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Evaluation

**Evaluation of the role of UNDP in the net contributor
countries of the Arab Region**

Executive summary

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I. Introduction

1. For UNDP, net contributor countries (NCCs) are a special group that brings together the United Nations principle of universality with that of progressivity: all countries are eligible to participate in UNDP programmes, but those with higher levels of income are affected by special policies that limit the resources that UNDP provides to their programmes. The five NCCs within the group of Arab States – Bahrain, Kuwait, Libya, Saudi Arabia, and the United Arab Emirates – are adapting to rapidly changing internal and external environments. Internally, all five have recently experienced rapidly growing economies combined with moves towards greater political openness. At the same time, they have had to adapt to the onward march of globalization and the challenge of finding their role in the new external environment. This means that their relationship with UNDP must change, and that UNDP cannot continue ‘doing business as usual’.

2. This independent evaluation of the role of UNDP in the NCCs of the Arab region was commissioned by the Evaluation Office of UNDP. Its focus is on learning and the future role of UNDP among the group of countries. The key objective is to assess UNDP activities and programmes in the Arab region NCCs in terms of addressing the development challenges of the countries and support their aspirations; and the implications of this experience for UNDP corporate policies and practices that relate to NCCs, as well as for its future activities in those NCCs. This evaluation is relevant and important in the context of the growing number of middle-income countries that will graduate to NCC status in the coming years.

3. The evaluation was conducted by an independent evaluation team in 2007 and included visits to all five countries. A wide variety of stakeholders were engaged in the evaluation process, including government and civil society. To obtain a broader range of views about the role of UNDP in the countries than could be obtained by the short missions of the evaluation team, ‘national stakeholder perception reports’ were commissioned in three of the countries and undertaken by national research organizations. Upon completion of the final draft of the evaluation report, a stakeholder workshop was held to bring together government, civil society and UNDP to examine the report and its recommendations, in particular with the specific objective of finding ways to strengthen the engagement of UNDP in the NCCs of the Arab region.

II. Progress and development challenges in the net contributor countries of the Arab region

4. Apart from Libya, all the Arab region NCCs are high-income countries, and all are in the ‘high human development’ category. Moreover, all are making good progress towards achieving many of the Millennium Development Goals. There is poverty in Libya, and in Saudi Arabia, but it has largely been eradicated in the other three countries. Bahrain, Kuwait, Libya and United Arab Emirates have all achieved universal primary education, and Saudi Arabia is making significant progress towards that goal. There has been some progress towards gender equality but this still remains an important challenge in the countries. As in education, great progress has been made in terms of health goals. Rates of infant and child mortality have fallen

dramatically within the last thirty five years. All the countries have a low prevalence of HIV/AIDS and are taking steps to ensure that the situation improves further. The seventh Millennium Development Goal – ensuring environmental sustainability – remains a challenge for all five countries. There has been progress in terms of achieving greater global partnership for development, with the NCCs of the Arab region harnessing the potential benefits of globalization for national development and providing generous development support to countries in need of assistance.

5. Notwithstanding their considerable progress in human and economic development, all five countries face a number of challenges. Underlying these are the aspirations of the countries to deepen and strengthen their integration into the world economy and to find ‘niches’ of comparative advantage in which they can play a role that transcends their contributions to the energy sector to become important actors in such areas as trade, financial services, information and communications technology, and tourism. Among the more important challenges (many of which are related to their aspiration to become an integral part of the global economy) are the following:

(a) *Economic diversification.* The Arab region NCC economies are still over-reliant on oil in terms of economic activity, government revenue generation and export earnings. Recent price increases have only increased this reliance. In view of the limited supply of oil in the long term, the challenge has been for some time to diversify away from petroleum and related products. Diversification, together with social and political dialogue, is needed to reduce the severe inequality among the citizens of those countries;

(b) *Employment creation.* All the countries have a young, growing national population, a large number and share of expatriate workers in the private sector, and a stable public sector with little room for expansion. The rights of migrant workers raise sensitive social and human issues that need to be addressed. The challenge for NCCs is to facilitate a gradual shift away from dependence on expatriate labour while addressing their concerns; and at the same time to create an environment for sustainable employment opportunities for new entrants into the labour market, especially youth and women. Reform of the systems of training and education to ensure that youth have the appropriate skills for employment in the private sector are related challenges. A strong role for the private sector is crucial for both employment creation and diversification;

