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Country programmes and related matters

**Proposed measures for the resumption of programme operations in the
Democratic People's Republic of Korea***

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*The compilation of data required to provide the Executive Board with the most current information has delayed submission of the current report.



I. Background

1. At the second regular session 2008 of the Executive Board, UNDP presented a 'road map' for the possible resumption of UNDP activities in the Democratic People's Republic of Korea. The 'road map' envisaged consultations with all stakeholders resulting in a submission to the Board at its first regular session 2009 of a proposed package of measures and a country programme to facilitate resumption of UNDP activities. The President of the Board recommended that UNDP proceed with the 'road map' and the Board approved the inclusion of the Democratic People's Republic of Korea under the 'country programmes' agenda item in the tentative work plan for the first regular session 2009.

2. In implementing the 'road map', UNDP is now formally submitting a package of proposed measures for the resumption of UNDP programmes in the Democratic People's Republic of Korea for consideration by the Executive Board. The present document requests the Executive Board to authorize the Administrator to approve assistance to the Democratic People's Republic of Korea on a project-by-project basis, and outlines (a) the programme interventions to be supported by UNDP, and (b) the operational modalities to be used, particularly in the areas of programme implementation, human resources and finance. The present document thus responds to the benchmarks for resumption of the UNDP programme in the Democratic People's Republic of Korea agreed with the Board in January 2007. Subject to endorsement by the Board, UNDP will formalize with the Democratic People's Republic of Korea the operational modalities described in the present document.

II. Proposed measures for the resumption of the UNDP programme in the Democratic People's Republic of Korea

A. Authorization to resume programme operations and approve assistance on a project-by-project basis

3. With reference to the Secretary General's call for United Nations reform and the 1998 triennial comprehensive policy review for a country-driven, collaborative and coherent response by the United Nations system, UNDP policies and procedures specify that UNDP country programmes must be formulated within, and contribute to, broader United Nations system development goals and programming processes, including a common country assessment and an agreed United Nations development assistance framework.

4. In November 2008, the United Nations Asia-Pacific Regional Directors' Team, approved a one-year extension of the ongoing United Nations Strategic Framework for the Democratic People's Republic of Korea until the end of 2010. The next harmonized programming cycle will, accordingly, start in 2011. The United Nations country team in the Democratic People's Republic of Korea plans, in the near future, to embark on an assessment of results under the current Strategic Framework for the Democratic People's Republic of Korea. The country team will also jointly develop a new Strategic Framework, and organization-specific programmes, for the harmonized cycle beginning in 2011. In conformity with United Nations and UNDP programming processes, UNDP will develop its next country programme in the Democratic People's Republic of Korea together with the rest of the United Nations country team.

5. Given the exceptional circumstances faced by the UNDP programme in the Democratic People's Republic of Korea, UNDP is now requesting the Executive Board to authorize a resumption of UNDP programme activities there. All planned programme interventions in 2009 and 2010 will be consistent with the support of sustainable human development objectives.

6. UNDP will initially resume seven projects that were suspended in March 2007. The projects that UNDP seeks to resume are:

- (a) Sustainable rural energy development programme
- (b) Improved seed production for sustainable agriculture
- (c) Strengthening of the food and agriculture information system
- (d) Reduction of post-harvest losses for food security
- (e) Small wind energy promotion
- (f) Statistics for the Millennium Development Goals/quality of life report for the Democratic People's Republic of Korea
- (g) Support project for environment programme

7. UNDP also seeks the authorization of the Executive Board for the Administrator to approve additional projects in the Democratic People's Republic of Korea on a project-by-project basis for the period 2009-2010. UNDP will report to the Board on these approved projects at its next session following their approval. These interventions are expected to be in the areas of environmental protection, aid coordination, provision of basic social services to vulnerable groups, and promotion of South-South cooperation.

8. *Programme implementation modalities.* Programme implementation will be through direct execution and execution by United Nations organizations. Accordingly, there will be no cash advances to the Government.

9. *Programme monitoring and evaluation arrangements.* UNDP is committed to strengthening its monitoring and evaluation practices in the Democratic People's Republic of Korea. The objective is to increase the impact of programmes that reduce poverty and contribute to achievement of the Millennium Development Goals, while remaining accountable to the Executive Board for ensuring that resources are spent efficiently and for their intended purposes. To that end, UNDP has prepared a monitoring and evaluation plan entitled 'An Agenda for Results, Programme Accountability and Reporting' that will be implemented in the Democratic People's Republic of Korea.

10. The authorities in the Democratic People's Republic of Korea, in discussions with UNDP, have confirmed that UNDP will have unhindered access to project sites, as necessary for the implementation, monitoring and oversight of its programmes. UNDP will verify delivery of all equipment to project sites and will ensure that international personnel conduct an annual physical verification of project equipment against inventories.

