



**Office of Evaluation and Oversight, OVE
Inter-American Development Bank**

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***Evaluation Report:
An Evaluation of UNDP
Participation in the
Execution of Bank-funded
Operations***



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List of Acronyms

APN	Autoridad Portuaria Nacional (National Port Authority)
ARI	Interoceanic Regional Authority
CABEI	Central American Bank for Economic Integration
CAMC	Central American Monetary Council
CLAD	Centro Latinoamericano de Desarrollo
DGH	National Office of Internal Revenue
EVO	Evaluation Office
ECLAC	Economic Commission for Latin America and Caribbean
GoAr	Government of Argentina
GoBo	Government of Bolivia
GoPn	Government of Panama
GoPr	Government of Peru
GTZ	Gesellschaft fur Technische Zusammenarbeit (Society for Technical Cooperation- Germany)
IDAAN	Instituto de Acueductos y Alcantarillados Nacionales (National Water and Sewerage Institute)
IDB	Inter-American Development Bank
INTEL	Instituto Nacional de Telecomunicaciones (National Telecommunications Institute)
IRHE	Instituto de Recursos Hidráulicos y Electrificación (Hydroelectric Resources Institute)
LACCDE	Latin American and Caribbean Commission for Development and the Environment
MEyOPS	Ministerio de Economía y Obras Públicas (Ministry of Economic Affairs and Public Works and Services)

MIPPE	Ministerio de Planificación y Política Económica (Ministry of Planning and Economic Policy)
MIVI	Ministerio de Vivienda (Ministry of Housing)
MITSS	Ministerio de Trabajo y Seguridad Social (Ministry of Labor and Social Security)
MSA	Management Services Agreement
NEX	National Execution
OAS	Organization of American States
PEC	Plan of Economic Cooperation for Central America
RBLAC	Regional Bureau for Latin America and the Caribbean
SISIN	Investment Project Management Information System
SNIP	National System of Public Investment
UN	United Nations
UNDP	United Nations Development Programme
UNPRE	Pre-Investment Unit
UNOPS	United Nations Office of Project Services

Executive Summary

A. Context of this Report

1. **Background.** The Inter-American Development Bank (IDB) has long considered collaboration with the United Nations Development Programme (UNDP) to be beneficial in the achievement of the Bank's strategic development objectives in Latin America and the Caribbean. This collaboration has been based on a series of agreements signed by the two institutions. The Executive Agency Agreement, reached in 1968, was followed by the Consultation and Special Interest Agreement of 1970. More recently, the Umbrella Agreement, signed in 1990, established broad parameters for cooperation at the regional and the country level. In accordance with this agreement, the Bank and the UNDP would establish and maintain a system of mutual consultation, explore means to promote joint research, and use their respective technical and administrative structures for the identification, preparation, and execution of projects at the national, sub-regional and regional levels.

2. **Project Execution.** Since the mid-1980s, the Bank has focused increasingly on assisting the region's governments with their efforts to restructure and modernize their public sectors, improve the delivery of social services, and create the legal and regulatory environment for private sector development. However, weak institutional capacity has proven to be an impediment to effective project execution. The intensified IDB-UNDP cooperation in project execution in the present decade is a direct result of the Bank's and the governments' efforts to find innovative ways to build up public-sector project execution capacity rapidly and cost-effectively.

B. Purpose

3. This evaluation, which was included in EVO's 1998 Work Plan Profile approved by the Bank's Board of Directors, presents the findings of an evaluation of the cooperation between the Bank and the UNDP in the execution of Bank-funded programs. The evaluation reviewed the UNDP's role in project execution and identified issues that warrant further discussion in the interest of increasing development effectiveness and optimizing the benefits of the collaboration for both the Borrowers and the Bank. The analysis focused on programmatic and operational aspects of the collaboration, with emphasis on adherence to the objectives of the Umbrella Agreement, value-added, bottlenecks, and lessons learned.

C. Methodology

4. **Research.** The study was conducted between November 1998 and May 1999 in consultation with Bank staff and with UNDP's Regional Bureau for Latin America and the Caribbean (RBLAC). Information was gathered from IDB project documents and execution reports, UNDP project documents, completed questionnaires soliciting the views of Bank and UNDP field staff on the relationship at the country level, and interviews with more than 50 government, UNDP and Bank officials. Four countries—Argentina, Bolivia, Peru and Panama—were selected for the in-country fieldwork, because each had several ongoing Bank loans and/or technical assistance operations on which the UNDP was collaborating in project execution.

5. **Project Selection.** Eleven projects were chosen to provide the context for the review of Bank-UNDP cooperation in project execution. These operations were chosen because they represented the gamut of UNDP involvement in Bank-financed operations. In most of them, over 75 percent of project assistance had been disbursed, which enabled a more thorough analysis of the benefits and drawbacks of Bank-UNDP collaboration. Some of these projects had been completed, while others are ongoing.

- **Argentina:** Youth Productivity and Employability Program (1031/OC-AR); Multi-Sector Pre-investment Program (925/SF-AR); Support Program for the Production Transformation Process (816/OC-AR).
- **Bolivia:** Tax Management Administration and Support RTC (925/SF-BO); Consolidation of the National Investment System (880/SF-BO); Global Credit for Urban Development and Sanitation (846/SF-BO).
- **Peru:** Land and Titling Program (906/OC-PE); Strengthening of Health Services (741/OC-PE) Institutional Development of the Legislative Branch (ATN/JF-4346/PE).
- **Panama:** Public Enterprise Reform (690/OC-PN); Studies of the Inter-Oceanic Region (778/OC-PN).

D. Consultations on the Draft Report

6. The draft report on the findings of this evaluation was distributed among IDB staff representing the various departments whose operations have been considered in this review, via e-mail on July 1, 1999. It was also sent to IDB and UNDP country representatives. A meeting with IDB Headquarters and Evaluation Office staff met on July 7, 1999, to discuss the report and provided valuable input to the final draft. As of July 8, no comments have been received from either IDB or UNDP country offices.

E. Major Findings

7. **Ex-ante Collaboration.** The evaluation found that, although the Umbrella Agreement calls for IDB - UNDP cooperation in the identification, preparation, financing and execution phase of projects, there had been very little systematic collaboration in any phase other than the execution phase. Some *ad hoc* collaboration had occurred in the formulation and negotiation of specific projects in some countries. However, government, Bank, and UNDP officials concurred that UNDP involvement at an earlier phase in the project cycle could be beneficial.

8. **Guidelines.** Despite the existence of the Umbrella Agreement, there are no specific guidelines to orient Bank and UNDP staff on implementing the collaboration at the country level. Although conditions vary in different countries, there are vastly different views among the parties to the agreement about their respective roles. Those interviewed uniformly expressed the view that clarification of the roles of the Bank, the UNDP and the governments in project execution would facilitate the achievement of the basic objectives of the Umbrella Agreement.

9. **Monitoring and Evaluation.** Some UNDP officials expressed the desire for the UNDP to play a larger role in contributing to development effectiveness by assessing development outcomes. In view of the Bank's increased emphasis on strengthening member countries' evaluation capacity, cooperation in this area warrants further discussion and exploration.

10. **Capacity Building.** There was strong consensus among government officials, Bank staff and UNDP staff that the UNDP's project implementation support services strengthened national execution capacity, either by design (i.e. because it capacity building was a built-in component of the project) or by example (i.e. by "learning by doing"). However, many government officials expressed the view that the UNDP should do more to build capacity, both by incorporating more capacity-building elements into the support services it provides, and by exercising greater selectivity in the provision of services, focusing mainly on the more inexperienced ministries or on municipalities and provincial governments that lack project management capacity.

11. **Ownership.** There was general consensus that, in the short run, the UNDP's support to project execution is a valuable tool that enables project execution to occur. However, some of those interviewed expressed the view that, in the long run, governments' reliance on the UNDP for project execution support postpones the introduction of reforms that would enable them to execute projects more effectively. Moreover, while the UNDP's National Execution (NEX) modality leads to greater sense of ownership on the part of the executing agencies, in some

instances, UNDP participation dilutes full government ownership by assuming functions that governments should undertake on their own.

12. **Administrative Procedures.** Although in some countries the UNDP has taken steps to remedy this situation, the persistent use of different rules, regulations, accounting and other operational procedures complicates the operational relationship between the UNDP, the IDB, and the executing agencies. Paradoxically, although UNDP participation was intended to streamline project execution, government officials in all countries visited described creative mechanisms they had devised to circumvent the bottlenecks caused by the lack of standardization in IDB and UNDP reporting, accounting, and other procedures.

13. **Fee Structure.** There is a lack of clarity about the rationale for UNDP's and UNOPS' fee structures.

F. Recommendations and Lessons Learned

14. *In order to maximize the intended utility of the Umbrella Agreement as well as the value-added to all parties involved, the following recommendations are offered for the consideration of the Board of Executive Directors:*

1. Programming and Evaluation Issues

Guidelines

Recommendation 1. In order for the association between the two institutions to continue in constructive development, based on lessons learned and bearing in mind the opportunities referred to above, it is recommended that Management develop operational guidelines to implement the Umbrella Agreement at the country level. These guidelines should seek a more systematic and institutionalized dialogue and a closer working relationship at the country level, backstopped by a more strategic approach to the collaboration by the respective Headquarters of both institutions.

Commentary: Although the Umbrella Agreement has been in place for nine years now, it is clear that there is little understanding or awareness of its purpose, objectives, responsibilities and operational framework both at Headquarters and in the Country Offices. Very few of the Bank staff interviewed were aware of the terms of the Agreement. This lack of information gets in the way of optimizing value-added. Furthermore, there is little knowledge among Bank staff about the role of the UNDP in general.

Lessons Learned:

The following lessons have implications for the Bank's future collaborative efforts with other development partners.

- **Operational Guidelines.** When the Bank signs broad, umbrella agreements with other development partners which require actions to be taken at the operational level, it should also provide guidelines for the implementation of the intent of such agreements.
- **Roles and Responsibilities.** Such guidelines should include a clear definition of the roles and responsibilities of all the parties to the agreement and the results expected of them.
- **Promoting Collaboration.** Such guidelines should direct project teams to consult all parties to the agreement during the preparation and design of a project where a development partner has a role in the execution of the operation.
- **Project Documents.** The project documents presented to the Board should include agreed terms of reference for all parties involved in the execution of Bank-funded operations.

Monitoring and Evaluation

Recommendation 2. To ensure proper monitoring and gathering of relevant lessons on the UNDP's participation in the execution of Bank-funded operations, the Bank's Project Performance Management Review (PPMR) should include a section on inter-institutional collaboration, which could enable project managers to monitor their performance within a project and flag areas needing attention

Commentary: The Bank's present project monitoring system does not include the performance of executing agencies nor does it request information or identify inter-institutional project execution arrangements. This information would be beneficial to the operational design of future projects where the UNDP would have an implementation role. Experiences are not systematically recorded and lessons learned are passed on by word of mouth.

Lessons Learned:

- **Performance Monitoring.** The performance of all executing agencies, be they national entities or other international development partners, such as the UNDP, should be monitored by the Bank's PPMR.
- **Performance Indicators.** Project designs and terms of reference should include key performance indicators for all entities that take part in the execution of a Bank-funded operation.

Capacity Building

Recommendation 3. When contemplating the use of the UNDP or other international specialized agencies to provide assistance with the execution of Bank-funded operations, loan proposals should clearly present the issues that substantiate the need for these services, and elaborate on the prospects for addressing those issues through the proposed interventions.

Commentary: The Umbrella Agreement seeks ways to maximize efforts and strengths from both institutions to improve the execution and outcomes of Bank-funded operations. Many of those government officials interviewed perceived the value that UNDP has added in some institutions where capacity building needs were clearly specified. They suggested that UNDP put greater emphasis on building the capacity of institutions, such as provincial governments and municipalities, which do not have experience with the implementation of large public investment projects.

Lessons learned:

- Mechanisms for the systematic capacity building and transfer of knowledge to national ministries should be enhanced in all Bank-funded operations implemented with the participation of the UNDP.
- Bank project teams should discourage the use of the UNDP in agencies with high project implementation capacity.

2. Administrative Issues

Recommendation 4. Within 120 days of the date of approval of this report, Management shall present to the Board of Executive Directors a report on the progress of its negotiations with the UNDP to resolve the outstanding legal, financial, and accounting reporting differences, as well as the auditing requirements of the Bank. The report shall provide, as appropriate, an indication of suitable options for resolution of outstanding issues.

Commentary: Differences or lack of clarity about contractual procedures such as the often ignored recognition of Bank funds in the Agreements between the UNDP and the Borrowers, financial, accounting and auditing requirements can act as disincentives to establishing a productive collaboration. Although some Bank Country Representatives and their UNDP counterparts have worked out practical *ad hoc* arrangements that enabled effective collaborations, these consume valuable time and resources.

Lesson Learned:

- When the Bank enters into an umbrella agreement with another institution, it should attempt to resolve differences in accounting, auditing, and administrative procedures prior to operationalizing the agreement. However, in order to prevent excessive centralization of operational decision making, the Bank should encourage country representatives to reach agreements on these matters at the country level.

Recommendation 5. The Bank should require that the Borrowers and the UNDP specify Terms of Reference that spell out objectives, responsibilities, and expected results from the UNDP's collaboration in their bilateral agreements.

Commentary : Bank officials expressed concern that, when Bank-financed programs are transformed into UNDP projects, IDB project objectives are not always reproduced exactly. Some also took issue with the UNDP's custom of deleting the name of the IDB from its project document, or sometimes including it only in the body of the document but not on the signature page.