(c) *Public administration and governance.* A related challenge is to strengthen and streamline large public administrations while ensuring that employment opportunities exist outside government service. Further progress on governance reforms is desirable, both to include the disadvantaged segments of society in the political process and to achieve the commitments to democratic governance envisaged in the Millennium Declaration;

(d) *Gender equality.* Recent progress in this respect needs to be extended and deepened in the political, economic and social spheres. Programmes to empower women are needed – for example, fostering employment opportunities, especially at the managerial level and through ownership, and ensuring access to knowledge through the internet and other sources; and

(e) *Protecting the environment.* All the countries face environmental challenges, the most important of which is a shortage of water. Challenges related to rapid urbanization and development, especially along coastal regions, also pose problems.

III. UNDP response to development needs

6. UNDP responded to the development challenges as they evolved in the Arab region NCCs in the context of its own organizational evolution. Specifically, UNDP reform led to the evolution of a new practice focus, a corporate business model, and an stronger emphasis on development effectiveness and national ownership. The UNDP strategic plan, 2008-2011¹ notes the need to strengthen the UNDP business model, which combines the elements of coordination, advocacy and development services in line with the support UNDP provides to programme countries towards the fulfilment of their national development strategies. In terms of this response, the following represent key findings of the evaluation:

Goals and thematic allocations

7. A common theme of both programming cycles in all the countries was human resource development. Various aspects of governance and globalization are prominent in the second programming cycle, reflecting the evolution of the mandate of UNDP in these areas. However, the environment – a continuing concern and area of emphasis for UNDP – is present as a major goal in only two country programmes in each cycle. Further, HIV/AIDS is not identified as one of the five practice areas of the second multi-year funding framework; nor is gender – one of its cross-cutting themes – included as a goal in any of the country programmes.

8. The thematic allocation of projects in both programming cycles reveals an increasing emphasis on governance in both Bahrain and Kuwait, but low shares in Libya and Saudi Arabia. The allocations in both country programmes in Libya were primarily of a sectoral rather than a thematic nature in education, agriculture and industry, much of it coming under the poverty area, which was low in other countries. HIV/AIDS and gender were areas pursued primarily through projects financed from a variety of UNDP sources such as trust funds, regional coordinators' budgets and regional programmes (henceforth referred to as 'UNDP-financed').

Relevance and responsiveness of country programmes

9. The UNDP country programmes were largely relevant to the beneficiaries' needs; with the exception of a few large projects they were also closely aligned to national priorities. UNDP-financed projects were also relevant to national priorities. UNDP responded quickly and well to emerging trends, often through UNDP-financed projects. Country programmes were generally relevant to mandate of UNDP, with the exception of a few large projects that were only tangentially related to the UNDP mandate. Much of the important work in support of the normative agenda of UNDP in NCCs comes from work with civil society and is financed primarily from UNDP sources.

¹ Adopted by the Executive Board at its second regular session 2007.

Contribution of country programmes to national development results

10. Overall, projects were seen by the beneficiaries, as well as the country offices, as having achieved most of their objectives and contributed to national development results in a variety of thematic areas and sectors. UNDP-financed projects were particularly successful in achieving their objectives. They initiated and promoted dialogue in politically and socially sensitive areas such as democratic governance, gender, HIV/AIDS and human development, while contributing to national objectives.

Value added by UNDP

11. Given the demand-driven nature of NCC programmes, there is a strong feeling of ownership of UNDP projects among all national partners in the NCCs. A variety of factors make UNDP an attractive partner compared to other sources of international expertise, including: as a conduit and window to the United Nations; having access to a wide array of international expertise; transparency and impartiality; and the UNDP imprimatur. In some countries UNDP afforded beneficiary government agencies a guaranteed multi-year funding and quicker administrative procedures; and, in Bahrain and Kuwait, additional budgetary resources.

