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DRAFT REPORT ON THE ANNUAL SESSION
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Addendum

Chapter VII. ANNUAL REPORT OF THE ADMINISTRATOR

1. The Administrator introduced his annual report for 1995 (DP/1996/18 and Add. 1-4). His presentation was divided into three parts: (a) steps taken to create an enabling environment within UNDP to promote and implement the initiatives for change, adopted by the Executive Board in decision 94/14, including information on programme focus, resource mobilization, management, human resources, and system-wide coordination; (b) programme results, including the reorientation of programmes, financial status of the programme and resource planning for the next period; and (c) future challenges.

2. Within the scope of the last item, the Administrator informed the Executive Board that UNDP planned to intensify its efforts to transform itself. New mechanisms had been instituted, such as the Executive Committee and a committee on the management of change. UNDP senior managers had also decided to launch Project UNDP 2001, an instrument that would focus on systemic issues that impeded the overall reform programme. However, core resources had declined in 1995 and he was now calling on the Board to form a strategic partnership with UNDP in order to achieve the \$1.1 billion annual funding target. He stated that UNDP looked forward to future discussions on the recent Assessment of UNDP, sponsored by the Governments of Denmark, India, Sweden, and the United Kingdom, of which an executive summary was available to the Board. The 1996-1997 UNDP Plan and additional background information were made available to the Board. The Administrator also introduced the revised UNDP draft mission statement, which was before the Executive Board for approval.

3. Forty-five delegations took the floor to speak on the item, thanking the Administrator for his statement and the additional documentation provided for the meeting. Most speakers said they had found the statement comprehensive and enlightening and commended the Administrator and his colleagues on their efforts to create an enabling environment for change in UNDP.

Programme focus

4. In their comments on the annual report of the Administrator, delegations in general said that the documentation contained useful information on the work of UNDP under the five operational objectives of the 1995 UNDP Plan. They noted with appreciation the progress made by UNDP in implementing the initiatives for change and in giving substance to the four areas of focus at the programme level. Virtually all delegations reaffirmed their support for the focus areas and attached particular importance to the priority being given to the thematic area of poverty eradication and the functional area of capacity development within the framework of sustainable human development. The importance of developing quantitative goals for achieving poverty eradication was mentioned. Many stated that UNDP needed to concentrate its scarce resources further in areas where it had a comparative advantage and supported the efforts it was making to define "the focus within the focus". In that respect, the informal consultations with Board members initiated by the Bureau for Programme Policy and Support were proving to be useful.

5. Many delegations provided illustrations of the work being done by their countries in the framework of sustainable human development (SHD) and with UNDP support. One delegation was critical of the fact that, so far, gender-specific issues represented only a small fraction of UNDP expenditures on SHD areas and called for early action to develop a greater number of gender-specific programmes. Another delegation was concerned that, in building its substantive capabilities, UNDP might duplicate the research and technical capabilities that existed in other institutions. Food security, forestry and development policy research, for example, were subjects covered by other agencies.

Documentation

6. Many speakers remarked that while the documentation was comprehensive and complied with various reporting requirements, it was difficult to derive from it an overall picture of the focus of UNDP work. Several stated that the report should be more analytic and problem-oriented. One delegation felt the report should consist essentially of brief analyses of statistical data on programme trends at the country level, particularly as they related to Executive Board decisions. Another speaker suggested it should also focus on lessons learned and impact assessment while a third suggested the inclusion of a comparative advantage analysis of results against targets.

7. One delegation suggested that the 1996-1997 UNDP Plan might provide a good framework for monitoring and reporting on organizational activities since it defined specific objectives, key results areas and performance indicators. Another delegation pointed out that his delegation had previously proposed an alternative format for the annual report.

Resources

8. Most delegations commented on the decline in core resources in real terms during 1995 and called for greater efforts to make UNDP more attractive to donors. Some speakers observed that, while the reform process under the initiatives for change had intensified, the core funds to translate those reforms into high-impact programmes were diminishing. A number of delegations expressed their concern that UNDP might come to rely too much on non-core resources that did not provide an appropriate basis for the operations of a multilateral agency. In that context, several commented on the number of trust funds established during 1995 and enquired about the administrative costs, management implications and overall cost-effectiveness of such arrangements. One delegation enquired whether UNDP had developed a core funding strategy comparable to the non-core strategy mentioned in document DP/1996/18. He also raised the issue of burden-sharing. Several delegations confirmed that they would maintain their core contributions for 1996 at 1995 levels. One speaker called for the establishment of a special task force under the Administrator to deal with the question of core resource mobilization.

9. Several delegations from the African regional group reflected their concern that declining UNDP resources could negatively affect programmes in their region, given the difficulty seen in attracting other sources of financing. Several other speakers requested that UNDP activities with relation to economies in transition be more intensive and predictable.

10. It was suggested by one delegation that, in order to leverage its modest funds, UNDP should engage more aggressively in co-financing large programmes with the multilateral financial institutions, in particular components relating to capacity development and other SHD areas. A few delegations said they looked forward to receiving at the September 1996 session of the Executive Board the findings of the evaluation of co-financing that UNDP had recently commissioned.