Introduction

A. Purpose of the Report

1. This report presents the findings of an evaluation of the cooperation between the Inter-American Development Bank (IDB) and the United Nations Development Programme (UNDP) in the execution of Bank-financed programs. The evaluation, undertaken at the request of the Board of Executive Directors, analyzed the UNDP's role in project execution and identified issues that warrant further discussion in the interest of increasing development effectiveness and optimizing value-added for both the Borrowers and the Bank. The analysis focused on programmatic and operational aspects of the collaboration with emphasis on the following issues:

- Adherence to the basic objectives of the Umbrella Agreement
- Areas where UNDP participation has benefited programs
- Bottlenecks
- Lessons learned

B. Methodology

2. The study was carried out between November 1998 and May 1999 in close consultation with Bank staff at Headquarters and in the Country Offices, and with the UNDP's Regional Bureau for Latin America and the Caribbean (RBLAC). Information was collected from IDB project documents and execution reports, UNDP project documents, questionnaires completed by IDB and UNDP staff in 19 countries, and interviews with over 50 government, UNDP and IDB officials.

3. Initially, a questionnaire was sent to UNDP and IDB field representatives in all countries where IDB-UNDP collaboration exists to obtain their views on the relationship at the country level. Four countries—Argentina, Bolivia, Peru and Panama—were selected for the in-country fieldwork. These countries were chosen because they each had several ongoing Bank loans and/or technical assistance operations on which the UNDP was collaborating. In most of these operations, over 75 percent of project assistance had been disbursed. In each of the countries visited, the evaluation team met with UNDP and IDB representatives and sector specialists, as well as with government officials involved in the execution of these projects.

4. The projects discussed in connection with the evaluation were the following:

- Argentina: Youth Productivity and Employability Program, Multi-sector Pre-investment Program, Support Program for Production Transformation Process. (1031/OC-AR, 925/SF-AR, 816/OC-AR).
- Bolivia: Tax Management Administration Support RTC, Reconstruction of the Custom System RTC, Consolidation of the National Investment System, Global Credit for Urban Development and Sanitation (924/SF-BO, 925/SF-BO, 880/SF-BO, 601/Sf-BO, 846/SF-BO).
- Peru: Land and Titling Program, Strengthening of Health Services, Institutional Development of the Legislative Branch (906/OC-PE, 741/OC-PE, ATN/JF-4346-PE).
- Panama: Public Enterprise Reform, Studies of the Inter-Oceanic Region (690/OC-PN, 778/OC-PN).

5. Chapter 1 of the report briefly describes the origins of the IDB-UNDP collaboration. Chapter 2 discusses the various modalities of the collaboration. Chapter 3 contains the main findings of the evaluation, including the principal benefits of the collaboration as well as the problems identified. Chapter 4 sets forth the evaluation's conclusions, recommendations, and lessons learned.

6. The Umbrella Agreement is appended to the report as Annex 1. Four country briefs containing descriptions of the projects discussed in connection with this evaluation, the main benefits of the collaboration, the bottlenecks, and the lessons learned specific to each country are included as Annex 2. The country briefs are based on in-country stakeholder interviews and on a review of Bank and UNDP documentation.

C. Scope

7. This evaluation was intended to examine the benefits and drawbacks of the collaboration from the standpoint of the Bank, the UNDP, and most importantly, the Borrowers themselves. It was not possible to carry out detailed case studies or cost and time-cycle analyses of completed projects in the time frame allotted for the evaluation. The projects examined in the course of the evaluation were not evaluated as such; rather, they provided the context for the review of the collaboration.

1

Background of the Collaboration

A. The New Development Challenges of the 1990s

1.1 The 1990s have been a particularly eventful decade for Latin American economic, social and political development. As a result of the reform and restructuring process underway for the last fifteen to twenty years, Latin American and Caribbean economies have become more private sector-oriented and globally competitive. The region's governments are themselves engaged in a radical redefinition of their role, from one of primarily economic actors to facilitators and creators of enabling environments for private-sector activity. Macroeconomic stabilization, the resumption of economic growth, and the emergence of democratic institutions throughout the continent have raised expectations of a better quality of life among the region's population.

1.2 For most of the region's governments, issues such as poverty reduction, legal and regulatory reform, environmental protection, and institutional strengthening, to name a few, continued to be high priorities in their development agendas. However, in most countries of Latin America and the Caribbean, weak institutional capacity represented a major stumbling block to solidifying reforms and reaching sustainable outcomes.

1.3 To remedy this shortcoming, democratically elected governments of Latin America and the Caribbean sought ways to build their capacity through innovative arrangements that would enable them to execute reform programs and reduce the high cost of the backlog of unexecuted operations. Although the Bank's collaborative relationship with the UNDP had existed formally since 1968, the pressing need to build capacity in the public sector served as a catalyst to intensify the collaboration and expand the scope of past collaborations. The first IDB-UNDP collaborative experience occurred in 1986 in Bolivia, one of the first countries to embark on sweeping public-sector reform.

1.4 In response to the new development priorities, the Bank had expanded its country programming capacity and engaged in a sustained dialogue with borrowers on their priorities for policy reform and institutional capacity building. It adopted a more strategic approach, supporting policies that met long-term development needs in priority sectors. It continued to support economic adjustment programs, but with greater emphasis on reform of the public sector and reforms in sectors neglected in the general adjustment process.

1.5 The UNDP already had an established network of country offices experienced in project negotiation and the provision of development support services. Declining program funding in the 1980s prompted it to switch from primarily financing development projects to providing bridge financing and support services as a means to further its advocacy goals and provide technical assistance to the region's public sectors. At a time when institutional capacity was needed throughout the region, it provided governments, as well as bilateral and multilateral donors, with technical support to strengthen national institutions in the execution of development initiatives.

B. Framework for the IDB-UNDP Relationship

1.6 The IDB and the UNDP have enjoyed a mutually beneficial working relationship for thirty years. Three separate collaborative agreements form the basis for the relationship. The first of these was the Executing Agency Agreement, signed in 1968, which established the parameters for the IDB to execute pre-investment and other technical cooperation projects financed by the UNDP. In 1970, the Bank and the UNDP signed the Consultation and Special Interest Agreement, which consisted of an exchange of letters between the heads of the two institutions spelling out the “special interest” procedures to be followed in pre-investment projects.

1.7 Following some initial collaborative efforts in project execution, in 1990 the two institutions signed an Umbrella Agreement¹ setting forth the broad parameters for cooperation. In accordance with the agreement, the Bank and the UNDP would establish and maintain a system of mutual consultation about their respective technical cooperation activities and formulate joint activities; explore means to promote joint research efforts; and use their respective technical and administrative structures for the identification, preparation and execution of projects at the national, sub-regional and regional levels.

¹ The Umbrella Agreement is included as Annex 1 of this report.

2

Modalities of Collaboration

2.1 The Umbrella Agreement stipulated that the two institutions would cooperate at the country, the regional, and the sub-regional levels. At the country level, they would collaborate in areas of high priority to the governments, such as structural reforms, institutional strengthening, environmental protection, improvement and better targeting of social services, and science and technology. At the regional level, collaboration was to be undertaken in areas that were high priorities of both institutions, such as regional cooperation and integration, promotion of regional commerce, and support to regional and sub-regional institutions.

2.2 In operational terms, the UNDP's participation in the execution of Bank-financed programs was to be based on the loan contract between the Bank and the Government, and the Bank's Plan of Operations. The objectives, administrative requirements, and budgets of Bank-financed projects in which UNDP participated were to be clearly reflected in the UNDP's project document. This document, in turn, would provide the basis for the official agreement between the Government and the UNDP for the execution of the specific projects.

A. UNDP's Operational Modalities

2.3 The UNDP provides support services for project execution using the following two main operational mechanisms. All require the no-objection of the IDB for Bank-funded inputs.

2.4 National Execution (NEX), currently the most widely used means for the UNDP to participate in the execution of national projects, allows governments to maintain substantive and administrative responsibility for project execution. Under this modality, the UNDP provides technical, logistical and administrative support for those elements specifically agreed upon with the national authorities.

2.5 The United Nations Office of Project Services (UNOPS), formerly a project executing arm of UNDP, and now an independent organization within the UN System, provides governments with the traditional executing services of UN agencies. Through Management Services Agreements (MSAs), UNOPS performs procurement and contracting activities on behalf of governments in the execution of Bank-financed technical cooperation or loans. In such cases the technical specifications of the loan components are provided by the IDB loan contract. UNOPS prepares the required tenders in accordance with IDB conditions and procedures, followed by the appraisal of the proposals and awarding of the contracts.

B. Cooperation at the Country Level

2.6 The decision to enlist the support of the UNDP in project execution is made by the governments of borrowing countries. The UNDP's services can be employed at any stage of the project cycle. In some cases, the UNDP provides bridge funding, which may or may not be followed by IDB project funding. During the project formulation phase, the UNDP's participation is sometimes sought to assist governments in defining project components and establishing the *modus operandi*. In some instances, borrowers seek the UNDP's participation in the identification or preparation phase of projects. At the operational stage, the UNDP provides project implementation support to governments, in the form of administrative, financial and/or technical services.

2.7 For certain countries with complex and multi-faceted projects involving economic adjustment, structural reform, and institutional strengthening, special coordinating units are established, either within, or parallel to, existing government structures. These units are responsible for executing and managing loans and technical assistance operations. Often, the UNDP provides operational support to these units.

C. Cooperation at the Regional Level

2.8 The IDB and the UNDP have co-sponsored a number of forums and studies on priority areas such as the environment, poverty alleviation, modernization of the state, and the development of civil society. An example was the establishment of the Latin American and Caribbean Commission for Development and the Environment (LACCDE) and the joint publication of two important studies, entitled "Our own Agenda" and "Amazon without Myths." These studies identified key issues for the development of a joint regional strategy for the environment and sustainable development. These activities were conducted as follow-up to the resolutions of the United Nations Conference on the Environment and Development that took place in Rio de Janeiro in 1992.

2.9 The two institutions organized a regional meeting on Social Reform and Poverty, held in February 1993 at IDB Headquarters. The meeting provided both institutions with basic agreements on policies and strategies to address poverty and help countries develop a social agenda for the 1990s. In the area of modernization of the state and institutional strengthening, a joint regional meeting of young political leaders was held in Valparaíso, Chile in December 1992. Joint support was provided to CLAD (*Centro Latinoamericano de Desarrollo*) in Caracas to continue its studies on the modernization of the state, governance and public administration. The objective of these efforts was to promote awareness and better understanding of the issues involved.

2.10 IDB-UNDP regional collaboration also provided direct support to regional and sub-regional institutions and initiatives. An example is the Paraná-Paraguay waterway project, which is evaluating the feasibility of creating an efficient water transportation system that would increase the productive capacity of the five countries of the region (Argentina, Bolivia, Brazil, Paraguay and Uruguay), and increase trade through lower freight costs. An inter-governmental committee of representatives from the five participating countries, with a permanent secretariat in Buenos Aires, acts as the executing agency.

2.11 In the late 1980s, a Special Plan of Economic Cooperation for Central America was formulated with the support of UNDP and the Economic Commission for Latin America and Caribbean (ECLAC). This plan, known as PEC, aims at: a) strengthening the Central American peace process, b) mobilizing resources for the region, c) strengthening the institutions that promote regional integration, and d) building capacity at the national and regional levels. The IDB launched a parallel initiative, known as the "Regional Consultative Group for Central America." These activities triggered a process for marshalling resources and coordinating international cooperation in priority fields. The result was a series of projects in which the UNDP and the IDB provided support to key institutions of the region. Some of the institutions supported in this framework were the Executive Secretariat of the Central American Monetary Council (CAMC) and the Central American Bank for Economic Integration (CABEI) through separate projects individually funded by UNDP and IDB. The IDB also provided loan financing to infrastructure projects identified within the scope of these activities.

3

Assessment of the Collaboration

A. Compliance with the Umbrella Agreement

3.1 The Umbrella Agreement established the parameters for the development of the IDB-UNDP relationship. A review of the projects selected for this evaluation indicated that, although the projects are based on the general parameters of the agreement, for the most part the UNDP has only participated in the execution phase of projects.

3.2 With regard to the priority areas outlined in the agreement, public sector reform has played a larger role than anticipated, while only a small number of activities have been carried out in the area of scientific and technological development. Protection of the environment and social sector operations represent a growing share of joint activities. The need for improved governance has also opened up new opportunities for collaboration.

3.3 The agreement specified certain coordinating arrangements, such as mutual consultation procedures, creation of a liaison group and establishment of an information network with database and statistical data. To date, however, none of these collaborative mechanisms has been put into effect. The Bank named a Liaison Officer for the UNDP in 1991, but upon his departure in 1994, the position was not filled.

B. Assessment of IDB-UNDP Collaboration at the Regional Level

3.4 The collaboration between the two institutions at the regional level has been an important mechanism through which to advance shared development priorities. For regional or sub-regional activities, direct dialogue and consultation in the areas covered by the Umbrella Agreement have constituted the basic channel of collaboration. Joint initiatives add legitimacy to the particular issue under review by presenting a unified vision and a shared approach on issues such as the environment, social equity and governance. While the Bank's economic leverage provides high visibility for the UNDP's advocacy role, UNDP operating flexibility enables the effective implementation of complex contractual and logistical arrangements that the Bank, acting alone, might not be able to achieve. The combination of the IDB's economic leverage and the UNDP's operational flexibility was also significant in bringing to fruition certain complex regional or sub-regional initiatives, such as the Paraná-Paraguay waterway project.

C. Assessment of the Collaboration at the Country Level

3.5 The following paragraphs contain findings on the advantages and disadvantages of Bank-UNDP collaboration and on areas needing improvement.

1. For the Governments

3.6 In all four countries visited for this evaluation, as well as those not visited but from which questionnaires were received, government representatives—with some exceptions—expressed satisfaction with the quality and timeliness of the development assistance provided through the IDB-UNDP partnership. In the opinion of most government officials interviewed, the UNDP's participation in Bank-financed projects has provided greater objectivity, transparency and efficiency in contracting and disbursement of Bank loans or technical cooperation resources. It has also provided a shield from political pressures in hiring and procurement.

3.7 The UNDP's knowledge of Bank procedures is a significant advantage to government agencies that lack experience with IDB project execution. It has improved the capacity of national executing agencies to satisfy requirements and follow procedures for the execution of IDB Loans or Technical Cooperation Agreements. It has supplied national executing agencies with project management capacity in areas where it was scarce or non-existent. It has provided, and sometimes transferred, proven mechanisms for contracting of consultants and procuring goods and services. The UNDP's presence has prevented procurement processes from becoming bogged down by challenges or lawsuits, which, in projects managed by the government alone, tend to delay project execution for months or even years.