12. UNDP provided maximum added value by making substantive contributions directly to projects within its core competencies. In other projects that account for most of the country programmes, UNDP provided a more limited coordination-cum-managerial added value in the context of United Nations-executed projects; and in a few large projects, the value added by UNDP was limited to an administrative-financial process role.

13. Respondents to the three national stakeholder perception reports had less positive views of the value added by UNDP than did country offices. In Saudi Arabia, and even more so in Kuwait, the UNDP role was seen as primarily an administrative one, insufficiently involved with project content. National counterparts expressed a strong and unanimous desire to the evaluation team and in their response to national stakeholder perception reports to see UNDP play a much stronger substantive role.

Implementation of country programmes

14. Some country offices are heavily involved in implementation, primarily because of a government perception that this is a UNDP responsibility; and in some countries also to meet delivery targets. The Subregional Resource Facility (SURF) provides adequate support in its practice areas. Participation in regional programmes was limited mostly to Human Development reports and the HIV/AIDS Regional Programme in the Arab States (HARPAS), where it was effective despite cultural sensitivities concerning HIV/AIDS. There is no framework that defines the mutual accountabilities of UNDP and the Government, nor are there programmes to monitor the progress of project content. Evaluations have been very limited.

15. The lack of annual programming mechanisms in all NCCs is not conducive to the selection of projects that are very closely aligned to national priorities. Including UNDP projects in the budgets of central ministries as in Bahrain and Kuwait provides a distorted incentive for the beneficiary to use UNDP projects. Central ministry approval of contracts and expenditures in

addition to project approval as in Bahrain and Kuwait makes implementation of UNDP projects more onerous than it needs to be.

IV. Conclusions

16. Based on the presentations made by government counterparts, actual and potential beneficiaries, and the conclusions of the national stakeholder perception reports, and bearing in mind the emerging development challenges of the NCCs, this evaluation sees a clear match between the emerging needs of NCCs and the mandate and capabilities of UNDP. The overarching conclusion of this evaluation is therefore that there is a strong justification for a continued and strengthened UNDP presence in the NCCs of the Arab region. All the NCCs strongly desire a UNDP presence, primarily as the embodiment of the United Nations system as a window and conduit to the international arena. The evaluation distills a view emerging from the stakeholders that the intrinsic worth of the UNDP country presence and value-added is more than the sum of the contribution of its activities to the development challenges faced by countries. The specific conclusions are as follows:

Conclusion 1. In order to meet the expectations of the Arab region NCC partners, UNDP needs to change the way it does business.

17. The UNDP reform processes that evolved over the last decade – leading to evolution of new practice focus, emphasis on development effectiveness, national ownership and corporate business model – was not sufficiently reflected in the formulation and management of country programmes and country-office cultures of NCCs in the Arab region. National ownership is a strong feature of those programmes, but that has resulted from the dynamics of governments financing. In the rapidly changing environment in which the NCCs now find themselves, UNDP needs to respond to opportunities for more effective engagement, recognizing that ‘business as usual’ could result in the marginalization and reduced significance of its activities in terms of their human development objectives. This is especially true in the context of increased private sector competition in providing the kind of technical assistance that UNDP does so well.

Conclusion 2. The special conditions prevailing in NCCs – namely, the demand-driven nature of their programmes and the limited United Nations field presence – argue for greater flexibility for UNDP activities in NCCs.

18. UNDP is called upon to support or facilitate support in areas outside its mandate and core competencies to a greater extent in NCCs, often in the context of limited United Nations presence. This implies that UNDP should be prepared to respond to the demands of NCCs with greater flexibility. The facilitation role in drawing on United Nations system organizations takes on special significance, especially in areas not falling squarely within the core competencies of UNDP. At the same time, UNDP faces an unrealistic expectation from beneficiary agencies in the governments of its role in projects involving the specialized United Nations agencies, funds and programmes. Governments often believe that UNDP can and should have more than a coordinator-cum-managerial role in ensuring that needed technical inputs are forthcoming from the United Nations system.

Conclusion 3. UNDP has not sufficiently exploited the potential for greater partnership development to further the quality and depth of its interventions.

