus was not comprehensive. Various respondents found the tripartite issues less than convincingly captured, and containing some misleading inferences and imperfect understandings on the macro side which could lead to serious misunderstandings of the system. However, some of the conclusions regarding the real problems of achieving project impact were felt to reflect excellent, solid and probing analysis;

(b) Generalizations are stated in terms which seem to be applicable to other sectors and to other kinds of project. But no wider survey of other sectors was actually undertaken, and many respondents presumed that industry projects present more than the usual difficulty of design and organization encountered in other sectors. Also, no survey was envisaged or undertaken of related industry sector activities involving, for example, the World Bank, the International Labour Organisation (ILO), the United Nations Educational, Scientific and Cultural Organization (UNESCO), the Food and Agriculture Organization of the United Nations (FAO), the United Nations Conference on Trade and Development (UNCTAD) and the International Maritime Organization (IMO), although most of the organizations, in fact, support field activities relating to the industrial sector.

Particularly in the two senses described above, the study design and its execution are considered by respondents not to have provided optimum balance and focus.

UNDP operational response

15. Operational conclusions for future studies of this kind are as follows: it is important that all the partners to similar studies continue to concur on basic issues. These include joint definitions of the scope of the subject under study, terms of reference, selection of countries, institutions and projects to be visited and personnel to be employed. Furthermore, a detailed schedule has to be adhered to for the timing and completion of these undertakings. The partners to them should make arrangements to budget both their direct and indirect costs. Finally, an appropriate dialogue with the organizations commissioning such studies does need maintaining by review staff privileged to receive wide latitude in their assignment.

II. ASSESSMENT OF PROJECT RESULTS

The Staff Report: summary of conclusions

16. Data were collected from project files on the basis of standard typologies, permitting statistical ratings for various factors, including project efficiency, effectiveness, impact and relevance and cross-field analysis. The in-country missions examined 14 projects in seven countries. Extensive interviews were conducted, in particular with end-users and also with staff in headquarters and the field. It was concluded that 60 per cent of the projects examined achieved their objectives to the extent planned, or better. (Summarized from the Staff Report.)

UNDP comments

17. Caveats are stated in the Staff Report about the validity of the statistics, but they are outweighed by claims of rigour, intensity and precision. Much effort was put into the statistical analysis but questions do remain as to some of the procedures which were used. The variables employed in the typology are unclear, and still require careful explanation. The successive reductions in the number of projects in the samples are not as logically rigorous as is claimed. For example, only 4 of the 14 projects in the field survey were derived from the larger sample of 49 (partly as a result of difficulties in obtaining acceptances for the field missions), which is contrary to claims in the Staff Report (paragraphs 13 and 24). The co-ordinators had much difficulty with the data contained in the files, but gaps in the data do not all seem to have been filled by later interviews.

18. In producing the statistical tables, not many two-variable correlations were actually used, and it seems no sensitivity analysis of the degree of validity was attempted. The study analyzed data only in a two-dimensional way, and thus could not capture complex interactions among the many variables affecting project results. Apparently, multi-variate regressions which might have given a truer picture of project complexities were not attempted, because the data were considered rather inadequate.

19. Field missions generally were brief but very intensive. Apparently, however, no cross-check of data sheets with field office project files was attempted. Resident representatives in countries visited report that desk-study project profiles were more critical than field findings, rather calling into doubt the confident interpretations placed on the desk studies.

UNDP operational response

20. Operational conclusions for future studies of this kind are as follows: samples need to be carefully defined - and described - and any changes found necessary need to be mentioned in the report, with the reasons. Data in headquarters' files must be checked by reference to project or field office files. In preparing project typologies, a careful definition of the variable

fields being judged must be made and described. Reasons for employing (and for not employing) particular statistical techniques need to be elaborated. Measures for feedback of the results, both positive as well as negative, including Programme Advisory Notes, need to be established in advance. Finally, a full description of these understandings and of any difficulties encountered should be presented along with the report.

III. PROJECT CYCLE PLANNING AND MANAGEMENT

A. Industrial planning and programming

The Staff Report: summary of conclusions

21. The very complex nature of the industrial sector presents many constraints which need to be understood. Government industrial planning tends to be too general and lacking in specificity. The United Nations system has not really come to grips with industrial programming. There has seldom been an adequate assessment of the state of industry at the country level, and such thorough problem diagnosis is essential if UNDP/UNIDO projects are to be successful. Industry projects should be re-oriented towards high-impact, high priority problems. (Summarized from the Staff Report.)

UNDP comments

22. The system's historically very strong role in encouraging development planning is not really recognized in the Staff Report. The underlying principle of UNDP's country programming is one of objective allocation of resources, based on overall and sectoral planning. There are few recipient countries that, at one time or another, have not invited assistance in creating or strengthening central economic planning, and planning in, for example, the agricultural, health, transport, or communications sectors; or in co-ordinated regional planning, physical planning or grass-roots planning. Thus, there is a strong underlying predisposition towards this function in the system.