3.8 In some countries, the UNDP has provided technical backstopping in the identification, negotiation, implementation and monitoring of projects. The UNDP has often helped countries identify highly qualified consultants to whom they would otherwise not have had access. In countries with limited resources, it has enabled the national executing agencies to concentrate on the technical or substantive aspects of the project, while it takes care of the administrative aspects, such as procurement, contracting, and financial monitoring. Finally, UNDP participation has reduced project costs by saving IDB loan commitment fees and executing projects within shorter time frames.

3.9 However, some government officials reported that, rather than expediting project execution, the UNDP's participation has created additional delays. They acknowledged that some delays are caused by endogenous factors, such as high turnover of project managers or the government's failure to meet Bank requirements in a timely fashion. Others, however, were attributed to factors such as insufficient human resources assigned by the UNDP to Bank-financed operations, excessive bureaucratic procedures, the lack of technical expertise for evaluation, and the lack of harmonization of financial, accounting, auditing and reporting systems. Another impediment was the requirement (by UNOPS) that 100 percent of payments for goods and services be made in advance, which creates cash-flow problems for executing agencies. Some government officials complained that UNDP had limited capacity to take action against suppliers who did not comply with their contractual obligations. Finally, contracting and purchasing of goods and services are often delayed by cumbersome and untimely financial reporting by UNDP.

3.10 In countries where support services were provided to projects with significant volumes of international procurement of goods and services through UNOPS, some government officials found this support to be of considerable assistance. Others complained that UNOPS' centralized management structure (headquartered in New York) and its limited local decision-making authority slowed down the procurement process. UNOPS officials, however, claimed that a frequent reason for the delays in procurement and other processes is that national executing agencies do not always follow procedures to the letter.

2. For the UNDP

3.11 For the UNDP, the relationship has increased the scope of development services that it is able to provide to the countries of the region. Bank-UNDP collaboration in this particular region is important, since UNDP grant funding to middle-income countries, such as the majority of South American countries, has fallen precipitously in recent years. Thus, the collaboration has provided greater leverage for advocacy and an additional entry point for the incorporation of UNDP sustainable human development concepts in its dialogue with the countries. In certain countries, it has helped the UNDP achieve its country program objectives. Moreover, the additional revenues obtained from the fees it charges for providing development support services have enabled the UNDP to improve its

services and upgrade its capacity.

3.12 Although most UNDP officials viewed their communication with Bank officials as fluid, productive and cordial, some others had difficulty arranging meetings or coordinating their activities with Bank officials. Some UNDP program officers reported that IDB officials sometimes gave approvals for procurement or consultant contracts directly to government executing agencies before the UNDP had completed its own review, circumventing established review procedures and control mechanisms.

3. For the IDB

3.13 For the most part, IDB representatives and sector specialists interviewed reported that the UNDP expedited project execution and improved compliance with IDB policies and loan agreement procedures. In those countries where national execution capacity is uneven, it provides the Bank with advance warning of foreseeable implementation difficulties, enabling Bank officials to take appropriate remedial action. The UNDP's presence assures continuity in project implementation in the medium term. Because of the turnover of both government and Bank personnel, and the almost inevitable changes at the ministerial and vice ministerial levels with each new administration, the UNDP frequently serves as the institutional memory on IDB projects. The cooperation has also provided the Bank with the opportunity to participate in development cooperation coordinating meetings chaired by UNDP, as well as in sectoral meetings with bilateral and other multilateral donors.

3.14 However, some Bank officials expressed concern that, when Bank-financed programs are transformed into UNDP projects, IDB project objectives are not always reproduced exactly. Some also took issue with the UNDP's custom of deleting the name of the IDB from its project document, or sometimes including it only in the body of the document but not on the signature page. Some Bank officials expressed concern that the UNDP's close relationship with the government sometimes got in the way of its objectivity when choosing consultants.

3.15 Some of the bottlenecks noted by IDB sector specialists and representatives interviewed were the delays caused by the additional layers of UNDP bureaucratic procedures, and different accounting formats used by the Bank and UNDP in some countries.

D. Cross-cutting Issues

3.16 A number of issues surfaced during the course of the evaluation that warrant discussion, further study, or specific action in order to improve the collaboration between the Bank and the UNDP. Those issues denominated here as "cross-cutting" emerged in more than one country. They are briefly summarized below.

1. Programming and Institutional Issues

3.17 **Ex-ante Collaboration.** Article III of the Umbrella Agreement calls for mutual cooperation between the UNDP and the IDB with governments in the identification, preparation, financing and execution of projects. However, there has been very little collaboration in the preparation phase of Bank-funded operations, even in operations that received bridge funding from the UNDP during the project identification phase.

3.18 In general, IDB project teams do not see the need for the UNDP to participate directly in the programming and negotiation of Bank-financed activities at the country level, even when it is expected that the UNDP will be involved in project execution. In most of the countries visited, IDB programming, project negotiation and evaluation missions do not normally call on the UNDP resident representative. With certain exceptions, there is limited contact between UNDP country offices and IDB Headquarters for country-specific activities. As a result, IDB team leaders responsible for project conceptualization and development generally have limited knowledge of the complementarity or value-added that could be derived from an IDB-UNDP association.

3.19 However, for certain countries engaged in broad sectoral reform programs, the UNDP collaborates with the government and the Bank in supporting national coordinating units. These units, sometimes located within a government ministry and other times a stand-alone operation, become the focal points for carrying out such programs and coordinating the international technical assistance that supports them. In these cases, joint IDB-UNDP programming occurs. This mode of cooperation has been followed at certain points in Bolivia, Panama, Paraguay and Uruguay. In the first three countries, the collaboration covered broad government agendas in the areas of public sector reform and modernization of the state. In Uruguay, it was used in social sector reform programs.

3.20 The Bank and the UNDP have collaborated in the formulation and negotiation of specific projects in Brazil, the Dominican Republic, El Salvador and Uruguay. In some of these cases, the UNDP identifies and initiates a project, and the government subsequently requests the Bank's support in the form of follow-up assistance. In other words, collaboration has occurred at the programming level on an *ad hoc* basis, depending on the circumstances.

3.21 **The Value of Collaboration Early in the Project Cycle.** Government, IDB, and UNDP staff interviewed concurred that early involvement of UNDP in the project cycle helps to ensure more fluid and effective collaboration in the execution phase. The UNDP's input facilitates the organization of the operational aspects of the project. It can also anticipate and minimize administrative bottlenecks by establishing clear guidelines and standardized procedures on, *inter alia*, accounting, project monitoring, reporting, and capacity building. UNDP's knowledge of the project execution capacity of the different government ministries can be useful inputs into the project design process.

3.22 **Guidelines.** Currently, there are no specific guidelines to orient Bank and UNDP staff on implementing the collaboration at the country level. The Umbrella Agreement is a little-known instrument that has not been a significant factor in guiding the operational relationships of the two institutions at the country level. Admittedly, in the country-specific environment of project identification, formulation, negotiation and execution, it is not easy to establish pertinent guidelines on the respective roles of the two institutions. However, the evaluation team heard a number of conflicting views regarding the precise roles and responsibilities of each party to the cooperation. In those countries where the IDB-UNDP relationship was not thought to add much value to project execution, a lack of clarity about each party's role was said to be a contributing factor. This issue merits the attention of both institutions. Those interviewed uniformly expressed the view that clarification of the respective roles of the Bank, the UNDP and the Government in project execution would greatly facilitate the achievement of the basic objectives of the Umbrella Agreement.

3.23 **Monitoring and Evaluation.** Some UNDP representatives expressed the desire for the UNDP to play a larger role in contributing to development effectiveness at the other end of the project cycle—in assessing the sustainability of project outcomes. The idea would be to assist national executing agencies in establishing better monitoring and evaluation mechanisms to measure the impact of project inputs. In light of the Bank's stated objective of strengthening the evaluation capacity of member countries, this is an area that warrants further exploration.

3.24 Overall, UNPD officials interviewed felt that there was room for improving the IDB-UNDP institutional relationship at the country level for the benefit of member countries. Most IDB operational staff interviewed, however, expressed the view that operational relationships at the national level depended on prior government decisions and, for this reason, had to be built on a case-by-case basis. Thus, the UNDP staff appear to view the relationship more programmatically, while the IDB staff approach it more from a project perspective. The two views are not necessarily incompatible and merit further reflection.

3.25 **Capacity Building.** There was strong consensus among government officials, UNDP and IDB staff that the operational relationship established with Borrowers, through the implementation support services, strengthens overall national execution capacity. This is sometimes deliberate as a result of the project design, and sometimes occurs by example (i.e., through "learning by doing").

3.26 Some government officials, while appreciative of the role played by the UNDP historically in project

implementation and capacity building, expressed the view that the UNDP should adopt a more strategic view of the services provided, focusing on thematic and geographic areas where it has a comparative advantage. That is to say, UNDP should not provide services where strong implementation capacity already exists. Instead, it should focus on the most difficult, or inexperienced, ministries, on municipalities or provincial governments, which lack the capacity to administer projects or deliver services.

3.27 Other government officials and a certain number of IDB staff members, however, consider that the development support services provided by UNDP to governments, while effective, postpone the opportunity for national authorities to acquire the technical and administrative capability to implement projects independently. Many IDB and government officials interviewed urged the UNDP to include more capacity building in its overall development support services.

3.28 **Ownership.** Another related issue that emerges in the context of IDB-UNDP cooperation is the question of project ownership. Seen from UNDP's perspective, the NEX modality leads to a greater degree of government ownership compared to the previous system in which UN specialized agencies provided project execution services. From the point of view of certain Bank and national officials, UNDP implementation support, while contributing to more effective project execution, may dilute full government ownership by assuming functions that governments should undertake on their own.

3.29 While there is general consensus that, in the short run, UNDP implementation support in project execution is a valuable tool that enables project execution to occur, some of those interviewed raised concerns that, in the long run, the institutionalization of national execution capacity may be delayed because of the Government's ability to rely on external support for project execution. The issue merits further discussion by the Bank and the UNDP in the context of the two institutions' potential collaboration on capacity building and other development strategies in Latin America.

2. Administrative Procedures

3.30 Different rules, regulations and operational procedures of the two organizations were identified by practically all those interviewed as an encumbrance to project execution. Paradoxically, although the UNDP's participation was intended to streamline project execution, representatives of executing agencies in all countries visited described creative mechanisms they had devised to circumvent the bottlenecks caused by the lack of standardization in IDB and UNDP reporting, accounting, and other procedures and by the UNDP's delays in financial reporting. IDB-financed activities are subject to audit requirements that are not always compatible with those of the UN. When awarding contracts that exceed certain monetary limits and that are underwritten by UNDP on behalf of the government, vetting with UN Headquarters for final approval may be required. The use of exchange rates, accounting and auditing systems, criteria for evaluating large purchases or consultant contracts, and formats for financial reporting should be standardized in the interest of efficiency in project execution.

3.31 The UNDP's increasing use of the NEX modality in joint IDB-UNDP activities will gradually resolve these discrepancies, since under this modality, the UNDP abides by government procedures on auditing and tenders. The Government, for its part, adopts procedures acceptable to the IDB. However, under the MSA modality--used by UNOPS, the existence of different regulations and procedures plays a more significant role since UNOPS must abide by UN rules and regulations. In certain countries, such as Guyana and Trinidad and Tobago, these incompatibilities caused serious project delays and difficulties between the two institutions.

3.32 The use of different rules, regulations and administrative procedures by the two institutions complicates the operational relationship between UNDP and IDB. This has limited potential collaborative opportunities, as some Bank staff believe that the incorporation of the UNDP in project execution may not be worth the extra administrative workload this may represent. The UNDP Resident Representative in Ecuador believes this to be one of the reasons for the inability to establish a collaborative relationship with his IDB colleague. The issue merits the continued priority attention of both institutions.

3.33 **Fee Structure.** There is a lack of understanding on the part of government officials about UNDP's and UNOPS's fee structures for the services provided. In the case where UNOPS acts as a project executing agency, it charges up to ten or eleven percent of the value of the loan, which is one reason why governments tend to shy away from this option. The fee charged by UNOPS for providing Management Service Agreements is in the range of four to six percent. Under the NEX modality, fees are lower but there is still not a clear understanding of what they cover, what percentage of the fees are placed at the disposal of the executing agencies, and for what purpose they may be used.

3.34 In fairness to UNDP, however, governments and the Bank are not always aware of the UNDP's considerable investment in human and material resources to provide development support services to governments, International Financial Institutions (IFIs), and bilateral donors. In a recent sizeable investment on the part of UNDP to upgrade its information services for more effective development cooperation management, the efficient servicing of the requirements of the IDB-UNDP relationship as well as that of other development partners was an important consideration. In order for interested parties to have a clearer picture of these elements it would be appropriate for UNDP and UNOPS to provide some guidance on how fees are established for the various execution modalities in function of the investment in and the cost of the services which are provided.

4

Conclusions, Recommendations, and Lessons Learned

A. Conclusions

4.1 The relations developed between UNDP and IDB country offices based on exchange of information, consultation procedures and credibility have played an important role in achieving the positive results to date. The successful track record of collaboration, based on several joint initiatives in Bolivia and Argentina in the late 1980s, has also strengthened the IDB-UNDP relationship.

4.2 A reading of the Evaluation Report on Identification of Bottlenecks in the IDB's National Technical Cooperation Program (RE-182) prepared by the Bank in 1992, and the Report of the Task-Force for Effective Management, prepared for the IDB in 1993 suggest that there exist opportunities for further developing the complementary potential of the two institutions.

4.3 Both reports stress the importance of: a) technical co-operation programming and execution as part of the Bank's activities; b) good project design with built-in flexibility for needed adjustments; c) solid institutional analysis to assure adequate project execution and d) adequate monitoring to assure that project objectives are achieved. These are areas that can benefit from the complementary capacities of the two institutions through the different modes of cooperation which have evolved in recent years.