19. The environment for developing partnerships is different in NCCs with less competition from other donors and perhaps more from the private sector. In some Arab region NCCs, private-sector firms can be found offering upstream advisory services that UNDP needs to match in terms of quality and speed of engagement. There are also more opportunities for partnership with national and regional aid organizations in the NCCs of the Arab region. Finally, partnerships between UNDP and the United Nations system need to be developed in the context of the relatively limited United Nations presence and programmes in those NCCs.

Conclusion 4. Awareness of UNDP and knowledge about its role exists only in general terms, but there are high expectations as to the extent and depth of its technical capabilities. Knowledge is limited concerning the specific, substantive contributions and various services that UNDP can provide.

20. Existing and potential stakeholders do not have a good understanding of the relative advantage of UNDP, which limits its ability to leverage its full role. UNDP has not defined to its counterparts (central government and prospective beneficiaries) in sufficiently specific terms where its comparative advantage lies vis-à-vis the private sector or compared to other United Nations organizations. The media could play a stronger role in fostering an awareness of UNDP and an understanding of its capabilities; and could also be used to greater effect in fostering partnerships with civil society and the private sector.

Conclusion 5. Some capacity development has been achieved, but to further the catalytic impact and leverage, more and better focus on capacity development content (and other aspects of sustainability as well as replicability) are paramount in all parts of UNDP country programmes.

21. The record on capacity development has been mixed in all the countries. But all concerned – central ministries, beneficiaries and respondents to national stakeholder perception reports – were unanimous in strongly urging a much-strengthened UNDP role in this respect. While the need for further capacity development is universally recognized, realities on the ground during project execution often impede effective capacity development, which tends to be displaced by the pressures of ‘doing’ in response to beneficiary needs for quick results.

Conclusion 6. Better programming, implementation management and evaluation in the specific context of NCCs can improve the efficiency of their country programmes.

22. Programming arrangements vary across the five countries but could be strengthened by following an ‘ideal system’: (a) a central focal ministry needs to be involved in project approvals reviewed in the context of an annual programme related to national priorities; (b) funds should come, preferably, from a central source of the budgets of beneficiary ministries or agencies; and (c) implementation (contract approvals and authorization of expenditures) should be managed by the beneficiary agency and UNDP without the involvement of a central ministry. Reformed programming arrangements need to address accountability as well as effectiveness –in relation to financing project and outcome evaluations, for example.

Conclusion 7. The majority of projects funded primarily from non-government sources (such as UNDP, trust funds and regional programmes) seemed highly successful in generating interest and furthering the dialogue in sensitive areas.

23. These important and low-cost activities were used to respond to emerging political and social developments in sensitive areas of the UNDP mandate such as gender, HIV/AIDS, and promoting political reform. They were used to good effect for upstream advocacy in these areas to a greater extent than in government-funded project activities. They were highly effective in achieving their results, partly because UNDP was able to make a substantive contribution: the value added by UNDP was maximized. Funds were fully disbursed, on time. These projects had a better record of both effectiveness and efficiency than the average project in country programmes. In short, they proved to be excellent instruments for promoting and advocating human development, albeit in a limited and ad hoc manner, in view of the limited resources available for such activities and the ambivalence of governments about funding such activities.

Conclusion 8. The UNDP policy towards NCCs requiring a minimum delivery of \$10 million per programming cycle to justify a country presence is questionable, and needs to be revisited.

24. This policy, which is not strictly adhered to, has encouraged the inclusion of large projects only tangentially related to national priorities in several of the NCCs and has encouraged some country offices to be more involved in implementation than is desirable. Delivery levels are not a good measure of potential development value, because (a) the relationship between project amount and development value is tenuous; and (b) UNDP is involved in important existing and potential activities that add development value without being included in delivery. A move away from the current threshold can be expected to have some beneficial consequences, allowing UNDP to focus on what it does best. This in turn should, in the longer term, lead to an increased demand for UNDP services, thus increasing both delivery levels and development impact.

Conclusion 9. The capabilities of country offices in NCCs are insufficient to respond to the broader and more substantive agenda advocated by this evaluation. Hence there is a strong need to augment the substantive and technical support from the regional centre, UNDP headquarters, and drawing on other modalities.