Strengthening country offices

11. Many speakers stressed that it was essential to continue improving the services and support provided to country offices by UNDP headquarters. In that respect, the further restructuring of the Bureau for Policy and Programme Support (BPPS), the provision of timely and technically sound guidance to country offices, efficient programming procedures and the elimination of micro-management and unnecessary requests for information by headquarters should be achieved rapidly. It was generally felt that

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empowering country offices by connecting them with appropriate human and technical resources, training opportunities, information and technical expertise was the key to improved performance at the country level.

12. One delegation urged that similar attention be given to strengthening UNDP focal points in programme countries without a UNDP country office. Others requested more flexibility for country offices in applying the SHD programming framework to national circumstances and conditions.

Coordination

13. Many speakers commented on the efforts of UNDP to support enhanced coordination in the operational activities of the United Nations system within the framework of the triennial policy review of operational activities for development and by improving its support to the resident coordinator system. It was agreed that establishing policy and operational complementarity between UNDP and the funds, programmes and agencies of the United Nations system was to be a desirable, if ambitious goal. Coordination with the multilateral financial institutions was also important. Referring to emergency situations, several speakers observed that the clear definition and effective discharge of the role of UNDP, on the one hand, and those of the Department of Humanitarian Affairs (DHA) and the relief agencies on the other should be pursued. In that respect, the intention of UNDP to collaborate with DHA within the framework of the Inter-Agency Standing Committee (IASC) for the follow-up to Economic and Social Council resolution 96/56 was welcomed by one delegation. The informative remarks of the Administrator in his opening statement concerning the development aspects of the role of UNDP in emergencies were appreciated by a number of speakers.

14. Some delegations, however, considered it essential to determine whether the resident coordinator system was functioning effectively; what the obstacles to better performance were; and how best to involve resident coordinators themselves more fully in efforts to enhance the system. One delegation enquired when the evaluation of UNDP support to the resident coordinator system would be available. One or two speakers said they hoped that efforts to promote policy coherence at United Nations headquarters would not divert attention from programme matters at the country level. One delegation enquired whether the Administrator had experienced any difficulty in combining his role as head of UNDP with the coordination responsibilities entrusted to him by the Secretary-General. Others stated that coordination was ultimately the responsibility of recipient Governments and that UNDP should focus on strengthening national coordination capacity.

15. One delegation referred to the importance of the country strategy note and urged UNDP to persuade more countries to adopt that coordination tool. A number of speakers commended UNDP on the role it played in promoting national reconciliation and reconstruction in countries in crisis. Others expressed their support for the work of UNDP in promoting

the harmonization of programme and budget matters in the Joint Consultative Group on Policy.

Accountability

16. Delegations emphasized the importance of sustaining ongoing efforts to strengthen managerial, financial, individual and substantive accountability in UNDP and said the organization had made important strides in that area. The improved audit compliance rate cited in document DP/1996/18 was commendable, as were recent measures to enhance individual accountability. On the other hand, in respect of evaluation one or two delegations observed that the relevant section of the latter report had evidently been prepared before the second regular session 1996 of the Executive Board since it did not reflect issues of compliance and impact assessment discussed at that meeting. One delegation requested that the Programme Impact and Performance Assessment exercise undertaken by UNDP be tested in more countries.

17. A few delegations had questions about how audits were conducted in UNDP and how their findings could be made available to the Executive Board. One speaker sought clarification of the need for the special audits mentioned in document DP/1996/18.

18. In a proposal read on behalf of eleven other delegations, one speaker stated that, against a background of resource constraints and in order to maximize resources available for programming, the Executive Board should use the annual examination of the budget to assess carefully the scope for further savings. A precondition for that assessment would be to receive precise information pertaining to cost segments at headquarters in New York including, inter alia, staff, rent and other relevant expenses. He requested that such information be made available in a transparent, user-friendly and timely manner in order to facilitate further discussion at the third regular session 1996 of the Board. Offering support for that proposal, another delegation however stressed the need to maintain a strong management structure at UNDP headquarters.

Management of change

19. Delegations noted with interest the new measures and mechanisms announced by the Administrator for intensifying change in UNDP. Several remarked that accelerating the reform process while ensuring that day-to-day operations remained intact, was desirable. Some delegations requested further information about the role of the process consultants contracted by UNDP to assist in the management of change. One speaker expressed the view that the change process should continue to be conducted transparently, as had so far been the case.

Special Initiative for Africa

20. Speaking for the African Group, one delegation welcomed the elaboration of the role of UNDP in the Special Initiative for Africa (SIA). He also noted the success of Round-table meetings for several African countries during 1995 and expressed the hope that commitments would lead to disbursements. Referring to the Special Initiative, another speaker enquired about the extent of consultations with Governments prior to its launch and whether resources for its implementation were assured. The Assistant Administrator and Director, Regional Bureau for Africa, responded to those other questions about the Special Initiative in a separate presentation.

Mission statement

21. Quite a number of delegations expressed their appreciation for, and approval of, the revised mission statement proposed by UNDP. Two or three delegations said they had some continuing concerns about the wording of certain paragraphs. It was agreed to hold an informal meeting among interested delegations during the current session in order to try to resolve such remaining concerns.