4.4 Furthermore, the Eighth General Increase in Resources of the Bank (IDB-8) made available additional funding which offers further potential for increased collaboration. Priority areas of this replenishment include themes such as poverty reduction, social equity and protection of the environment, already specified in the Umbrella Agreement, as well as governance. These coincide with the UNDP's sustainable human development concepts.

4.5 The Bank's considerable lending and programming capacity, combined with the UNDP's "seed" resources and decentralized experience in technical cooperation execution, has served the countries of the region well in recent years. Member governments have benefited from a shorter project formulation and approval cycle, as well as a more expedient execution process.

4.6 In order for the association between the two institutions to continue to develop constructively, this evaluation concludes that a more systematic and institutionalized dialogue and working relationship should be developed at the country level, backstopped by a more strategic approach to the collaboration by the respective Headquarters of both institutions. This would be in line with the intentions of the Umbrella Agreement.

4.7 National capacity building and self-reliance on the part of governments in project execution are the principal reasons for the introduction of the national execution modality on the part of the UNDP. It is currently the most widely used mechanism for implementing technical cooperation projects independently of the source of financing. According to UNDP Resident Representatives, this modality has created valuable tools for the implementation support provided by the UNDP to governments in IDB-financed activities. It has generally enhanced the execution capabilities of member governments, although as reported this view is not universally shared.

4.8 The interviews conducted and a review of the questionnaires indicate that the UNDP/IDB relationship has had a favorable impact on loan disbursements and has contributed in enhancing the capacity to absorb increased bank lending by member countries. Future use of the Agreement would be beneficial as long as there is a clear plan for institutional strengthening which meets the priorities of Borrowers. The Agreement can contribute to the advancement of the Bank's objectives at the regional level and increased efficiency in the execution of its operations in countries that lack capacity to execute their own programs.

4.9 There seems to be a considerable level of collaborative activities taking place despite few formal institutional linkages, at least at the country level. This has been achieved because constructive interpersonal relations have been established between UNDP and IDB country offices in most countries, based on the premise that the development objectives of both institutions generally coincide and that collaboration can benefit the member countries that both institutions serve. This relationship has enabled the creation of acceptable *ad hoc* solutions whenever obstacles surfaced.

4.10 While it is necessary to further systematize and institutionalize the relationship, new collaborative mechanisms should in no way substitute for the positive inter-personal relations and ingenuity that has been developed at the country level. These should continue to be an important contributing factor in further strengthening the relationship in the future. Inter-institutional coordinating mechanisms are meant to facilitate the role of the principal actors in this relationship, the UNDP and IDB country offices duly supported by their respective Headquarters.

B. Recommendations and Lessons Learned

In order to maximize the intended utility of the Umbrella Agreement as well as the value-added to all parties involved, the following recommendations are offered for the consideration of the Board of Executive Directors:

I. Programming and Evaluation Issues

Guidelines

Recommendation 1: In order for the association between the two institutions to continue in constructive development, based on lessons learned and bearing in mind the opportunities referred to above, it is recommended that Management develop operational guidelines to implement the Umbrella Agreement at the country level. These guidelines should seek a more systematic and institutionalized dialogue and a closer working relationship at the country level, backstopped by a more strategic approach to the collaboration by the respective Headquarters of both institutions.

Commentary: Although the Umbrella Agreement has been in place for nine years now, it is clear that there is little understanding or awareness of its purpose, objectives, responsibilities and operational framework both at Headquarters and in the Country Offices. Very few of the Bank staff interviewed were aware of the terms of the Agreement. This lack of information gets in the way of optimizing value-added. Furthermore, there is little knowledge among Bank staff about the role of the UNDP in general.

Lessons Learned:

The following lessons have implications for the Bank's future collaborative efforts with other development partners.

- **Operational Guidelines.** When the Bank signs broad, umbrella agreements with other development partners which require actions to be taken at the operational level, it should also provide guidelines for the implementation of the intent of such agreements.
- **Roles and Responsibilities.** Such guidelines should include a clear definition of the roles and responsibilities of all the parties to the agreement and the results expected of them.
- **Promoting Collaboration.** Such guidelines should direct project teams to consult all parties to the agreement during the preparation and design of a project where a development partner has a role in the execution of the operation.
- **Project Documents.** The project documents presented to the Board should include agreed terms of reference for all parties involved in the execution of Bank-funded operations.

Monitoring and Evaluation

Recommendation 2: To ensure proper monitoring and gathering of relevant lessons on the UNDP's participation in the execution of Bank-funded operations, the Bank's Project Performance Management Review (PPMR) should include a section on inter-institutional collaboration, which could enable project managers to monitor their performance within a project and flag areas needing attention

Commentary: The Bank's present project monitoring system does not include the performance of executing agencies nor does it request information or identify inter-institutional project execution arrangements. This information would be beneficial to the operational design of future projects where the UNDP would have an implementation role. Experiences are not systematically recorded and lessons learned are passed on by word of mouth.

Lessons Learned:

- **Performance Monitoring.** The performance of all executing agencies, be they national entities or other international development partners, such as the UNDP, should be monitored by the Bank's PPMR.
- **Performance Indicators.** Project designs and terms of reference should include key performance indicators for all entities that take part in the execution of a Bank-funded operation.

Capacity Building

Recommendation 3: When contemplating the use of the UNDP or other international specialized agencies to provide assistance with the execution of Bank-funded operations, loan proposals should clearly present the issues that substantiate the need for these services, and elaborate on the prospects for addressing those issues through the proposed interventions.

Commentary: The Umbrella Agreement seeks ways to maximize efforts and strengths from both institutions to improve the execution and outcomes of Bank-funded operations. Many of those government officials interviewed perceived the value that UNDP has added in some institutions where capacity building needs were clearly specified. They suggested that UNDP put greater emphasis on building the capacity of institutions, such as provincial governments and municipalities, which do not have experience with the implementation of large public investment projects.

Lessons learned:

- Mechanisms for the systematic capacity building and transfer of knowledge to national ministries should be enhanced in all Bank-funded operations implemented with the participation of the UNDP.
- Bank project teams should discourage the use of the UNDP in agencies with high project implementation capacity.

II. Administrative Issues

Recommendation 4: Within 120 days of the date of approval of this report, Management shall present to the Board of Executive Directors a report on the progress of its negotiations with the UNDP to resolve the outstanding legal, financial, and accounting reporting differences, as well as the auditing requirements of the Bank. The report shall provide, as appropriate, an indication of suitable options for resolution of outstanding issues

Commentary: Differences or lack of clarity about contractual procedures such as the often ignored recognition of Bank funds in the Agreements between the UNDP and the Borrowers, financial, accounting and auditing requirements can act as disincentives to establishing a productive collaboration. Although some Bank Country Representatives and their UNDP counterparts have worked out practical *ad hoc* arrangements that enabled effective collaborations, these consume valuable time and resources.

Lesson Learned:

- When the Bank enters into an umbrella agreement with another institution, it should attempt to resolve differences in accounting, auditing, and administrative procedures prior to operationalizing the agreement. However, in order to prevent excessive centralization of operational decision making, the Bank should encourage country representatives to reach agreements on these matters at the country level.

Recommendation 5: The Bank should require that the Borrowers and the UNDP specify Terms of Reference that spell out objectives, responsibilities, and expected results from the UNDP's collaboration in their bilateral agreements.

Commentary : Bank officials expressed concern that, when Bank-financed programs are transformed into UNDP projects, IDB project objectives are not always reproduced exactly. Some also took issue with the UNDP's custom of deleting the name of the IDB from its project document, or sometimes including it only in the body of the document but not on the signature page.

Annexes

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK
NOT FOR PUBLIC USE

RESOLUTION DE-87/90

AGREEMENT FOR THE COOPERATION AND COORDINATION OF ACTIVITIES
BETWEEN THE UNITED NATIONS DEVELOPMENT PROGRAMME
AND THE INTER-AMERICAN DEVELOPMENT BANK

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into an Agreement for the Cooperation and Coordination of Activities with the United Nations Development Programme, which shall be substantially similar to the text included in Document GN-1232-2.

(Adopted October 17, 1990)

(87/11)

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AGREEMENT FOR THE COOPERATION AND COORDINATION OF ACTIVITIES
BETWEEN THE UNITED NATIONS DEVELOPMENT PROGRAMME
AND THE INTER-AMERICAN DEVELOPMENT BANK

The United Nations Development Programme (hereinafter called the UNDP)
and the Inter-American Development Bank (hereinafter called the IDB),

Considering:

That the United Nations General Assembly established the UNDP to
assist member countries in improving their economic and social
development;

That the objective of the IDB is to contribute to the economic and
social development, individually and collectively, of its borrowing member
countries in Latin America and the Caribbean (hereinafter called the
"Region");

That the IDB and the UNDP are conscious of the critical needs facing
the member countries of the Region to deal with the external debt,
stabilize and re-activate their economies and introduce structural changes
to increase their economic efficiency, improve their competitiveness and
integrate their economies, all this with a view to obtaining a balanced
level of development within the context of a global economy whose
complexity and interdependence is constantly increasing;

That the IDB and the UNDP agree on the need to coordinate their
efforts with the respective governments in the identification, preparation
and implementation of economic and social development projects, the aims
of which are, among others, the promotion of economic growth, the creation
of employment and relief from poverty, the strengthening of the
development of human resources, the promotion of technological changes and
the development of foreign commerce and economic integration;

That the IDB and the UNDP agree to strengthen their existing
collaboration in the field of technical cooperation, including that among
developing countries, supplementing the efforts of other organizations and
of the countries themselves for better utilization of the existing
infrastructure and available human resources;

That both institutions, intent on reaching these goals, have
maintained a close working relationship since the decade of the seventies,
when the exchange of information about priority projects of special
interest to both organizations started;

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of technical cooperation and pre-investment activities in support of the investment goals of their member countries in the Region. Finally, they agree to strengthen the beneficiary institutions for the resulting programmes and projects.

Article III

MEANS TO ACHIEVE THE OBJECTIVES

3.01 With a view to accomplish the objectives of this Agreement, the IDB and the UNDP shall study ways to increase the sharing of information on matters of mutual interest.

3.02 Similarly, they shall reinforce their mutual cooperation as well as the cooperation with the participant governments in the identification, preparation, financing and execution of technical cooperation activities with regard to identification, formulation and evaluation of priority projects for financing by either of the organizations, or both, to which end the appropriate procedures shall be established.

3.03 With this in mind, the organizations agree that either of them can carry out technical cooperation activities with participating governments financed by the other organization. To this effect, the parties agree that, for projects financed by the UNDP and executed by the IDB, the Agreement which entered into force on the 18th of September 1978, shall remain in effect in all matters not in contradiction with this Agreement.

Article IV

OPERATIONAL MODALITIES

4.01 The parties agree to adopt as basic references for mutual collaboration and for the coordination of technical cooperation activities, the pertinent resolutions and documents of their competent bodies, as well as the agreements of the two organizations with the governments of the Region.

4.02 For the definition and execution of each activity or group of activities covered under this Agreement both parties shall prepare a Management Service Agreement and/or Project Document (as called by the UNDP), or a Plan of Operations (as called by the IDB) in which the obligations of both organizations and of the respective governments will be established.

4.03 For pre-investment projects carried out by the UNDP, which are consistent with the programmes and policies of the IDB, both parties agree that the IDB, at the request of the respective government, may consider including in loans approved for projects financed from its resources, the

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6.03 The provisions of this Agreement shall remain in force even after its termination for the time necessary to allow for an orderly closing of the accounts between the parties and, if necessary, with the participating governments.

In witness whereof, the Representatives of both parties, duly authorized, have signed this Agreement in duplicate, in Washington, D.C. on the 14th day of November, 1990.

UNITED NATIONS DEVELOPMENT PROGRAMME

INTER-AMERICAN DEVELOPMENT BANK

/s/ William H. Draper III

/s/ Enrique V. Iglesias

William H. Draper III
Administrator

Enrique V. Iglesias
President

Annex

A. Operational Modalities

Cost Sharing

1. Cost-sharing is an arrangement developed by the UNDP that can relate to a specific project (project cost-sharing) or to a country/regional programme, as a whole, or to a specific segment of such a programme (programme cost-sharing). Project/programme cost and related support costs are covered in full or in part by a contribution from the recipient government (government cost-sharing) and/or a third party contributor (third party cost-sharing).

2. The IDB and the UNDP have had co-financing experience in the utilization of the modality of government project cost-sharing. In this modality, the IDB contributions to a project are channeled through the recipient government and fully integrated into a consolidated project budget.

3. Two documents form the legal basis for this cooperation arrangement: on the part of the IDB, an agreement between the recipient government and the IDB regarding the IDB loan or grant, and in the case of the Indicative Planning Figure (IPF) funded activities, a project document which represents an agreement between the recipient government, the UNDP and the executing agency regarding the utilization of available resources. In the case of third-party cost sharing, the UNDP cost sharing agreement would supplement the project document.

Management Services

4. Management services can be provided by the UNDP (through the Office of Project Services (OPS)) to recipient governments in the context of the execution of projects financed by loans or technical cooperation grants. Such management services can cover a whole range of activities from identification and formulation of projects to their implementation, monitoring and evaluation. Management services can be comprehensive, entailing technical and managerial supervision of project operations, or be strictly limited to delivery of specific inputs.

5. Funds received by the UNDP for management services are accounted for separately, thereby preserving their distinctive character, since they are not merged with UNDP's own resources.

6. Two documents form the legal basis for this cooperation arrangement: an agreement between the recipient government and the IDB, regarding the IDB loan or grant, and a subsequent Letter of Agreement between the government concerned and the UNDP in which the desire to use the IDB loan or grant for a particular project is specified.

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be indicated in the corresponding Plan of Operations. When an advance is to be made to the recipient government, the agreement between the IDB and such government shall provide that the US Dollar equivalency shall be determined, and its value maintained by such government, at the equivalent in US Dollars as of the date of such advances.

Procurement and Consulting Services

14. The appropriate rules and regulations of each organization, as reflected in its agreement with the recipient government, shall be followed in the procurement of goods and services and in the selection and contracting of consulting services.