25. While it is clear from the feedback received by the evaluation team that country offices have not been sufficiently involved in the substance of project work, it is not clear why this has been so – are resources being diverted towards implementation, or are there deficiencies in staff capabilities or training, management style or systems? The evaluation team did not make a diagnosis of the constraints. There is a perception in country offices and the central ministries that NCCs are not given the same attention as other countries. And there appears to be a ‘disconnect in spirit’ between UNDP headquarters and the country offices of NCCs in terms of their integration into the new strategic and policy directions in which UNDP is moving.

V. Recommendations

26. The major recommendations of this evaluation are based on the overarching proposition, strongly articulated by all the Arab region NCCs, that the UNDP can be an important player and a useful partner in helping these countries address their development challenges. The recommendations below are grouped into four interdependent clusters. They list major changes at the strategic, corporate, programmatic and organizational levels that are needed to strengthen the impact of UNDP activities in helping Arab region NCC's address their development challenges and engage with the international development community.

At the strategic level

Recommendation 1. At the corporate level, there needs to be a strong commitment to promote a new relationship between UNDP and the Arab NCCs. The new relationship should move away from the traditional development organization/ client relationship to one of full and equal partnership at both the strategic/policy and programmatic levels. This partnership will be based on the principles of transparency, openness, mutual accountability and respect. Through consultation and dialogue it should redefine the role and strategy of UNDP in the NCC context and develop a common understanding and set of approaches for technical cooperation.

27. The principles of the partnership proposed above will recognize and be guided by the following:

(a) Agreement by UNDP that programme country governments will only include in the country programmes activities that they believe are priorities for them. Government funding drives ownership, but demands from the national side need to be moderated and discussed openly in striving towards an optimal alignment. Governments are receptive to open discussion of their priorities, and the alignment of country programmes with national priorities can be shaped through an open dialogue with UNDP.

(b) There is a strong congruence between the UNDP mandate and national priorities. UNDP can more fully exploit its role in supporting national capacity development, brokering knowledge, promoting South-South cooperation and facilitating the transfer of technology. The primary partners of UNDP are national governments, but that partnership can be supplemented by working with and leveraging partnerships with other actors, particularly in civil society and the private sector, not only in implementing key aspects of the country programmes but also, and importantly, in the formulation of those programmes.

(c) The match and balance between national priorities and the mandate of UNDP needs to be assessed in a wider context and with a degree of flexibility that recognizes the strong role of UNDP in NCCs as a window for accessing the diverse expertise in the United Nations system. UNDP country offices should draw on complementary inputs from its regional and global programmes. The expertise (core competencies) and comparative advantage of UNDP lie in particular thematic areas where it can play a strong normative role. At the same time, it should stand ready to

assist in its role as the gateway to the United Nations system – also seeking to add as much normative value in that role as it can. The appropriate balance between the two roles should be decided based on the nature and extent of added value that UNDP can offer in each of those roles as an input into the formulation of the country programmes.

(d) The flexibility of UNDP needs to encompass not only the identification of areas of its engagement in and design of country programmes, but also – through greater adaptation to the national administrative processes of NCCs – their implementation. Within the strengthened partnership, the principle of mutual accountability needs to be strengthened.

At the corporate level

Recommendation 2. UNDP's minimum delivery threshold to justify a country office presence needs to be revisited and specific guidelines on the application of existing UNDP policies to NCCs developed.

28. The current minimum threshold for delivery applied equally to all countries should be replaced with country-specific qualitative criteria for justifying a UNDP country presence. From 2010, an 'assessment of development results' (ADR) will be available for most country programmes presented to the Executive Board. The ADR is an independent assessment of the UNDP contribution to the development results of the programme country and is an appropriate tool for qualitatively assessing the viability of maintaining a country office. Criteria need to be developed to allow the ADR to identify the need to enter into discussion with the host country government on the reform of a programme or other options, including closure of a country office or management of the programme from another country.

Recommendation 3. There is a need for specific guidelines in a number of areas that emanate from the demand driven nature of NCC programmes. The evaluation identified a number of gaps in UNDP's policies and its guidelines for NCC which require special interpretations.