23. It is true, however, that there have sometimes been mixed results in national efforts to strengthen planning in the industry sector. Excellent theoretical materials exist in UNIDO, and a number of country-specific reports and feasibility studies have been prepared, many of them for the World Bank. However, in actual practice, the strengthening of national capability to plan industry sector development remains rather problematic, and the following constraints are relevant:

(a) Governments often prefer to confine their industry sector co-ordination and priority setting to sectoral legislation, fiscal policy, investment, manpower development, industry-related research, industrial zoning, and co-ordination of other related sectors, such as agriculture, transport, communications and energy. Developing countries' efforts towards a more comprehensive planning approach, when attempted, follow widely differing models of industrial planning;

(b) The often extremely limited hard data on aspects of the economy and the industrial environment which of necessity make programming an iterative process. Piecemeal advances must proceed as information is developed, and cannot be postponed because of limited data;

(c) The so-called "implementation gap" between planning and actual implementation that many countries are experiencing as a result of shortages in resources and insufficiencies in management;

(d) The difficulty of locating and recruiting experienced industrial planners in both developing and developed countries;

(e) The very complex and variable relationship between industry and Government which applies in many countries.

24. UNIDO headquarters has for some time been developing a manual on the practical techniques of industrial planning, and this is expected to be finalized during 1984.

UNDP operational response

25. It is an absolute premise of all UNDP assistance that such assistance is provided in response to Government requests and in support of the recipient Government's selected priority programmes and projects. UNDP has no projects of its own. All projects are those of recipient Governments. At most, UNDP's role is secondary to that of the Governments, in the planning of activities leading to greater self-reliance. In providing assistance, UNDP satisfies itself as to the viability and soundness of the project and the effectiveness of its execution. Throughout this note, these fundamental considerations should be borne in mind.

26. Many activities selected for UNDP participation are either: (a) so self-evidently logical and justified, such as the creation or strengthening of absolutely basic institutions; or (b) so relatively minor, in strictly resource terms, that pervasive questions of national priority and of feasibility simply do not arise. Even in the difficult, complicated industrial sector, there are and have been a very large number of essential support activities which have featured only marginally, if at all, in any national or sectoral planning. So much planning tends to focus on capital investments and to exclude much that involves little or no capital.

27. It is reasonable to accept, however, that large-scale projects directly supporting new manufacturing capability must be subject to correct planning and project identification procedures. Given the constraints to such processes already listed, the following recommendation of the Staff Report is considered acceptable, provided that UNDP assistance to the industrial sector compared to other sectors is considered significant:

Project formulation should commence, preferably, with a survey of the project context and framework, including: (a) the industrial environment; (b) the

national industrialization status; and (c) national capabilities at the time (para. 259 of the Staff Report).

The Programme Advisory Note in preparation will incorporate these provisions.

28. Decisions regarding the following two recommendations of the Staff Report are, in UNDP's view, primarily the responsibility of individual recipient Governments. The Governing Council may accordingly wish to discuss their appropriateness and implications:

- In preparing the country programme, the Government should be encouraged to seek the assistance of UNDP and the advice of UNIDO if it feels a need for their experience in industrial sector planning (para. 245 of the Staff Report).
- Industrial research should be strengthened and re-oriented to more substantive and immediate problems, affecting a subsector or having far-reaching national impact (para. 257 of the Staff Report).

29. UNDP has had no difficulty, in the past, in accepting any country programme proposals along these lines. The Staff Report's assertion that industrial projects must be re-oriented to areas of higher priority does not receive justification in the text, although it may be correct that recent financial uncertainties have reduced UNDP's concentration in such areas.

B. Country programming, project formulation and approval

The Staff Report: summary of conclusions

30. UNDP's country programming process is not adequate for problem diagnosis. Often there is premature project selection, which UNDP cannot subsequently reverse. Project formulation lacks proper problem identification, which is often unsystematic and superficial. There is a bias against preparatory assistance, and towards rapid approvals to assure allocated funds. Many projects require more than five years to achieve results and should be assigned funding for up to 10 years. Governments participated in only 57 per cent of initial project designs, and often made decisions with limited information on the sector's needs. UNDP and UNIDO lack authority to disapprove a project. (Summarized from the Staff Report.)

UNDP comments

31. The country programme was designed not so much, in and of itself, as a coherent statement of objectives and performance to be measurably achieved (i.e. an implementation plan), but more as a reasonably coherent statement of priority objectives within a wider framework established by the Government. Accordingly, a valid analysis of the components of the programme must rely very much on the efficacy of the Government's own internal planning processes. UNDP tends in most

cases to support a broad spectrum of institutional support projects, with some production and pre-production projects among them, usually with very small capital inputs. The planning of technical assistance to such projects is probably a difficult burden for most planning units. Also, sectoral studies by the United Nations system organizations appear to have been reduced recently, for financial reasons, resulting in rather less basic information being available to the programmers and planners involved.