ARGENTINA

I. Overview of IDB-UNDP Collaboration

The collaboration between the IDB and the UNDP in Argentina dates back to 1983, when the two institutions agreed that the UNDP would support the implementation of Bank-financed technical cooperation programs, in some cases with UNDP and government co-financing. Since 1990, the guiding force behind IDB-UNDP collaboration has been the Umbrella Agreement, which established the parameters for collaboration between the two institutions at both the country and the regional levels. In 1991, at the Government's request, the UNDP helped organize a pilot program that had been a precondition for the Bank-financed Youth Employability Project. The UNDP's assistance with the execution of Bank-financed operations began in 1992-93, when the Bank recommended an extension of the Government-UNDP agreement governing the pilot program to facilitate the execution and administration of the IDB-funded Youth Employability Program. Since that time, the UNDP has provided administrative support to a number of other Bank-financed projects, some of which are noted below. In the last five years, the priority areas of IDB-UNDP cooperation have been public investment and public-sector reform.

In general, Bank and UNDP officials concur that there is a close relationship of mutual consultation on their respective areas of activity. Government leadership has also provided clarity with respect to the roles and responsibilities of each party. The Government perceives the coordination and implementation support activities performed by UNDP as efficient, effective and transparent. However, the high level of technical capacity that exists within most Argentine Government ministries has caused both Bank and UNDP officials to question the necessity of UNDP's continued assistance with project execution at the national level. Some have suggested that the UNDP could put its comparative advantage to better use by providing project assistance to provincial and regional governments.

In general, sector specialists in the IDB country office found UNDP support to be useful, particularly in projects involving large amounts of contracting and procurement. UNDP specialists have frequently participated in the Bank's project monitoring and evaluation missions to Argentina.

II. Projects Reviewed

The following projects were discussed within the context of this evaluation:

Multi-sector Pre-investment Program (ARG/94/024)

Poor macroeconomic performance during the 1980s and the resulting burden of social expenditures revealed gaps in the Government's ability to manage its investment programs effectively. The Government determined a number of areas needing improvement, including its ability to produce sectoral investment strategies; planning capacity, especially at provincial and municipal levels; project design, implementation and analysis; and the public-investment decision-making process.

The project, supported by an IDB loan (740/OC/AR) in the amount of US\$20,800,00 and a Government contribution of US\$5,200,00, was designed to assist the Government in the development of a national system of public investment. The Pre-Investment Unit of the Ministry of Economic Affairs and Public Works and Services was the Government counterpart. The objective of the program was to support

economic and social development in Argentina by financing general and specific pre-investment studies and carrying out institutional strengthening in project preparation.

Unfortunately, the execution of this project was plagued by poor communication between the Bank and the UNDP. Procedures in the contracting and monitoring of consultants were not assiduously followed, leading to a situation considered unsatisfactory by all three parties. At the request of the Government, the project was discontinued in 1996.

Youth Productivity and Employability (AR/0169)

The Government's Convertibility Plan and macroeconomic stabilization program, implemented in 1991, set the Argentine economy on a path of steady growth. The labor market, however, was growing increasingly vulnerable as a result of unsustainable economic policies of the past, with employment rising from 6.3 percent in 1990 to more than 18 percent in 1995. The Government set in motion important efforts to counteract the effects of high unemployment rates, including both short-term temporary employment programs and longer-term job training and school retention programs. The Youth Productivity and Employability program was designed to support the Government in its short- and medium-term strategy to increase the employability of low-income youth and, in so doing, increase their income prospects over the long term.

The IDB's contribution to this project was US\$370 million. The Ministry of Labor and Social Security and the Ministry of Culture and Education are the Government counterparts. The project has two main components. The training program component aims to provide job training to the target population for semi-skilled jobs, improve supply and demand for training courses, and improve information on job demand and supply. The school retention scholarship program is designed to provide economic support to families of potential school dropouts.

Support Program for the Production Transformation Process (816/OC-AR, 925/SF-AR)

In 1989, the Government undertook an ambitious structural reform program which included, *inter alia*, economic liberalization, downsizing of the public sector, the privatization of public enterprises, decentralization, and improved macroeconomic management. The program resulted in a substantial reduction in the inflation rate, resumed economic growth, a budget surplus, and an increase in public investment. A number of measures designed to improve labor market flexibility were also implemented. The closing of non-competitive enterprises and the development of new areas of economic activity necessitate the retraining of displaced workers. In view of the need to strengthen the educational system as well as create flexible labor-market intermediation mechanisms, the Government presented the Bank with the Program for the Production Transformation Process.

The Bank's contribution to this project, approved in 1994, is US\$154 million. The Government counterpart is the Ministry of Economic Affairs and Public Works and Services (MEyOPS). The Ministry of Labor and Social Security (MTSS) acts as sub-executing agency, responsible for two of the program's four components. The project's objectives are to increase the efficiency of the labor market, strengthen employment offices as a means to facilitate employment, and develop a dual training model that combines classroom instruction with on-the-job training.

III. Role of the UNDP in the Execution of Bank-financed Operations

Argentina is a highly developed country with a considerable amount of in-country technical capacity. However, its complex laws and bureaucratic procedures governing contracting and procurement severely

encumber the management of large-scale public investment projects. By providing a “legal framework” for project execution, which has the force of a treaty, the UNDP has enabled national executing units to expedite the implementation of Bank-financed projects. The UNDP has also compiled a series of standard operating procedures and developed specialized financial-management software for use by national executing agencies. These tools have greatly facilitated timely project execution and streamlined procedures.

IV. General Assessment of the Collaboration

Perceived Benefits and Value-added

Among the benefits of the IDB-UNDP collaboration in Argentina are the following:

For the Government, the UNDP’s participation provides objectivity and transparency in contracting and procurement processes and disbursement procedures. It has improved the Government’s capacity to satisfy the requirements and conditions of the IDB. In providing the Government with access to effective mechanisms for contracting, procurement, and reporting, it has led to more expeditious project execution. Finally, by providing standardized procedures and training in their use, UNDP has strengthened the Government’s own project execution capacity.

For the Bank, the collaboration facilitates the timely, fluid and transparent execution of projects as well as compliance with Bank policies and loan agreements.

For the UNDP itself, the collaboration increases the scope of development service activities it provides, particularly in the area of public sector structural reform and macroeconomic policy reform. It affords the UNDP opportunities for advocacy and greater leverage in areas of interest to it, such as governance.

Bottlenecks

Delays in project execution have been reported. While the majority of them have their origin in the periodic rotation of Government officials, others were reportedly caused by the multiple reporting requirements and control measures required by the Bank, the UNDP and the Government. However, as distinct from the situation found in many other countries in Latin America, most of the incompatibilities in rules and procedures between the three institutions seem to have been resolved. The UNDP attributes this to its having developed a manual of procedures, forms and reporting formats, accompanied by software, tailored to the IDB’s requirements. It also attributes this to the flexibility and adaptability of the National Execution (NEX) modality, and to the fact that prior harmonization and complementarity of administrative procedures is included in the negotiation stage of UNDP project implementation support. The IDB, however, refers to persistent differences in the consultant contract form. Bank officials would like to see further harmonization of the requirements of both institutions.

Project Management and Supervision

The Government, the UNDP and the IDB agree that the collaboration between the two organizations has been productive. An important reason for this is that the Government generally has a clear understanding of the manner in which the Bank and the UNDP can best pool their efforts and makes its decisions according. The NEX modality is used in all projects.

However, some Bank sector specialists noted occasional discrepancies in the UNDP’s representation of Bank objectives in its project documents. In these cases, they acknowledged, the Bank did not always

exercise its objection prerogative when it should have, especially in project revisions or extensions. They also pointed out that, in some UNDP project documents describing their role in helping to execute Bank loans, there is scant reference, or sometimes none at all, to the Bank's role as funder of the project.

V. The Role of UNDP in Capacity Building

Government officials interviewed reported several ways in which the UNDP had strengthened its project-management capacity. The financial control, reporting and other operating procedures developed by UNDP in standard format have been provided to the Government, which has strengthened the Government's project management capacity. At the Government's request, the UNDP also holds workshops or seminars (as does the IDB itself) on specific topics in which institutional strengthening is needed, such as the logical framework model or impact measurement. Some Government officials involved in project execution requested that the UNDP arrange inter-country visits of officials in national executing agencies conducting similar programs in other countries to enable an exchange of experiences and cross-fertilization of ideas.

VI. The Role of the UNDP in Project Monitoring and Evaluation

UNDP personnel often participate in the IDB's Bank monitoring and evaluation missions.

VII. Findings and Lessons Learned

One of the few areas of the Bank-UNDP collaboration requiring improvement in Argentina is the duplication of effort. For example, in the course of the evaluation, it was discovered that, unbeknownst to each other, both the Bank and the UNDP conduct capacity-building efforts, often on the same topics. Closer coordination of these efforts could produce synergies in capacity-building efforts and savings in training costs, which could be re-allocated for additional project activities.

Although technical capacity for project execution exists in the capital, provincial governments and municipalities have less experience managing large public investment projects, and little experience with Bank rules and procedures. The UNDP could add value to project execution in the provinces by providing administrative support and training to provincial executing agencies.

- In some projects, UNDP participation is contemplated at the design stage, while in others, it is not. In the opinion of IDB and UNDP officials, projects in which the role of the UNDP is clearly identified up front have fewer problems during the execution phase than those in which the UNDP's participation was added later. A more careful assessment of the capacities of the PMU at the project design stage would enable the Bank to better orient the Government as to the best use of UNDP's services.

Although Bank officials sometimes register verbal objections to the wording of some UNDP documents, there is not always a corresponding formal indication of that objection in writing. The Bank should carefully review the agreements between the UNDP and the Government and exercise its objection prerogative wherever necessary.

BOLIVIA

I. Overview of IDB-UNDP Collaboration

The collaboration between the IDB and the UNDP in Bolivia began in 1986, when the Government decided to execute a backlog of Bank-financed activities in an efficient and transparent manner. In that year, the IDB, the UNDP (through its Office of Project Services (UNOPS) and its representation in Bolivia) and the Government agreed on a modality of execution for loans and technical cooperation programs financed by the Bank.

The Bank, the UNDP, and the Government established a Programming and Evaluation Committee composed of the project management units for each project. Its responsibility was to review and periodically assess the implementation of each technical cooperation agreement and recruit an international coordinator to head a coordination unit within UNDP. In 1998, an IDB-UNDP Project Execution and Coordination Unit was established to supervise the delivery and execution of all Bank-financed technical cooperation projects. This unit, which reported to UNOPS, provided both technical and administrative support to project management units national executing agencies. The result was an efficient and transparent mechanism for channeling IDB technical cooperation funds to Bolivia.

The first Bank-financed technical cooperation programs administered by UNDP/UNOPS were in key areas of public sector reform. The relationship encompassed seven areas of the structural and institutional reform process then underway. These were: internal revenue and customs reforms, public investment rationalization, economic policies and external sector support, social security reform, restructuring of state-owned enterprises, and structural adjustment and reform of the financial system.

In February 1997, the UNDP assumed most of the project execution functions formerly performed by UNOPS. UNDP employed its National Execution (NEX) modality, in which the government assumes the substantive and administrative responsibility for project execution, while UNDP provides logistical and administrative support in selected areas agreed upon with the national authorities. The fee charged to the Government was reduced from eleven percent (under UNOPS) to three percent (under UNDP).

In the opinion of some Bank officials interviewed, the change to UNDP has meant a corresponding weakening in the quality of the services provided and in the adherence to IDB's objectives and procedures. The UNDP's view is that the NEX modality solidifies Government ownership by placing project responsibility squarely on the Government's shoulders, rather than on UNOPS'. For their part, Government officials involved in Bank project execution commented that the need for UNDP's services has diminished over time as in-house capacity has developed and matured. They suggest that, in an era characterized by administrative decentralization, the UNDP should consider focusing on providing assistance to provinces and municipalities, where there is less capacity, and to those ministries that have not had the experience of managing large public investment projects, such as the Ministry of Health.

II. Projects Reviewed

The projects reviewed in connection with this evaluation were the following:

Tax Management Administration Support RTC

Following the passage of Bolivia's Tax Reform law in 1986, the IDB provided a loan and a non-reimbursable technical cooperation operation (925/SF-BO and ATN/SF-4553-BO) in the amount of US\$4.5 million to strengthen the National Office of Internal Revenue (DGII). The project's objective was to improve the efficiency of tax collection at the national level by helping the Government improve its national tax administration system and reform its tax policy. The project contained activities designed to strengthen the DGII, evaluate existing systems and develop new ones in the areas of tax collection, auditing, technical and legal aspects; to review tax law, and to analyze tax policy proposals and their implications for tax administration.

Reconstruction of the Customs System RTC

In the mid-1980s, as part of its New Political Economy program, the Government took a series of measures designed to liberalize trade, including lowering tariffs and redesigning some of its customs administration procedures. In 1989, the Government obtained a non-reimbursable technical cooperation operation, financed by the Bank, for US\$1 million, to expedite the processing of external trade operations in order to improve the investment climate and increase the efficiency, equity and transparency of tax collection deriving from external trade. The Government counterpart was the Ministry of Finance's Department of Taxation. The program was designed to support the privatization of customhouse management, the drafting of standards and procedures to simplify and standardize customs procedures, the supervision and coordination of information systems, the preparation and adoption of new management systems, the training of Customs Bureau personnel, and the preparation of university-level study programs.

In April 1997, the Bank communicated to the Government its decision to suspend project execution because of its failure to comply with certain of the Bank's requirements.

Consolidation of the National Investment System

The economic development model followed in Bolivia over the past several decades has required high levels of public investment. During the late 1970s and early 1980s, however, public investment was losing its dynamism, producing negative results and adverse effects on production. This situation prompted the first phase of technical cooperation provided by the IDB, (ATN/SF-2353-BO) which enabled the design of an investment project management information system (SISIN) as a planning instrument to increase the speed of project execution. This project led to a second phase, a non-reimbursable technical cooperation agreement (ATN/SF-3104-BO) whose aim was to assist the development and implementation of a National System of Public Investment (SNIP) through institutional strengthening, administrative decentralization, and automation.