Other matters

22. A number of delegations reaffirmed the importance they attached to technical cooperation among developing countries (TCDC) and offered illustrations of the role their countries played in that respect. The omission of references to TCDC in document DP/1996/18 was regretted. Several speakers also mentioned the importance of national execution in their countries and one requested that consideration be given to promoting exchanges of experience among national execution units in different countries. One speaker requested that UNDP report to the first regular session 1996 on information-sharing among regions.

23. Other issues raised by delegations related to the gender balance of Professional staff in UNDP; the use by UNDP of information available from United Nations research bodies; and the interest in receiving pertinent publications prior to their being received by the media.

24. One delegation requested that UNDP open an office in his country.

Responses by the Administrator

25. The Administrator provided answers to questions and further information at various intervals during the debate. On the question of resources, he reiterated that UNDP considered core funds to be the bedrock of its operations. He clarified that UNDP had always had a strategy for mobilizing core resources. The reason for mentioning the non-core funding strategy in document DP/1996/18 was that it was a new initiative developed

in 1995. Concerning the proliferation of trust funds, he stated that UNDP was keeping the matter under review and was also encouraging third-party cost-sharing as a complement to trust funds. Regarding more aggressive approaches to major donors, experience showed that the Administrator could only go so far in that direction without alienating voluntary contributors. It was for that reason that he was now proposing to form a strategic partnership with the Executive Board for reaching the \$3.3 billion target. He observed that there had been a default in the bargain struck over UNDP reform, and he sympathized with programme countries that felt they had adopted major changes seemingly to little avail.

26. On the issue of documentation, he agreed that the system of annual reporting needed to be improved. He accepted that a solution could be to merge the reporting and planning processes in UNDP. The more objective methods being developed for monitoring performance under the 1996-1997 UNDP Plan could lend themselves to the production of higher quality reports to the Executive Board.

27. In terms of achieving greater programme focus, he reminded members that he had conveyed his views on that subject in a previous address. Within the first priority area of poverty eradication, UNDP was now concentrating its support on (a) the development of national anti-poverty policies and (b) the development of income opportunities and sustainable livelihoods for the poor. He agreed that quantitative goals for measuring poverty eradication were essential and cited a recent initiative of the Development Assistance Committee of the Organization of Economic Cooperation and Development (OECD/DAC) in that area as a significant step forward. As far as UNDP interest in forestry, food security and other technical areas was concerned, he clarified that there was no duplication of effort between UNDP and the technical agencies and other international organizations. UNDP did not at all seek to be a leader in such technical fields; it sought only to develop such capacity of its own as was needed to appraise with some degree of competence the programmes in those areas that it was asked to fund.

28. On coordination, he agreed that the current picture presented by the Resident Coordinator system was mixed and pointed out that the coordination segment of the Economic and Social Council would take up the issue. He stressed that the purpose of seeking policy coherence at the global level was precisely to strengthen country-level activities involving United Nations system partners. With respect to his role as Special Coordinator, he said he had not experienced any particular difficulty in combining the function with his duties as Administrator. Since UNDP was pivotal to the coordination of United Nations development activities, the two functions went together quite naturally.

29. On other matters, the Administrator provided clarifications concerning UNDP staff costs in relation to total income, the role of the Programme Management and Oversight Committee and the UNDP system of management audits. In response to a specific question about collaboration with NGOs, he stated that UNDP would both use NGOs for direct programme

implementation and would also help to build their capacities. Concerning the numbers of projects in the UNDP portfolio in 1995, he stated that until 1995, those numbers had been declining but they had risen in that year for reasons which UNDP was now trying to establish. Referring to special audits, he explained that they were audits that went beyond the inspections that UNDP carried out on a regular basis. However, he emphasized that the conduct of a special audit did not in itself imply that there were any grounds for major concern.

30. Regarding gender balance in UNDP, he stated that 32 percent of professional staff in 1996 were women. The aim was to achieve gender equality in the next four to five years.

31. Concerning the mission statement, the Administrator entered a strong plea for maximum restraint by delegations. The Executive Board had several opportunities to review the draft statement. The text before it at the current session had been extensively revised to take into account the valuable comments of various members. The present version, as he had said in his opening address, reflected a strong consensus within the organization, was completely consistent with the legislative framework provided by the Board itself and did not in any way go beyond the mandate of UNDP. It was important that the Executive Board approve the statement as expeditiously as possible so that it could be given to the staff of UNDP as their guide and inspiration.

32. The Secretary, in response to a query concerning the late issuance of the statistical annex to the annual report (DP/1996//18/Add. 4), noted that the information included in the annex was obtained from non-UNDP sources, who were unable to make that information available to UNDP until after the close of their financial year. In the past, the addendum on statistical information had been available only in a provisional form at the annual session, in efforts to streamline its work, the Executive Board now submitted information for the year in question in its final form at the earliest possible opportunity. The delay in receiving the information in UNDP for the annual session 1996 had been complicated by the early date on which the session was being held.