B. Human resources

11. At the first regular session 2007 of the Executive Board, UNDP indicated that it would "discontinue sub-contracting of national staff via government recruitment"¹. While recognizing that it operates in a range of environments with varying levels of complexity, UNDP seeks to align operational modalities in the Democratic People's Republic of Korea with organization-wide practice. In the area of human resources,

¹ DP/2007/15, paragraph 33(e) (ii)

this would imply a change to recruitment on a competitive basis; hiring modalities that embody agreement with the individual, taking into account the United Nations Staff Regulations and Rules; and direct payment of salaries and entitlements to the individual.

12. It should be noted that Article 16 of the Laws and Regulations on Foreign Investment of the Democratic People's Republic of Korea prohibits direct employment of its nationals by foreign entities. It should also be noted that no private labour market exists in the Democratic People's Republic of Korea where prospective employers can, on a bilateral basis, contract with individuals for employment. The administration of the entire labour workforce is centralized under government control, as stipulated in Article 16 of the Laws and Regulations on Foreign Investment.

13. Following intensive discussions with the authorities in the Democratic People's Republic of Korea, hiring modalities for national personnel will be as described below.

14. A tripartite agreement will be signed by the three parties (the Democratic People's Republic of Korea, UNDP and the selected national) in which the Government of the Democratic People's Republic of Korea will agree to release the selected national to UNDP under terms and conditions specific to the relevant labour exchange agency, including release and return arrangements. The agreement will further include the terms and conditions of the assignment, the official job description, and the rights, obligations, salaries and entitlements. The terms and conditions of the assignment will reflect the 100-Series staff rules for nationals of the Democratic People's Republic of Korea working as staff members in the UNDP country office. For nationals working in UNDP-funded development projects, the agreement will reflect the terms and conditions of the UNDP service contract modality.

15. The following process will apply for the *identification and selection* of nationals of the Democratic People's Republic of Korea to work in the UNDP country office or UNDP-funded projects:

- (a) UNDP will submit the classified job description for the vacant post/position to the Government.
- (b) The Government will share all job descriptions with relevant line ministries to ensure that sourcing is as open as possible. The Government will further ensure that the most qualified candidates, with the appropriate competencies and skills, are identified.
- (c) The Government will provide a short list of a minimum of three candidates for consideration by UNDP.
- (d) UNDP will select the most suitable candidate through a formal interview process and written test, as required.
- (e) The Government will agree to release the candidate to UNDP for an uninterrupted period of service of three years or more.

16. The Office of Human Resource Management in the United Nations Secretariat will establish an official salary scale for the support service and national professional categories for the Democratic People's Republic of Korea. The new salary scale will be the only one applicable to the core staff assigned to the Democratic People's Republic of Korea and will include additional allowances, such as dependency and language allowances. For individuals working in UNDP-funded projects, a separate remuneration scale will be established using the methodology applicable to holders of service contracts.

17. Total net payment of monthly salaries/remuneration will be disbursed directly to each individual, in his or her name, through individual cheques or by transfer to individual bank accounts.

C. Finance and banking

18. At the first regular session 2007 of the Executive Board, UNDP indicated that it would “end all payments in hard currency to governments, national partners, local staff and local vendors”².

19. UNDP has agreed with the Government of the Democratic People’s Republic of Korea that local payment modalities will be as follows: local payments by UNDP to the Government, other national institutions, local staff and local vendors, will be paid in convertible Korean Won. Payments from government contributions to local office costs will be made in non-convertible Korean Won. Travel entitlements of nationals of the Democratic People’s Republic of Korea on official travel overseas will be paid in Euros. The country office will establish a small Korean Won petty cash fund and a small Euro petty cash fund for minor local payments. Given the restricted commercial environment in the Democratic People’s Republic of Korea, the Euro petty cash fund will be used only exceptionally, in order to sustain the UNDP programme.

20. It should be noted that upon resumption of activities in the Democratic People’s Republic of Korea, UNDP will resume providing financial and administrative support services to all non-resident organizations of the United Nations system. During the suspension period, that function has been carried out by the World Food Programme.

21. UNDP and the Government of the Democratic People’s Republic of Korea have agreed that the Korea Foreign Trade Bank – the only bank available for foreign entities in DPRK – will have to meet global UNDP banking standards for minimum service requirements. These standards establish, inter alia, minimum requirements for the accuracy, timeliness and comprehensiveness of bank statements, records and transactions. The Government has pledged that UNDP will receive the best available rate of exchange for its foreign currency transactions.

22. The Government has confirmed its agreement not to use the UNDP name or emblem for any purpose without the express written consent of UNDP.

III. Conclusion

23. The Executive Board is invited to authorize UNDP to implement the proposals contained in the present document.

² DP/2007/15, paragraph 33(e) (i)