In 1992, the Bank approved a technical cooperation loan (880/SF-B). Its objectives were to (i) strengthen the operation of the SNIPS decentralized agencies, (ii) build capacity in the management, budgeting and implementation of public investments, (iii) modernize the SISIN and integrate it with other information systems, (iv) support the establishment of norms and regulations, (v) provide training in the use and application of computerized systems and methodologies.

Global Credit for Urban Development and Sanitation

The IDB's contribution to this loan is US\$60 million. The Government counterpart is the National Regional Development Fund. The project's objective is to assist the country in its regional and municipal development strategy, with a view toward improving the quality of life of the beneficiary population, by financing projects in the sanitation, urban and interurban roads, urban infrastructure, energy and property records sectors, as well as institutional strengthening of the participating entities.

III. Role of the UNDP in the Execution of Bank-financed Operations

In Bolivia, the role played by the UNDP in the execution of Bank-financed operations has evolved and changed over the last fifteen years. In the decade beginning in 1986, UNOPS provided technical support in project design, in the development of terms of reference for consultants, and in the processes of bidding, procurement, and contracting. It also provided financial management services and bridge financing. Starting in 1997, following UNDP's decision to assist national executing agencies directly rather than through UNOPS, UNDP's assistance focused more on specific administrative and financial management services.

IV. General Assessment of the Collaboration

Perceived Benefits and Value-added

IDB-UNDP collaboration in Bolivia has been an important factor in achieving the objectives of Bank-supported operations in the country's efforts to reform and modernize the public sector and liberalize its economy. Some of the benefits accruing from the collaboration between the two institutions are the following:

For the Bank, UNDP/UNOPS participation has ensured the correct and efficient management of resources and procedures. The provision of seed funding, bridge funding and complementary funding for project preparation and execution allowed IDB operations to advance without undue delays. UNDP's relationships with other bilateral and multi-lateral donors, government, and civil society organizations provided the Bank with opportunities to participate in development cooperation coordinating meetings at the country level.

For the UNDP, collaboration with the Bank increases the scope of development services that the agency contributes in the country, provides operating resources, and creates an additional entry point for advocacy and incorporation of sustainable development concepts in dialogues with government officials.

For the Government, the UNDP provided administrative capacity at a time when it was lacking in the public sector. It enabled the Government to concentrate on the technical aspects of projects by attending to the purely administrative aspects. The technical advisor and international consultants provided by UNDP helped the Government to re-orient some of its public policies and train personnel. Finally, UNDP's collaboration in project execution has provided the Government with access to experienced and transparent mechanisms for contracting consultants and procuring goods and services.

Bottlenecks

Bottlenecks in disbursements were reported. Government officials themselves attributed these delays to their own failure to meet some of the Bank's preconditions for disbursements, as well as delays in the approval process at various stages of project execution.

Project Management and Supervision

The Government, the UNDP and the IDB agree that the collaboration between the two organizations has been productive. Government officials were unequivocal in stating that without the UNDP, a number of the Government's initiatives could not have been implemented. They also acknowledged the UNDP's role in strengthening institutional project execution capacity.

While some national consultants hired by UNDP have been absorbed into the civil service, many have instead opted to go to the private sector or have been hired as consultants in other countries. Some of those interviewed attributed this to the substantial difference in salaries paid to employees hired by the Government and those hired by the UNDP. Although this problem is not exclusive to the Bolivian case, it was cited as one warranting further study, in the context of broader discussions on civil service reform.

Several officials interviewed stressed the need for greater harmonization of procedures between the Bank and the UNDP, particularly in the area of accounting categories. Some Bank sector specialists also noted occasional discrepancies in the UNDP's representation of Bank objectives in its project documents. When this occurred, they acknowledged that the Bank did not always exercise its objection prerogative when it should have, especially in project revisions or extensions. They also pointed out that, in some UNDP project documents describing their role in helping to execute Bank loans, there is scant reference, or sometimes none at all, to the Bank's role as funder of the project.

V. The Role of UNDP in Capacity Building

In the Tax Administration Management Support Project, UNDP played an important role in capacity building. Capacity building was an integral part of the project design. Both international and national consultants hired by UNDP trained Government employees in their respective areas of expertise. In other projects, however, capacity building was not among the services provided by UNDP. Government officials expressed the desire to have the UNDP play a greater role in strengthening capacity in those ministries and sectors where it is less developed, including in rural municipalities.

VI. Findings and Lessons Learned

Government officials interviewed expressed the desire to optimize the value for money of UNDP services. In the interest of making use of each institution's comparative advantage, they suggested that the UNDP should revisit its strategic orientation in the country and identify under-served sectors and geographic regions where their assistance was more urgently needed. Outlying provinces and municipalities, which in the context of the decentralization process are increasingly being required to take on project management roles, could benefit greatly from UNDP assistance. Those ministries that have not received loans from international financial institutions and thus have less institutional capacity to manage large public investment projects, might also benefit more from UNDP assistance.

Capacity building is a national priority. In some Bank-financed projects, capacity building is a component of the project, while in others, it is not. The development impact of UNDP interventions in project execution could be increased if capacity building were routinely included in the services provided.

One of the projects in the Bank's Bolivia portfolio was cancelled due to a failure on the Government's part to comply with its objectives. When the Bank's objectives are not being met, it is important to discontinue the project. This requires close coordination and partnership with the UNDP officials involved in project execution assistance.

A number of Government officials expressed the view that UNDP's comparative advantage was in providing assistance to those ministries and sectors with the least developed institutional capacity. Thus, UNDP's assistance should be more carefully targeted to ministries and sectors where it is most needed. In view of the broad variations in the level of capacity within the different ministries, the Bank should conduct more formal institutional analysis of government agencies before automatically including the UNDP in project administration. This would enable the Bank and the Government to tailor their request for services from UNDP to the Government's actual needs.

There is not a common understanding of the roles and responsibilities of the Government, the UNDP and the Bank among all the parties. These should be clarified within the context of the Government-UNDP agreement regarding the execution of Bank-funded operations. There should be terms of reference, or clear guidelines with respect to the work to be performed by UNDP. The concept of "management by results" should be introduced when the UNDP provides services to the Government in its execution of Bank-financed projects.

Some delays in disbursements were reported, which were attributed to a lack of coordination between the Government and the UNDP on budgeting. Problems are said to be due both to the Bank's excessive bureaucratic procedures and to fact that the PMU does not make the necessary provisions to effectuate the disbursement of counterpart funds. Coordination on budgeting and disbursement requirements should be improved.

In Bolivia, other agencies, such as the OAS and GTZ, have begun to enter into project-execution arrangements with the Government to manage Bank-financed projects. There should be more competition among administrative agencies, so that the Government could choose which project-executing agency best suits its needs.

PANAMA

I. Overview of IDB-UNDP Collaboration

A series of events coincided in setting the stage for a very intensive IDB-UNDP collaboration in Panama. In 1991, both organizations entered into a dialogue with the Government of Panama (GOP) to determine how best to support the Government's long-term economic recovery program. Many experienced government employees had left the public sector during the political turbulence of the 1980s, leaving the Government with limited project execution capacity. Implementing the economic recovery program required working on two fronts: first, flexible mechanisms to conceptualize and channel a substantial volume of technical assistance to the country had to be created. Second, effective ways had to be found to accelerate the implementation of public investment infrastructure projects.

As a focal point for loan and project formulation, execution, and coordination, the GOP established a Technical Coordinating Unit in the Ministry of Planning and Economic Policy (MIPPE). One of the Bank's preconditions for approval of public-sector reform loans and technical cooperation operations was that the UNDP assist this unit with project execution. The unit has served as the vehicle for a number of collaborative efforts between the Bank and UNDP in Panama.

II. Projects Reviewed

The following projects were discussed in connection with this mission:

Public Sector Enterprise Reform Program

On September 1, 1990, the GOP announced a comprehensive reform program to address important structural problems and provide for long-term economic recovery. The program called for deregulating the economy, fostering competition through trade reform, shrinking the size of the state through privatization, reforming the Social Security System, and improving efficiency in public sector enterprises.

In 1992, the IDB approved a loan (690/OC-PN) in the amount of US\$9.4 million and a non-reimbursable technical cooperation program (ATN/TF-4036) for US\$2.4 million to support the Government's Public Sector Enterprise Reform Program. Over 80 percent of these IDB program funds have been disbursed.

The objectives of these operations are (i) to restructure the telecommunications and ports sectors, to create independent regulatory agencies, and to develop competitive environments to promote efficiency and attract foreign investment; and (ii) to assist the institutions providing electricity and water and sewerage services to prepare financial recovery programs, action plans to increase efficiency, and private sector programs for the provision of selected support services.

The execution of the Public Sector Enterprise Reform Program is coordinated by the MIPPE through its Economic Program Technical Coordinating Unit and specialized technical units within each beneficiary public-sector agency. Four public-sector agencies are involved in the reform program: (1) telecommunications - *Instituto Nacional de Telecomunicaciones* (INTEL); (2) ports - *Autoridad Portuaria Nacional* (APN); (3) electricity - *Instituto de Recursos Hidráulicos y Electrificación* (IRHE); and (4) water and sewage - *Instituto de Acueductos y Alcantarillados Nacionales* (IDAAN).

At the Government's request, the UNDP is carrying out the overall administration of the technical assistance program, under the GOP/UNDP National Execution Modality, through a cluster of four projects: 1) Privatization of INTEL (PAN/92/003); 2) Port Sector Reform (PAN/92/004); 3) Electricity Sector Reform (PAN/92/005); and (4) Reform of the Water and Sewage Institute (PAN/92/007). For its services, the UNDP receives a fee of US\$248,000, which is three percent of the Bank's total reimbursable technical assistance operation.

The UNDP is to: a) help MIPPE's technical coordinating units prepare appropriate documentation required for the pre-qualification, selection, and awarding of contracts for all consulting services and procurement of equipment; b) present the consultants' progress and final reports; c) establish an accounting system that will produce reports to the technical coordinating units that accurately record financial transactions for the Bank's records; d) help in the presentation of disbursement requests; and e) ensure proper monitoring for sound project implementation in accordance with UNDP project monitoring practices.

Studies of the Inter-Oceanic Region

The Panama Canal treaties, signed in September 1977, regulate the transfer to Panama of the Panama Canal and Canal Zone. In the year 2000, Panama will take possession of 147,000 hectares of land and almost 5,000 structures, including housing, office buildings, schools, airports, and military installations. The reversion of the property in the Canal Zone will have a significant impact on the Panamanian economy and the spatial organization of the country's central region.

In September 1991, a steering committee set up by the President of Panama recommended the establishment of two entities: the Canal Administration Authority, to manage the canal's operation, and the Inter-oceanic Regional Authority (ARI), to manage the reverted properties. In August 1992, the GOP requested assistance from the Bank to implement the recommendations of the Steering Committee, particularly the development of a general plan.

In October 1993, the Bank approved a reimbursable technical cooperation operation in the amount of US\$8.3 million (778/OC-PN) to assist the GOP in financing studies needed for (i) the structuring and institutional development of ARI; (ii) a regional plan for the development of the inter-oceanic region which will define the permanent conservation requirements for the area's natural resources; (iii) a metropolitan plan for Panama City (Pacific) and Colón (Atlantic); (iv) a general plan for the use, conservation, and development of the canal area; and (v) support for studies conducted by ARI in coordination with the Ministry of Housing (MIVI). Over 85 percent of the funds have been disbursed.

The Executing Agencies for the components of the technical cooperation operation are (i) ARI for the regional and general plan and its own structuring and institutional development; (ii) MIVI for the metropolitan plan; and (iii) ARI and MIVI, with support from UNDP, which coordinates and supervises all components. As a condition to the first IDB disbursement, the GOP presented evidence that it signed a Project Document with UNDP, establishing the conditions under which it would participate in coordinating and supervising the studies. For the provision of UNDP services, the agency receives approximately US\$1.2 million from the IDB and ARI.

III. Role of the UNDP in the Execution of Bank-financed Operations

In Panama, the UNDP has concentrated its efforts on the provision of administrative and financial management services to national executing agencies. Under the UNDP's National Execution modality (NEX), it negotiates and manages personnel contracts, provides bridge financing and advances, conducts

audits, and manages payments of goods and services for the executing agencies. It has also established accounting and control systems and software for consolidated accounting systems.

IV. General Assessment of the Collaboration

IDB-UNDP collaboration in Panama has resulted in regular consultations between the representatives of the two institutions, exchanges of information, and significant cooperation at the project level.

Perceived Benefits and Value-Added

IDB-UNDP collaboration in Panama has been an important factor in achieving the objectives of Bank-supported operations in the country's Public Sector Enterprise Reform Program and plans for the reversion of properties from the Canal Zone.

For the Bank, UNDP involvement in IDB-funded operations has resulted in a more timely execution of programs and improved compliance with Bank rules, regulations, and agreement procedures. The provision of UNDP seed funding, bridge funding, and complementary funding for project preparation and execution enable potential IDB operations to advance without undue delays. UNDP outreach with other bilateral and multilateral donors and civil society organizations provides the Bank with opportunities to participate in development cooperation coordinating meetings at the country level.

For the UNDP, collaboration with the Bank increases the scope of development services that the agency contributes in the country and provides an additional entry point for advocacy and incorporation of sustainable development concepts in dialogues with government officials.

For the Government, UNDP participation in Bank-financed operations has improved transparency and efficiency in government contracting processes and disbursement procedures. UNDP collaboration in project execution has provided the Government with a source of knowledge of Bank procedures and access to proven mechanisms for contracting consultants and procuring goods and services.

Bottlenecks

IDB-UNDP collaboration in Panama appears to be on solid ground in reviewing the execution of projects for this report. Panama is an example of a country where the objectives of the 1990 Collaborative Agreement are being achieved. In order for the IDB-UNDP association to fully take advantage of future opportunities, a concerted effort is needed to put in place a more systematic and formal approach for managing the working relationship at Headquarters and country offices. To maximize the benefits of the collaboration for the Borrowers, the relationship at the country level should be formalized instead of the usual pattern of parallel but separate agreements between the Bank and the Government on one hand and UNDP and the Government on the other.