32. Several of the Government and organization respondents suggest that a more enhanced role is required for UNDP, throughout the project selection and formulation process, and this may well be correct. Nevertheless, in UNDP's view (and supported by many of the resident representatives consulted), the Staff Report's conclusion that the system is unable to reject unsuitable projects has, in the majority of cases, no foundation. Any UNDP Office is normally dealing at any one time with a substantial project pipeline, awaiting funding, and must help Governments to select projects within it. It thus frequently influences Governments to change project proposals, either by selecting other high priority projects, or by modifying design or objectives. Usually, a direct confrontation is avoided, and unsuitable projects are either modified, postponed for further analysis or dropped by common consent. Many of those with extensive field experience believe the process works rationally and reasonably well. Also, recent country programme reviews have confirmed that although there may be no sectoral balance to the particular programme (and there is certainly no requirement for this), one way or another, a high or even very high number of projects are on target in terms of Government priorities and basic national needs. However, it seems fair to say that the selection of priority projects in industry is more difficult than in the other sectors.

33. Three points seem especially relevant to programming and industry. First, the Staff Report gives no recognition to the fact that, from 1982, major changes took effect in country programming, discontinuing any detailed reference in the document to projects or to financial targets at the project level. Nor does the Staff Report recognize that continuous programming, now introduced, is designed to take some of the previous imperatives out of the project selection process, and to permit Governments, with assistance if required from the organizations (funding permitting), to study sectoral requirements in a longer, phased time-frame and in more detail. Second, the fullest involvement of the organizations in sectoral reviews and country programming obviously needs continuing attention. However, the Staff Report seems not to recognize the great extent to which the system tries to encourage and support such programming to remain both an indigenous national process and a permanently ongoing consensual process. Considerable strength derives from this fundamental requirement of the Consensus,^{3/} which filters through all of the national activities that UNDP supports. Third, because of its mandate, UNDP is only infrequently invited to become directly involved in development activities in the private sector. This particular question needs a flexible and sensitive approach, and therefore merits careful consideration by the Governing Council.

34. Turning now from country programming to project formulation, it is important to emphasize that the UNDP programme is like no other. It covers almost all sectors and often consists of a large number of comparatively small activities in strategic parts of the administrative institutional infrastructure or in the productive enterprises. In the great majority of cases it involves either the development of a required capacity for planning or organizing within a ministry, or a capacity for doing (or improving) particular kinds of research or training, or a capacity for producing agricultural or industrial goods. Occasionally a cross-sectoral or cross-discipline activity will be developed. Some of these project types, and particularly those in agricultural or industrial production, are notoriously more difficult to design than other types of projects. The Staff Report perhaps does recognize this in the case of industry, although without having actually surveyed it in cross-comparison. The conclusions of the Staff Report, however, are implicitly applied to all types of projects, regardless of their nature, and this is not considered to be valid.

35. Also, it is important to recall that UNDP has deliberately decentralized and dispersed the primary responsibility for project formulation almost entirely to the UNDP Offices and, particularly, to Governments, professional staff of the organizations and consultants. Roles will of necessity and common sense tend to vary, according to the complexity of the subject and the knowledge of those dealing with it. Thus the finding in the Staff Report that Governments "participated" in first formulations of only 57 per cent of projects, and that the other parties participated even less, is misleading. Invariably, all the parties will come into the discussion in one way or another, regardless of who prepares a particular draft of a project document. Similarly, repeated adjustments can be made to projects by local consensus without any reference beyond the field level.

36. Two small points in the Staff Report need to be corrected. The first is the suggestion that, at present, it is not possible to programme beyond the cycle, for up to 10 years for complex projects or subject areas. Nothing in existing regulations prevents long-term project planning extending beyond a country programme cycle. There is always a provision in project documents which foresees whether UNDP assistance may be required beyond the project's duration, although UNDP cannot formally commit financial resources beyond the IPF period in question. Second, there is, in fact, no requirement for a cycle of five years for the country programme. The period covered has always been the choice of the Government; it has usually been either the national plan cycle, which has often been less than five years, or the IPF cycle, as the Government prefers.

UNDP operational response

37. As many of the respondents observed, the Staff Report does not recognize that many of the recommendations it presents are already well advanced in implementation - and sometimes for a long period. All the following recommendations, which UNDP finds generally acceptable (subject to the qualifications shown in parentheses) are already in implementation under current Governing Council legislation:

- The Government's sovereign will is to be communicated to UNDP in the country programme document, stating policy decisions on goals and types of assistance (para. 245 of the Staff Report);
- Consideration should be given to formulating industrial programmes and not simply to isolated projects. There should be a certain priority towards the more comprehensive kind of industrial technical assistance project, focusing beyond the basic production process (paras. 256 and 258 of the Staff Report). (Accepted but this should not preclude assistance to individual projects on a case-by-case basis where circumstances so dictate.);
- The country programme process should emphasize sectoral priorities and strategies (para. 267 of the Staff Report);
- Planning of the IPF should be defined by sectors, and only later narrowed down and divided up by individual project to maximize impact at the time (para. 245 of the Staff Report);
- It should be possible to plan projects according to the industrial project cycle of approximately 10 years (para. 267 of the Staff Report). (Accepted but subject to the caveat concerning resources in para. 36 above.);
- UNIDO should have the right of deliberative discussion and, if necessary, of project refusal, in the case of technically unsound projects (para. 249 of the Staff Report);
- The Administrator should approve or disapprove projects on the basis of relevance and design integrity (para. 267 of the Staff Report).