29. The future policy of UNDP on middle-income NCCs should consider incorporating in its work the following issues identified by this evaluation:

- (a) The flexibility with which UNDP can engage in an environment where much of the demand from NCCs goes beyond the UNDP practice areas;
- (b) The application of United Nations reform to NCCs in a context where governments fund both the UNDP programme and those of specialized agencies; and
- (c) Accountability for monitoring and evaluation (when those activities are funded by governments).

At the programmatic level

Recommendation 4. Strengthen the overall relationship and interaction between UNDP headquarters units and country offices in the Arab NCCs to align them more closely with the evolving strategies and policies of UNDP so as to enable them to respond more forcefully to the special conditions that they face.

30. A closer dialogue initially fostered through regular bi-annual meetings between the Regional Bureau for Arab States (RBAS) and the country offices in NCCs, with government attendance encouraged. Specifically, and as a first

step, RBAS should establish a subregional committee to redefine the role and partnership strategy of UNDP with a view to reaching a common understanding and common approaches in the Arab region NCCs, including issues related to programming and management. Moreover, if a new approach is to be adopted in the region, RBAS will have to commit considerably more financial and human resources to the region in the short term to support the transition. RBAS should also explore opportunities for further intra-NCC partnerships – for example, events addressing mutual concerns, learning from each other, and products such as joint assessment related to mutual issues (such as knowledge transfer and capacity development).

Recommendation 5. Explore and develop partnerships with public and private aid agencies in Arab NCCs.

31. UNDP headquarters needs to decide whether this role should be formally added to the responsibilities of resident coordinators/resident representatives in Arab NCCs. If the decision is positive, RBAS and the Partnerships Bureau should help country offices develop country-based strategies. This role needs to become an intrinsic and important part of the responsibilities of country offices in NCCs and should be included as an important aspect of the job description of the resident coordinator/resident representative. In addition, it will be necessary to build technical capacity as appropriate in each country office to respond to the demands of this new responsibility.

Recommendation 6. Strengthen United Nations system participation to respond better to the more flexible approach being advocated for NCCs.

32. In the unique context of NCCs – government funding of the programme and limited United Nations presence – the United Nations system partnership needs to be strengthened. Options involving single budgets for the United Nations system and appropriate models of joint programming need to be explored within the United Nations and with the governments concerned. RBAS and the United Nations Development Group should work together to explore and assess the options. That initiative could be followed by a pilot project in an NCC country. The unequivocal endorsement of the government is critical for the success of such a pilot project. Also, in view of the enhanced United Nations coordination role of UNDP, the resident coordinators' budgets should be increased. Moreover, to facilitate optimal utilization of the United Nations by the national government, there needs to be greater awareness about what UNDP and the broader United Nations system can provide and how it can do so.

At the operational level

Recommendation 7. Improve the system of country programme design and management in line with the new principles of partnership between UNDP and the Arab region NCCs defined above.

33. The programming function exercised by central ministries relating to the country programme needs to be strengthened in all NCCs. A framework needs to be agreed between the Governments concerned and the UNDP country office whereby project selection would be better aligned with national priorities. Mechanisms to strengthen the harmonization of UNDP systems for management and implementation of activities with national systems need to be established, and the national execution system revised accordingly. The mutual

accountabilities of UNDP and the Government for monitoring and evaluation need to be clarified in all NCCs. The UNDP country office needs to present regular progress reports on the content of projects as well as monitoring reports to a central ministry. An annual evaluation programme from which lessons can be drawn and applied to future projects needs to be agreed and implemented.

Recommendation 8. Strengthen the capacity of the country offices to increase the contribution of UNDP to the development effectiveness of its activities in Arab region NCCs and implement the new partnership envisaged above.

34. An assessment of the capabilities of the country offices to become more involved in the substance of work is timely. This assessment should lead to a strategy and plan for strengthening those capabilities in the light of the work programme of the next three to five years, including the need for support from SURF and headquarters facilities. For many country offices, this will likely require intensive staff training programmes in the areas of focus, in line with the human resource learning strategy outlined in the strategic plan. Equally important is the need to develop processes across the project cycle, from design to evaluation, that provide an opportunity to make substantive inputs on capacity development.