In spite of differences in procedures and regulations, the two organizations have managed to work out practical *ad hoc* arrangements, which have enabled effective collaboration in projects at the country level. However, differences in financial reporting, accounting practices, and auditing requirements remain as irritants and can serve as disincentives to collaboration in future operations.

Project Management and Supervision

Friendly relations exist between the IDB and UNDP country offices in Panama, although there are basic differences relating to the perceived role of each institution in the collaboration. The UNDP's main role

has been to provide national executing agencies with the operational and administrative inputs needed to strengthen their performance as effective executors of Bank-funded operations. In this capacity, Bank staff views UNDP as a contractor which performs certain services for a fee. UNDP staff, on the other hand, considers the agency to be the Government's partner, providing technical cooperation for the country's development.

Different regulations and operational procedures between the two institutions impede a fluid project execution process in collaborative efforts. Bank-financed operations are subject to audit requirements, which are not always compatible with those of UNDP. The awarding of contracts whose values exceed certain limits, when underwritten by UNDP on behalf of the government, may be delayed because UNDP regulations require referral to New York Headquarters for final approval. This points to the importance of establishing a referral base of accepted practices and procedures to which country offices can resort to avoid delays in finding compatible solutions to differing rules and regulations.

The IDB's portfolio in Panama has grown precipitously in recent years. Officials from the Bank and some of the executing agencies expressed the view that the UNDP's project implementation capacity had not kept pace with this growth, as evidenced by numerous delays in the provision of financial information. These delays, which sometimes prevent the timely replenishment of operating funds to executing agencies, have caused the latter to develop their own *ad hoc* mechanisms to circumvent cumbersome and inefficient UNDP procedures.

A positive feature of the technical executing units established to implement the Bank-financed projects reviewed is their self-sustaining capability, which limits their dependence on UNDP and Bank support. These units are vested in their counterpart agency and staffed by competent national officers. As a result, some of the capacity building and dependency concerns present in other countries are not found in Panama.

The objectives of Bank-funded operations are not always correctly represented in the project execution document signed between the Government and the UNDP. Budget documents are also changed and items are added that did not appear in the Bank's budget.

V. The Role of the UNDP in Project Monitoring and Evaluation

The UNDP's involvement in project monitoring and supervision encompasses the following activities: it reviews consultants' credentials, terms of reference, and work plans; it advises national executing agencies on consulting firms; and it provides on-site support when needed. It also provides technical advice upon request.

VI. Findings and Lessons Learned

The IDB and UNDP, two institutions with overlapping development mandates but different roles in the development process, have been able to overcome various differences in operating mechanisms to cooperate effectively in addressing the needs of the Government of Panama. The lending and programming capacity of the Bank, combined with the UNDP's project implementation support, have contributed to Panama's public-sector reform and restructuring process.

While the staffs of the two institutions agree on many things, they differ in their views of their respective roles in the IDB-UNDP collaboration. These differences result in a degree of frustration on both sides

and will continue to affect the search for a better working relationship in the future, unless they are dealt with effectively.

PERU

I. Overview of IDB-UNDP Collaboration

The collaboration between the IDB and the UNDP in Peru dates back to 1992, when the Government decided that the UNDP would support the implementation of Bank-financed technical cooperation programs, and with the Program for Institutional Strengthening of the Legislative Branch. Then in 1996, as result of a Bank's contractual condition for the Land Titling and Registration Program, the UNDP assumed the operational oversight of the execution and coordinated the services provided by the UNOPS for the procurement of international national goods and services.

In general, Bank and UNDP officials concur that the partnership has been productive and useful to project implementation. Most government executing units perceive the coordination and implementation support activities performed by UNDP as transparent but not efficient since in their view the UNDP adds unnecessary layers of bureaucracy. Misunderstandings have been caused, largely due to the lack of clarity on responsibilities assigned to each party in the execution process. One Executing Agency in particular felt that the UNDP's oversight role adds little value to the process. However, the review of the project documentation did not fully substantiate these complaints.

In general, sector specialists in the IDB country office found UNDP support to be useful. However, most Country Office Specialist have not seen nor were they aware of the purpose and objectives of the Agreement.

II. Projects Reviewed

Land Titling and Registration Project (PE-0037)

The IDB's contribution to this project is US\$21 million. The executing agency is the Ministry of Agriculture. The project's objective is to support the establishment of an open, flexible and transparent rural land market in Peru through the legalization of ownership of all holdings created under the agrarian reform; modernization and consolidation of the rural land registry, and establishment of a single, automated system for registering rural property. The project has four components: land regularization, cadastre, public registry and management, and monitoring of renewable natural resources. The project was approved in 1996 and is expected to end in August 2000.

The UNDP's role in support of this project was to contribute to the efficiency and transparency of a) contracting of national and international consultants; b) the procurement of goods and services, c) administration and financial reporting, and d) auditing. UNOPS was also contracted as a specialized agency to handle the large amount of procurement, bidding and contracting of consultants.

Institutional Strengthening of the Legislative Branch

The purpose of this operation was to support the government's efforts to strengthen the legislative branch, specifically, to modernize its technical capacity to draft legislation, increase its administrative efficiency, and improve its representative and oversight capacity. It was approved in 1993 and ended at the end of 1997.

The UNDP's role in support of this project was to contribute to the efficiency and transparency in the management of: 1) hiring national consultants, 2) managing procurement of equipment, 3) ensuring the proper processing of financial reports, and 4) coordinating audits.

Health and Sanitation Project

The purpose of the project was to conduct studies and activities enabling the preparation of sector reform programs, taking into account the role of Social Security and the other public and private entities of the health sector; to strengthen the Ministry of Health in its role as regulatory entity of the health sector, and the regional entities, in their coordinating roles. The Bank's contribution to this project was US\$68 million.

The role of the UNDP was to advise the Ministry of Health on the process for organizing international calls for bids and selecting bidders for the acquisition of equipment, medicinal products, and other inputs.

III. Role of the UNDP in the Execution of Bank-financed Operations

In Peru, the UNDP (bidding, contracting, procurement, bridge financing, financial support (payroll, payments to suppliers, etc.)

IV. General Assessment of the Collaboration

The IDB-UNDP collaboration in Peru was described by many of those interviewed as a mixture of good and bad experiences. While some noted its beneficial effects, such as the provision of bridge financing, the "umbrella" of objectivity and transparency, and a great many valuable administrative services, others expressed the view that the involvement of UNDP and/or UNOPS in project execution had had the effect of causing unnecessary delays in a number of stages of project execution.

To the evaluation team, it appeared that differences of opinion among the parties to the collaboration were not always aired openly and directly. Open lines of communication would undoubtedly help clarify a number of misunderstandings.

Perceived Benefits and Value-added

Among the benefits of the IDB-UNDP collaboration in Peru are the following:

For the Government, the UNDP's participation provides an image of objectivity and transparency in contracting, procurement, and disbursement procedures. The UNDP's presence in the procurement process also reduces the incidence of claims on the part of bidders and suppliers alike, which reduces costs and prevents delays. Because of its knowledge of IDB rules and procedures, it has improved the Government's capacity to satisfy the requirements and conditions of the Bank. In some projects, by providing the Government with access to effective mechanisms for contracting, procurement, and reporting, it has led to more expeditious project execution.

In an era of scarce resources in Peru's public sector, the UNDP enables ministries to concentrate on upgrading their technical capacity while the UNDP conducts some of the administrative tasks for which capacity is lacking in the Government. Finally, by providing standardized procedures and training in their use, UNDP has strengthened the Government's own project execution capacity.

The UNDP provides bridge financing for potential IDB operations, while the Bank's prior conditions are being satisfied. It also provides advances when needed to maintain smooth project operation. For example in the design phase for the Program Land Titling and Registry Management, the UNDP gave the government a bridge loan for US\$590,000 which were reimbursed four years later, after the project was approved by the Bank.

For the Bank, the collaboration facilitates the fluid and transparent execution of projects as well as compliance with Bank policies and loan agreements. It also provided continuity in the dialogue with the Government, at a time when the Bank's own relations with the Government were strained.

For the UNDP, the collaboration has increased the scope of development service activities it can provide to the Government. It offers the UNDP opportunities for advocacy and greater leverage in its areas of interest, such as public sector reform, social development, and environmental protection.

Bottlenecks

Government and IDB officials in Peru reported a number of bottlenecks resulting from the collaboration. First among them were considerable delays in project execution caused by added layers of bureaucratic procedures. Long delays in resolving each step of the bidding process were reported. (The UNDP claims that these delays were due to the fact that the executing agencies did not always follow the correct procedures.) The UNOPS' requirement of 100 percent of payments up front for goods and services frequently created cash-flow problems for executing agencies. UNOPS' prohibition against direct payments from the Government to suppliers created additional inefficiencies and delayed payments.

Some executing agencies reportedly found UNDP's budget system to be confusing. There have been disagreements over some of the suppliers recommended by UNDP through the competitive bidding process, and Bank staff reported that some of the consultants recommended by the UNDP did not meet the project requirements. These disagreements are not always aired directly between the parties, which leads to further misunderstandings.

Project Management and Supervision

The relationship between the Bank, the UNDP and the executing agencies has been, for the most part, cordial and productive. On a number of issues, however, the views of each of the three parties to the partnership are vastly different. For example, while the Government and the Bank consider that the need for the UNDP's project support services has diminished as the Government's capacities have strengthened, the UNDP considers that Peru's public sector has not yet "graduated." Some government executing agencies, however, prefer to have the UNDP involved in project execution regardless of their capacity, because of the added transparency and objectivity which UNDP's involvement provides.

The objectives of Bank-funded operations are not always represented verbatim in the project execution document signed between the Government and the UNDP.

Project Monitoring and Evaluation

V. The Role of UNDP in Capacity Building

At present, capacity building is not a component of any Bank-financed project in Peru. Bank officials concurred with the UNDP that there was still a great need to strengthen institutional capacity in Peru. They expressed the hope that the UNDP would increase its capacity-building role in Peru.

VI. Findings and Lessons Learned

The roles and responsibilities of the Government, the UNDP and the Bank need to be clarified within the context of the agreement between the Government and the UNDP for the execution of Bank-funded operations.

The Bank should carefully review the agreements between the UNDP and the Government and exercise its objection prerogative wherever necessary.

UNDP Evaluation Mission Thematic Summary of Interviews

The following is a thematic summary of interviews of representatives of the IDB, UNDP and executing agencies (EAs) in Argentina, Bolivia, Peru and Panama, conducted from April 11-29, 1999.

General comments on UNDP participation in Bank-financed projects.

IDB BO	In general, the relationship has been successful.
IDB PE	We have had a mixture of very good and very bad experiences.
IDB PE	Overall, the relationship has been positive.
IDB PN	The relationship has had its ups and downs.
GOV BO	The relationship has been important overall.
GOV BO	The relationship has been positive. UNDP has enabled us to concentrate on the technical aspects, while it manages the administrative aspects.
GOV BO	UNDP has been key. They supplied us with an excellent technical advisor. The cost was high, but the team of international consultants helped the government to reorient policies and train our people.
GOV BO	Sometimes it works well, sometimes not so well.
GOV BO	The relationship between IDB, UNDP and the Government has been excellent. There have been some problems, but they are quickly resolved.
GOV PE	UNDP has been a great disappointment. Far from contributing, it has caused us delays.
UNDP BO	Here, we have had a most productive collaboration. We have all gained from it. The relationship at every level has been good.

What is the role of the UNDP in Bank-financed projects?

IDB BO	Bridge financing. Hiring consultants requested by the Government.
IDB BO	Bridge financing.
IDB BO	Laid the groundwork in the areas of public investment and customs.
IDB PE	Bridge financing, funding advances; double checking of paperwork.
GOV AR	Provides an administrative and financial framework for project implementation. Provides the authorities with a special "legal framework" since it has its own norms, which are more flexible. Without it, it would be impossible to get the projects done. Within the UNDP's legal framework, there are no special privileges, nor will bids be challenged.
GOV AR	Managed the cash flow, verified compliance with substantive activities.
GOV AR	Provided technical assistance to help us rethink and redesign the second phase.
GOV BO	In the first phase, the UNDP played a leadership role. It was practically the central player. But by the third operation, the UNDP began to be less important, because the EA had built capacity. UNDP's role became one of funds administrator and expeditor of bureaucratic processes. Now, the Government manages the fourth operation. PNUD is no longer needed.
GOV BO	It enabled us to concentrate on the technical area. UNDP selected national and international consultants.

GOV BO	The technical advisor obtained for us by UNDP was key. The international consultant team helped the Government reoriented its policies and trained our personnel.
GOV PE	Hired consultants. They prepare the contract and manage payroll. Purely administrative. UNDP does a good job with payroll.
GOV PN	Treasurer. Manages payments.
GOV PN	Helped with hiring consultants. We want UNDP's help in hiring. It implies more rigor in the commitments. They provide access to an extensive list of consultants.
GOV PN	UNDP has helped us expedite the "Acto Publico". We are able to skip a number of phases and go right to the Acto Publico. They prepare certain contracts. They pay consultants. Serve as cashier. They do not do bids, since most of our purchases are of low value and local.
UNDP PN	We provide: direct payments, bridge financing, payment advances, purchase orders, personnel contracts, financial and accounting control systems (software). Monitoring and evaluation services include: checking terms of reference, reviewing work plans, conducting visits and support. We give specific support as needed, we help EAs identify consulting firms. We issue payments, we make recommendations about issuing credit and provide technical opinions. We also provide complementary financing, auditing, on-site support, and finance consultants. We provide guarantees in cases above \$30,000 and we present these cases to the Local Contact Committee.
UNDP AR	What the UNDP seeks for the country is: to accelerate the development process, to develop local capacity, and to provide transparency in the process. UNDP is able to execute projects at a lower cost, and at a lower risk for suppliers and service providers.