38. It should be noted, however, that specific implementation in a particular country primarily requires decisions of the Government, rather than of the system. The Council may wish to discuss this point, and the feasibility of reserving specific financial resources for sectoral studies. Incidentally, both recipient Governments and UNDP have specifically moved away from the concept of allocating components of country programmes according to either recipient organization or executing agency. Given the inherent limitation in UNDP's mandate concerning direct relationships with the non-governmental sector, special consideration may also be given to the following recommendation:

- End-users should, wherever feasible, be fully involved in project planning and review. Large-scale project design should involve the end-users as well as the project sponsors and their executing agents (paras 248 and 262 of the Staff Report).

In the industry sector, both the necessity and the difficulties of implementing such a recommendation are recognized by UNDP.

C. Project design and implementation

The Staff Report: summary of conclusions

39. The PPM does not adequately clarify the respective tripartite roles, and omits important design preconditions. Project objectives are often stated in inflated terms to ensure recognition of the project's significance. Definition of and follow-up on project impact and outputs are very inadequate and of no concern to the three parties. UNIDO is heavily dependent upon the project staff, especially the Chief Technical Adviser, to meet the local technical resource requirements. Project reporting is heavily focussed upon input deliveries rather than outputs, and is of limited value for a monitoring or feedback response. Tripartite reviews are seldom held (or are not timely), and lack concern with outputs and objectives. There is an almost total absence of objective, rigorous evaluation. Project termination is a "non-event" and should be planned to coincide with results. (Summarized from the Staff Report.)

UNDP comments

40. The evaluation team apparently concluded that the Governments, when involving UNDP in their development activities, are essentially looking only for expertise to be delivered locally, on the spot, by experts or consultants. It seems unusual for those involved to conceive of the large-scale transfer of technology and resources being conducted directly through the medium of the agency headquarters themselves. The primary responsibility for providing the expertise and, to this end, involving headquarters is still usually preferred to rest with the "man-on-the-spot". In many projects, that arrangement seems to work very well, and has been tried and tested over a number of years. Regarding the industry sector, however, there may be something of an inherent problem. An expert is often charged with a number of discrete functions, especially where a new plant is under development. Where such diverse functions as marketing, financing, engineering, etc. have been combined into a request for a single expert or consultant, inevitably some elements will receive only marginal treatment. Given the heavy preponderance in most assistance requests for engineering skills, it will often be the financial costing and accounting functions that will tend to suffer. Although this is not always the case at present, obviously, the full technical resources of the agency must, wherever possible, be brought into play, and UNDP supports this conclusion.

41. UNDP has long promoted the importance of precise statements of outputs and objectives. In particular, definition of the various outputs has been less than satisfactory, causing complications in reporting and evaluation. UNDP has already extended a solution to the difficult task of output definition. In its Guidelines for Project Formulation (1976), which receives no recognition in the Staff Report, outputs are defined as the respective systems - the technical and managerial systems - that the project is to establish, together with the necessary instructions and trained staff. This very focussed, result-oriented approach, when followed, eliminates problems of correct definition and allows the system to

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correctly target its capacity-building expertise. It appears that further compliance and further staff training continue to be required, as the Staff Report notes.

42. Much less validity is accepted for the conclusion that the system (and the Governments) has little or no concern for project impact. Three important points should be made. First, the state of the art of impact measurement is still at a rather early stage of development, and there are both conceptual and practical problems facing Governments and assistance organizations involved in the task. Second, the required impact of institutions receiving assistance to create or strengthen their capabilities is particularly difficult to define. Generally, it is accepted as having to be continuously defined and redefined in a rolling process, and permanent national capacity must exist or be built up for this purpose. UNDP therefore places heavy emphasis on developing strategic and tactical planning functions in the different kinds of institutions it assists, which then set targets and measure progress towards them on a permanent, ongoing basis. (Thus the institution itself, rather than the project per se and the parties to it, takes complete responsibility for impact achievement at the earliest possible stage.) Third, in the case of most projects an almost continuous dialogue can be observed, between project managements and the parties to the project, on the priority and importance of the activities in hand. Project managements usually operate in an extremely competitive environment for the resources they need, and very rarely are these sustained if the case for them does not stand up to cold, clear scrutiny. Certainly in most sectors, and even largely in the industry sector, it is a total exaggeration to say that impact receives little or no concern, even if its reporting is sometimes problematic. The increasing sums in cost sharing coming to the system attest to the strong faith in recipients making such payments that direct cost effective results will obtain. Thus on three counts the Staff Report paints a rather imprecise picture about both what should be and actually is taking place. Few of the respondents gave the Staff Report strong support on this issue.

43. It is already accepted that compliance with tripartite review and reporting instructions is often inadequate (and complicated by any confusion over outputs, as described in paragraph 41 above). Many reports still focus more upon inputs or upon institutional than upon project outputs and activities. Remedial action is presently in hand. While UNDP has carried out a considerably larger number of in-depth project evaluations than is recognized in the Staff Report, recent measures have been taken which should considerably facilitate compliance in future. The Governing Council is aware of these measures. What the Staff Report does fail to take into account is the very high level of interpersonal communication that exists in the system, carried out by personal visits, letters, etc. Also requiring more recognition is the wealth of data available to the local UNDP office, which in numerous countries makes it an unusually important resource base for so many other organizations. This less formal reporting and communication network represents one of the system's most important functions, nationally and globally.

UNDP operational response

44. UNDP's current policies and procedures are already completely consistent with the following recommendations of the Staff Report and are obviously acceptable:

- Chief Technical Advisers and National Project Directors should have primary implementation responsibility for actual production of outputs (para. 250 of the Staff Report);
- Output-oriented workplans and monitoring of results are required (para. 262 of the Staff Report);
- An improved approach to evaluation is required (para. 262 of the Staff Report);
- Project termination should be keyed to achievements rather than to resources (para. 262 of the Staff Report);
- Project reporting should emphasize outputs, problems, effects of external factors and results (para. 262 of the Staff Report);
- There should be establishment and enforcement of standards of quality (para. 262 of the Staff Report);
- Systematic staff orientation and training are required (para. 263 of the Staff Report);
- Governments and UNDP should have control over their own budgets, to ensure that even delivery can be maintained (para. 247 of the Staff Report).

45. These measures are being implemented in most programmes to the extent that limited funding and limited staffing in the UNDP offices permit. Improved operational guidelines and increased staff development have been receiving sustained attention for several years. UNDP does not necessarily accept that the following recommendations accurately reflect either what is lacking or what is immediately required in these guidelines. The more fundamental question is that of compliance from a large number of tripartite staff who are not necessarily under UNDP's immediate influence. However, UNDP will give due consideration to these recommendations in the future formulation of instructions and in training:

- Better understanding is required of project design concepts and methodologies (para. 264 of the Staff Report);
- Procedural guidelines should be more specific on baseline conditions, development and project hypotheses, explicit and time-limited targets, and critical external factors, to facilitate measurement of project progress (para. 262 of the Staff Report);

- The division of responsibilities between the parties for impact, effectiveness, outputs, activities and inputs should be defined more clearly (para. 251 of the Staff Report).
46. The following recommendations are considered to reflect what for the most part actually obtains, and they present no problem in their more forceful implementation:
- Governments should select projects entirely according to national priority, UNDP should have primary responsibility for ensuring good quality and integrity in project design; and UNIDO should present the orientation of the technical specialist (para. 248 of the Staff Report);
 - UNDP should take into account any necessary special technical, administrative and funding responsibilities when projects represent a large and difficult investment of resources and attention for the Government concerned (para. 260 of the Staff Report).

D. Programming application of derived experience

The Staff Report: summary of conclusions

47. The results of UNIDO studies are not applied in programming applications. Those involved must rely on personal experience and colleagues rather than institutional analysis of similar experience elsewhere. There is no project management information system in UNDP, and it was only recently begun in UNIDO. (Summarized from the Staff Report.)

UNDP comments and operational response

48. It seems to be accepted by those consulted that, in the industry sector, it is rather difficult to obtain the necessary basic materials and guidance for programme and project identification and formulation. Good existing studies in UNIDO headquarters, for example, are not always readily made known or available to those formulating projects in the field. Synthesis of previous experience with similar projects has not been carried very far - in part, for cost reasons, for such a resource base is expensive to build up. Many in the system feel the need for the improvements the Staff Report describes, and there are many good ideas. Resources are the key to such developments.

49. UNDP itself provides a limited amount of programming advice to its offices, usually based on the previous experience of the technical advisers and other staff in headquarters. The major contribution in recent years has been the series of Thematic Studies and Programme Advisory Notes, which provide some orientation to newcomers in a particular project area. Nothing as thorough as the Staff Report envisages has ever been attempted. Again, resources are the key to such developments.

IV. THE TRIPARTITE SYSTEM

A. Roles and relationships in the tripartite system

The Staff Report: summary of conclusions

50. The co-ordinators considered it important to identify, analyze and discuss issues influencing achievement, including the tripartite relationship. Operational definitions of roles and functions differ widely by country, and by project, between the three parties, and even within each of them. Thus there is confusion over roles and responsibilities, a tendency to avoid controversial issues, inadequate collaboration and unclear communication, lack of project cycle rigour and discipline, and lack of interest in efficiency or development impact. There is a tendency to leave roles loosely defined and to maintain maximum flexibility and freedom of action. (Summarized from the Staff Report.)
51. Also, Government co-ordinating offices tend to rely on resident representatives for country programme administration and new project identification. However, in this association of unequal partners, the Government still exercises its decision-making prerogatives as a sovereign state, in its allocation of the IPF, in its contributions to the projects, and in taking key decisions, including the level of United Nations participation. This has pre-empted UNDP's important role of financial sponsor, has reduced consideration of important factors and has removed UNDP's effective authority to influence pre-approval design changes. (Summarized from the Staff Report.)

UNDP comments

52. While the Staff Report does contain some illuminating insights, it is important to recognize the following. The very fundamental point that all projects assisted are national projects (see para. 25 above) needs to be recalled and repeated in this context. The United Nations co-operation system is essentially geared to providing a large number of relatively small, selective contributions to the development of national capacity in widely differing sectors. To achieve this, it has, of necessity: (a) not attempted to legislate in detail the precise structure of each activity in advance; (b) decentralized to an advanced extent the day-to-day responsibility for substantive matters to those who are physically on the spot; and (c) recruited over many years a group of qualified, motivated programming officers who can act creatively and managerially in a large number of diverse project situations.
53. The phenomenal growth of pipeline proposals, in most sectors in most recipient countries, and a fairly rapid increase in self-funding, suggest that the present rather loose and flexible arrangements produce, in all but a few cases, results of a quality acceptable to decision-makers and planners in the Governments. It is widely felt in the organizations of the system that if resources would only approximate to demand in some measure and, particularly, if

their levels would be more predictable and constant during the project and programme cycles, the system could respond in reasonable terms. Much of the preoccupation with inputs is necessary, important, and a result of uncertainties, and to suggest that this, in itself, displaces concern with outputs is widely considered a wrong conclusion of the Staff Report. Other factors are also at play, financial supply by the parties being very much among them.

UNDP operational response

54. The Staff Report never fully recognizes that the system's primary role is one of capacity-building: assisting institutions to help themselves. This, together with its flexibility of response, is often considered by recipient Governments to be a major strength of the United Nations system. This very difficult process of capacity-building, with strong dependency upon the personal attitudes of those involved, often runs up against rather low ceilings in terms of available information, planning possibilities, and potential for regimentation of actions throughout the project cycle. In general, UNDP has encouraged correct concepts and targets, but remained flexible and sensitive in project implementation, seeing it very much as an iterative, pragmatic process subject to constant discussion and, as required, adjustment. Repeatedly, resident representatives have endorsed this as a strong, effective approach. It should not be misjudged according to a rigid, rather mindless yardstick, as one agency commented. So, in a sense, the Staff Report promotes a point of view about the system - that it is too flexible - which is not, in itself, empirically determined. Many others, given the same data, argue exactly the opposite point of view, i.e., that more flexibility and more responsiveness are required to meet the constantly changing needs of Governments, and that roles and responsibilities of necessity must tend to differ widely. Accordingly, UNDP concludes that no overall operational response is required to redefine tripartite structures, roles and procedures.

B. UNDP role, structure, staffing and staff training

The Staff Report: summary of conclusions

55. UNDP's role and responsibilities as defined by the Governing Council are beyond its existing capacities. Because of overload in headquarters and the field offices, particularly on the technical side, coupled with inadequate staffing, staff turnover, heavy administrative workloads, and inadequate resources for problem identification, UNDP's role seems de facto to have been reduced to that of management oversight. It needs more effective authority in its significant role as impartial sponsor, particularly in project selection and approval and budgetary control of the UNDP funds, with attendant changes to staffing and functions. This should include the engagement of industrial (engineering and management) specialists as programme staff. (Summarized from the Staff Report.)

UNDP comments

56. The Staff Report's finding about the heavy workload requirements of UNDP offices is confirmed by the Joint Inspection Unit and by UNDP's own field office survey, and has been repeatedly confirmed in this assessment. Many respondents, in effect, argued that greater recognition of UNDP offices as valuable programming and development resource institutions, with consequent greater support requirements, should be promoted. As indicated above, the point about enhanced authority is largely a matter of personal judgement rather than an empirically proven requirement.

UNDP operational response

57. Particularly in the handling of the industry sector, the complexities of which have been reasonably illustrated in the Staff Report and in this assessment, the following recommendations can be accepted for progressive implementation without legislative changes as the resource situation permits:

- Expansion and improvement of training for programming, especially industrial-sector programming (para. 267 of the Staff Report);
- Training to improve engineering and scientific understanding in the programming staff (para. 264 of the Staff Report).

In regard to the first point, current UNDP training programmes already provide a reasonable degree of coverage. They will be expanded appropriately, subject to the availability of resources. Regarding the second point, the proper use of technical and advisory material such as that referred to in paragraph 48 above should contribute significantly to this process.

58. However, despite the complexities of the industry sector, UNDP has strong doubts about the following two recommendations. They are not accepted at present, although any review of working relationships could perhaps examine the requirements further:

- Responsibilities of the staff at headquarters and in the field offices should be redefined, with particular focus upon the role of the resident representative (para. 267 of the Staff Report);
- Technical support capability should be strengthened by recruiting more engineering-oriented staff both for headquarters and the field offices, and by appropriate redeployment (para. 267 of the Staff Report).

C. UNIDO role, structure, staffing and staff training

The Staff Report: summary of conclusions

59. The industry sector is very broad and complex: 1,200 active projects are backstopped by only 135 technically qualified staff. UNIDO needs to play a greater role in industrial planning and programming and project design, for which more technical resources and more staffing and staff training are justified. More clarity of staff roles would assist, both at headquarters and in the field, the Chief Technical Adviser and the Senior Industrial Development Field Adviser especially. (Summarized from the Staff Report.)

UNDP comments and operational response

60. The following recommendations of the Staff Report apply specifically to UNIDO, which is responding to them separately in the appropriate forums of UNIDO and the United Nations:

- Technically specialized capacities in individual subjects should be strengthened (para. 267 of the Staff Report);
- Recruitment policies and staff selection should be improved (para. 267 of the Staff Report);
- Staff responsibilities (especially the CTA) should be redefined (para. 267 of the Staff Report);
- A programme section should handle problem identification and diagnosis (para. 267 of the Staff Report);
- The operations division should have design and approval responsibility (para. 267 of the Staff Report);
- A central programme office should handle long-range country programming/monitoring (para. 267 of the Staff Report);
- A central unit, independent of operations, should handle project design and quality control (para. 267 of the Staff Report);
- There should be training of headquarters and field staff in design, workplans and evaluation (para. 267 of the Staff Report);
- A UNIDO policies and procedures manual for technical co-operation activities is required (para. 267 of the Staff Report);
- Appropriate use should be made of the project self-evaluation system (para. 267 of the Staff Report);

- A result-oriented reporting system should be developed (para. 267 of the Staff Report);
- A technical co-operation project information system is required, focusing on output/objective information (para. 267 of the Staff Report);

The response of the UNIDO secretariat to these and to certain other recommendations in the Staff Report is contained in UNIDO document ID/B/C.3/122 of 6 October 1983, which was discussed at the twentieth session of the Permanent Committee (28 November-2 December 1983). The UNIDO secretariat stated that the new measures followed in respect of project design and project information pre-date the Staff Report; and that any organizational changes, which would be inappropriate at this time when UNIDO's conversion to a specialized agency is in process, would be based on an organizational study rather than on a sectoral evaluation study. The Permanent Committee took note of the Staff Report and the UNIDO document, and requested the Executive Director to take any feasible action he considers necessary. The Industrial Board will consider further actions after the pending discussions by CPC.

Part Two

OVER-ALL COMMENTS ON THE RECOMMENDATIONS OF THE STAFF REPORT

61. This assessment of the recommendations of the Staff Report has been prepared in response to the specific request of the Governing Council.
62. The assessment has concluded that the Staff Report has provided certain useful insights, particularly as applied to the industrial sector and to the project cycle, although in some cases they are less applicable in a wider context. Most of the recommendations are either: (a) already reflected in existing policies or procedures or (b) being refined into a form permitting early introduction by the Administrator. Other recommendations: (c) require initial consideration of the Governing Council; or (d) require the consideration of UNIDO. The Programme Advisory Note on programming of manufactures projects will take the first two categories of recommendation fully into account, as will any revisions of procedures and any emphasis upon greater compliance.
63. The following comments of the Administrator are in response to the seven groups of recommendations combined in pages 101-117 of the Staff Report.

Recommendation No. 1

The roles, responsibilities, accountability, and authority within the tripartite system should be closely defined at the programme policy and working levels with sharp distinctions between the needs that would apply at each level. (Summarized from the Staff Report.)

UNDP response

64. The Staff Report has proposed certain changes in the UNDP country programming process. However, it has always been possible, and even encouraged, under standing procedures to achieve the intent of these proposed changes. With regard to long-term programming and sectoral emphasis, the changes were introduced during the second IPF cycle and made mandatory during the third IPF cycle. This part of the recommendation was, therefore, in fact, in implementation before the Staff Report was written. A further part of the recommendation refers to changes in the project document. A modified format of the project document has been under field testing since mid-1982.

65. The parts of the recommendation referring to enhanced roles (that UNDP should retain full powers of financial sponsorship; that UNDP should take primary responsibility for project design; that UNIDO should have right of refusal of unsuitable projects; that each of the parties should have a watching brief on components of the project) are considered unexceptionable. As indicated in Part One they reflect the reality in many field programmes. At the same time, greater crystallizing of roles and responsibilities for project components does not necessarily show promise for across-the-board project improvements, given the enormous range of the capacities of recipient Governments and of the subject matter, levels of entry, and size of projects covered by the programme. The underlying fundamental consideration in any discussion of roles must repeatedly remain that the activities supported are those of the countries concerned. Any tendency to undermine this relationship will have deep and unfruitful repercussions upon the project context and diminish rather than encourage the drive to self-sufficiency.

Recommendation No. 2

The country programme concept should be expanded and clarified to include problem solving at the sector and subsector level. (Summarized from the Staff Report.)

UNDP response

66. This assessment points out that the development of enhanced industrial planning capabilities in various countries is obviously a difficult task and a major concern of many Governments, and UNDP will clearly be in full support of UNIDO in responding to any requirements that may come forward. Recognizing the current mandate of UNDP, individual Governments may wish to consider emphasis on end user involvement in sectoral priority setting. The Governing Council may wish to consider and lend emphases to these recommendations. (It should be recalled that in the present resource situation such programming of new activities is in most countries at rather a low level.)

Recommendation No. 3

That remedial actions should be instituted to improve the technical pre-conditions necessary throughout the project cycle to increase capability to plan and manage for effectiveness and impact. (Summarized from the Staff Report.)

UNDP response

67. The response is two-fold. First, as capacity-building projects are generally becoming more sophisticated and more demanding, it has been repeatedly emphasized by UNDP that improved target setting is required in project design. Compliance by all parties to the Project Formulation Guidelines would be a major step in this direction. Measures to reinforce staff development have, to some extent, been implemented, and further improvements are foreseen. Second, however, it is not accepted that there is little stress upon project outputs and impact. Such considerations are the almost constant preoccupation of most field staff, in most sectors, and recent evaluations of country programmes have confirmed this, even though difficulties and deficiencies in formal planning and formal reporting do exist. Particularly, emphasis has to remain upon building up any necessary national capacity for concerns about impact. Piecemeal interventions by the United Nations system for the purposes of defining and measuring project impact are no substitute for this essential development.

Recommendation No. 4

That new recruitment policies, intensive training, and redeployment of existing staff are required. (Summarized from the Staff Report.)

UNDP response

68. A major re-orientation of the staffing capability of UNDP is not accepted as feasible, as explained in Part One. In the larger field offices of UNDP, the Senior Industrial Development Field Adviser is expected to have the primary responsibility for handling the peculiarly technical aspects of industrial projects. Capability at UNDP headquarters for supporting project formulation and evaluation is a subject of continuing concern. Assuming the availability of resources, it may merit some further modest strengthening but is not considered a pervasive necessity for all sectors.

Recommendation No. 5

That UNIDO should consider policy, organizational and staffing arrangements to increase its capacity to participate in the project cycle. (Summarized from the Staff Report.)

UNDP response

69. Each executing agency is responsible for evolving its own structure and system, best suited to its own tasks of technical assistance and other matters. UNDP does not interfere in such arrangements and looks only to the performance results in the field under UNDP sponsorship. In the present case, UNIDO has arrived at its own conclusions about the Staff Report.

Recommendation No. 6

That UNDP should take various policy and administrative actions, concerning country programming, the IPF, project approval, technical staffing and measures to improve the project cycle. (Summarized from the Staff Report.)

UNDP response

70. As indicated in Part One, UNDP agrees with much that is stated in the Staff Report on these subjects, and improved measures are continually under discussion and implementation. It is particularly accepted that more programming resource materials must be developed for various sectors and projects: a fairly lengthy and costly process, however. Both UNDP and the agencies need to be fully involved.

Recommendation No. 7

That some changes recommended can be brought about at little or no cost, and others may require additional resources. (Summarized from the Staff Report.)

UNDP response

71. Distinctions are not made in the Staff Report between low-cost and high-cost options. Measures such as improving the quality of staff are always and legitimately subject to tight budget constraints. The response as described in Part One generally presupposes that no major additional resources will be forthcoming for the purposes suggested. In any case, measures already under discussion or in implementation represent a lower cost, but fairly effective process of continual adaptation and improvement to the systems and structures for the Programme. As additional resources may permit, particular emphasis would always tend to be placed first upon the development of resource materials and the further training of all the staff in the Governments and organizations that necessarily share the joint responsibility for developing and implementing such a large and diverse programme.

Notes

- 1/ Official Records of the Economic and Social Council, 1983, Supplement No. 9 (E/1983/20), decision 83/12, IV.
- 2/ The following Governments and United Nations system organizations have provided comments on the Staff Report: Governments of Belgium, Czechoslovakia, Federal Republic of Germany, France, Guinea, Madagascar and the United States of America; Centre on Transnational Corporations, the United Nations (Department of Technical Co-operation for Development), the United Nations Economic and Social Commission for Asia and the Pacific, the Food and Agriculture Organization of the United Nations, the Inter-American Development Bank, the United Nations Educational, Scientific and Cultural Organization, the Office of the United Nations High Commissioner for Refugees, the United Nations Industrial Development Organization, the World Tourism Organization, and International Atomic Energy Agency. In addition, 23 Resident Representatives provided comments.
- 3/ General Assembly resolution 2688(XXV).