Do Bank-financed UNDP contracts clearly reflect the Bank's objectives and procedures?

IDB PN	Sometimes their project documents differ from ours. They change the budget, make it more detailed, sometimes they add equipment that was not there. Their contracts should reflect the original IDB documents.
IDB AR	In the Youth Project pilot project, one finds the Bank's "no objection" in the file, but not in the subsequent "revisions."
IDB AR	No. They do not translate our objectives exactly. This means we must review the contract line by line. It is an enormous waste of time for us.
IDB PE	They could never get away with that here.
IDB BO	Sometimes their consulting contracts reflect more the UNDP's format than the IDBs. They observe our rules only to a point.
IDB BO	Not always. Sometimes they make payments without our knowledge. With the national dialogue, I received all the paperwork after the fact (method of selection, the slate of candidates, the selection of the candidates, and the final report).
IDB BO	Sometimes they follow all the procedures and sometimes they say, "this consultant has done this before, he did it well, I am going to hire him again." UNDP should follow our rules to the letter.
IDB BO	The UNOPS followed the IDB's rules exactly, but UNDP is more lax. UNDP is less costly but much more deficient.
IDB BO	The UNDP copies the objectives which appear in the IDB-Government agreement, but within the structure of a UNDP project.

How did UNDP become involved in this project?

- IDB PN The Executing Agency requests UNDP, because they cut out some of the bureaucracy.
- IDB AR In the Youth Project, they were involved in the pilot project. Then, through a series of “revisions” to the pilot project, resources were allocated for their continued participation.
- IDB PE It was included in the original Agreement.
- GOV PE The UNDP put pressure on the Government to get this project. The Ministry of Economy was against it, because they had had a bad experience with another project. But the UNDP gave \$300,000 as bridge funding.

What is the value-added of UNDP participation for the country? For the IDB?

- IDB AR The UNDP is a great help in projects with large volumes of contracting and procurement. UNDP gets EAs to stay within the project schedules.
- IDB AR IVA tax exemption.
- IDB AR IVA tax exemption. The EA does not have to comply with local laws on hiring consultants. Consultants paid by UNDP earn more.
- IDB AR None. Merely a financial arrangement between Government and UNDP.
- IDB AR They have provided a couple of consultants to us.
- IDB AR They provide an “umbrella” that protects the EAs in their procurement.
- IDB BO None. They make the operation more expensive.
- IDB BO The advantage of UNDP is supposedly that they can bring in goods, but it doesn’t work. There is no tax exemption. In #880, they were unable to handle a merit competition inviting six universities to participate.
- IDB BO UNOPS helped with international bidding.
- IDB BO Provides transparency.
- IDB BO They provided administrative capacity when we didn’t have it. They provided bridge funding. These things were important at the time.
- IDB BO Provides transparency in contracting. Facilitates procedures. Provides good project administration.
- IDB BO Training. We were able to get a team of highly qualified people.
- IDB BO The value-added for the Bank has diminished considerably since UNDP Replaced UNOPS, since we now have to check everything carefully.
- IDB PE The image of UNOPS as an international entity that guarantees independence and transparency in technical procedures. It helps the Ministry avoid challenges to the bidding process.
- IDB PE It has been good. They handled the bidding process.
- IDB PE They provide transparency, protect officials from political pressures in the bidding and procurement process.
- IDB PE In the projects I have managed, there has not been even a suspicion of corruption. There have been mistakes due to lack of capacity, but not to corruption.
- IDB PE UNDP requests from the Government a refund for part of the taxes paid.
- IDB PE UNOPS is useful for international bidding. They know what they’re doing. In procurement, in large procurements, I prefer to have UNOPS involved, because of the pressures from bidders—visits from bidders, etc.
- IDB PN Makes the process flow better, bypasses bureaucracy. According to the Ministry of Planning, the UNDP gives them “cobertura” although they slow down the process.

- GOV AR Tax exemption on everything above \$1000. Represents a savings for the project. Also, the ability to hire highly qualified people quickly.
- GOV AR UNDP gives an “umbrella” of transparency to the project, provides “legal framework” which enables the project to be carried out.
- GOV AR In the Youth Project, because of the change in the authorities, the UNDP did not protect the personnel from being fired. Whether they protect the consultants or not depends on the cooperation of the authorities. If they are willing to cooperate, it works, but if not, then it doesn’t.
- GOV AR UNDP conducted a seminar on the logical framework. They hired our ex-director. A series of workshops were held at the end of 1997. These were suspended when the director was changed. They were financed by UNDP as part of its support services.
- GOV BO It provided bridge financing, transparency, and shortened the contracting process. Enabled the contracting to proceed without political pressures.
- GOV BO The training provided to our personnel by the international and national consultants provided by UNDP. (This Government has avoided the changes in personnel when a new government comes to power. It keeps qualified staff regardless of their political affiliation.) UNDP contracts provided protection from political pressures to change qualified staff.
- GOV BO I personally prefer to have the backing of UNDP in accounting, administration, etc. because of the transparency which they provide.
- GOV BO UNDP ensured that the resources were correctly managed. It provides the guarantee that they are managed correctly and transparently. Personally, I prefer to have PNUD’s support in accounting, administration, etc.
- GOV PE In international bidding, UNOPS is necessary, although they delay the process.
- GOV PE For the Government, UNDP participation provides transparency.
- GOV PE The value-added is negative for the project. I don’t want to place all of the blame on UNOPS.
- GOV PN None. Zero. They do not expedite anything. They invented more steps. They were supposed to shorten the payment time, but they have lengthened it. We have to be calling them up constantly.
- GOV PN At first, they were efficient. They were like a guarantee for suppliers. The laws of the IDB prevail over the national laws. However, as for preparation, review of documentation, the UNDP is no help to us. They do not conduct analysis. They are the cashier.
- GOV PN In some cases, when the budget you submit is not approved, the UNDP makes payment advances so that the project can continue. It used to do that. Now, we are working with the rotating fund concept, in which, if I spend \$4 million, I must justify those expenses before the funds can be replenished. There is one big account. UNDP pays but does not maintain good records. For this reason, we must have three accounting systems.
- GOV PN They provide an umbrella of transparency, security. Suppliers are more confident that they will be paid. The 3% we pay them is worth it, because they expedite the programs. Consultants also feel more secure, because they know the time period in which they will be paid. It also provides prestige to consultants, to have a UNDP consultancy on their resume.
- GOV PN Relative. This project was designed with four ministries involved. It has become a monster. In the previous phase, we used the Bank’s services, which enabled us to hold the bids within the scheduled time frame.

- UNDP PN One of the most important added values provided by UNDP is the credibility it offers in the country. After 1989, the banks were closed for six weeks. A large part of the economic and political stability of today can be attributed to the campaign that UNDP has waged in favor of credibility—in the Canal, etc. These are the intangibles. UNDP is involved in all of this. In the early 1990s, there was very little capacity in Panama. UNDP played a very important role in processing payments, and provided an “umbrella”, especially in the modernization of the state-owned enterprises. The “Dynamization” project is conducted under the transparent image of UNDP. UNDP has contributed not only to effective payments, but to the reduction in “discretionality” of mid-level managers. When UNDP is involved, corruption is prevented. Sometimes, this is a very delicate role we play inside the ministries.
- UNDP PN UNDP processes 11,000 payments per month. Payment vouchers sometimes reach 60,000 per month. The Operations Unit processes all these payments for national projects.
- UNDP BO The value-added is the high level of dialogue and close relations that the UNDP has with successive governments. This is our comparative advantage. Also, our ‘capacidad de convocatoria.’ In training courses, UNDP courses are taken seriously. Our credibility with civil society is very great. Also, UNDP provides bridge financing and resources. We also provide transparency, accountability, and good management of sub-contracts. Also UNDP has the ability to resist political pressures.
- UNDP AR At first, we developed procedures to work with the Government. Then, these procedures were applied to other projects. This enables EAs to expedite project implementation. The difference in procedures between a project in which UNDP is involved and one in which it is not is enormous. The “legal framework” issue is fundamental. If a loan were implemented by the Government directly, it would imply the use of all its procedures, which is one of the main factors which delays projects. The Basic Agreement enables the possibility of using the norms in the agreement. They comply with norms of transparency, but they are not subject to the government’s bureaucratic procedures, because the UNDP has immunity from regulations that complicate bids. One of the factors that causes delays is the fact that the IDB projects do not cover the taxes. The Government, in order to execute the project, would have to pay the tax. But it doesn’t have the money. However, under UNDP, projects are tax-exempt. This is one aspect which facilitates implementation.
- UNDP AR I don’t see how the consultants would have been hired without UNDP. This was the most important contribution, given the number of hirings. Without UNDP, the process would have gotten completely jammed up. Another UNDP innovation is the rotating fund (“circuito de fondos”). Each project has its own account. As it uses up the funds, they are replenished, upon request for an advance.
- UNDP PE Bridge financing. (IDB projects are less than four percent of our portfolio).
- UNDP PE “Transparency” is not just preventing corruption. It is also a political weapon, against political pressures.
- UNDP PE The case of UNOPS illustrates this point. For a while, we intended to close UNOPS. But at that time, a number of scandals broke out. After conversations with the government, they decided to renew our contract for another three years.
- UNDP AR Without UNDP, they must apply the national law. To prevent corruption, this law is very complicated. When a bid is challenged, a bidding process can be stopped for two years. There are great delays for beneficiaries in receiving the benefits of the project.

UNDP AR As far as the IVA, the UNDP is not an alternative to the private sector. We don't have our own specialists. We're interested in developing local capacity. The private sector has more security when the UNDP is involved.

UNDP AR Another important value-added is that, when the Bank gets involved in areas where it is not familiar (e.g., in social sectors, the environment, etc.), they use us as a trial balloon. After that, the IDB enters strong.

UNDP AR UNDP has greater flexibility to spend small amounts than IDB.

UNOPS PE The Ministry could not possibly have handled the number of purchases that we have had. They have a greatly reduced staff. It is a higher priority for them to strengthen specialized care personnel than their purchasing department.

What are the bottlenecks caused by UNDP's participation?

IDB PE UNOPS requires 100% payment up front, which creates cash-flow problems for the UAs. UNOPS does not allow direct payments to suppliers, which creates inefficiencies.

IDB PE UNOPS has caused considerable delays.

IDB PE UNDP irritates the EAs, because they add bureaucracy, create more work.

IDB PE UNDP doesn't help. When the EA has a problem, they come to me. We sit down with the EA, we teach them what they are supposed to do.

IDB PN Our country program has grown considerably. UNDP does not have sufficient capacity to manage all the programs.

IDB PN In financial department, they add more procedures, more steps.

IDB PN EAs do not receive the justification of payments in a timely manner. UNDP maintains a single account, which slows the accounting process.

GOV AR Any delays in payment are the responsibility of the EA, not of the UNDP.

GOV AR Delays were not due to UNDP, but rather to changes in the authorities. I do not know of any delays in the financial area due to the UNDP.

GOV AR The delays had nothing to do with UNDP. They were due to the changes in the authorities. The new authorities at first tried to do without the UNDP, but they changed their minds, because UNDP facilitated hiring and provided the "legal framework."

GOV BO There have not been bottlenecks. Problems are more the Government's and the country's fault.

GOV BO Disbursements are always late, in part because of delays on the part of the local counterpart.

GOV PE To resolve each step of the bidding process, it took months. We sent UNDP a strongly worded note. Their budgeting was confusing. It improved, but it is still problematic.

GOV PE Last year, they caused us big problems by delaying the payment to one of our suppliers.

GOV PE The procedures of the two organizations (IDB and UNDP) are completely different. Two sets of rules.

GOV PE The delays are the fault of UNOPS. The back-and-forth of documentation that they require for the bidding process takes too long.

GOV PN Instead of expediting payments, they have lengthened the time. They invent extra steps.

GOV PN The delays are in the payments and in the recovery of the payment justification documents.

UNDP BO All of the problems that we had in Guyana were due to the presence of

- UNOPS. Within the NEX modality, the responsible party is the Government. The Government delegates some responsibilities to UNDP. With UNOPS, however, the responsible party was UNOPS, in New York—for hiring, purchasing, accounting reports, international bids. But UNDP manages locally. The Government retains the authority.
- UNDP PE Although the EAs blame UNDP for delaying the bidding process, the problem is that they do not take the time to follow the procedures correctly. This means losses for UNDP. It requires much more work on our part. We have documented many of the problems in order to try to improve the situation. Much of the problems have to do with turnover of personnel in the EAs too.
- UNOPS PE There is not much delay in the bidding or in the preparation of specifications. What the MINSA doesn't like is my financial administration. The UNOPS fund generates interest. The ministry can only get access to them six months after the end of the fiscal year. It is difficult for them to get a hold of those balances, or for me to know how much is available (this is managed in New York). Is a very bureaucratic administrative process. This is the main delay: the delay in my ability to provide answers to the MINSA's questions on financial matters.

What other problems are associated with UNDP participation?

- IDB BO They pay much higher salaries to consultants than we do.
- IDB PN Salary differential between officials paid by UNDP and those paid by the Government.
- IDB BO Their accounting categories are different from ours, which it makes it difficult to identify expenses. They used to use a different exchange rate in the accounting, but they now use the same one as we do.
- IDB BO UNDP is too close to the government. The consultants hired by UNDP to conduct the national dialogue were all pro-Government, some were Government officials. Therefore, the dialogue lacked objectivity.
- IDB PE Salary differentials between the EAs and Government employees creates friction.
- IDB PE With the legislature project, I began to have doubts about the UNDP. They took longer, and when I reviewed the lists of candidates chosen, I saw that many did not meet the requirements. I decided to review all the candidates myself.
- IDB PE There is tension in the Land Titling project, because the EA is saying, "We can manage it ourselves."
- GOV PE They have too many projects, too little capacity.
- GOV PE We have disagreements with UNDP over several of the suppliers that they want us to accept. We don't accept them, because one gave bad service to the Armed Forces, and the other is involved in a dispute with another firm. Until that dispute is resolved, ethically we can't accept them. UNDP says, there is no ethical reason involved. The curious thing is that they are trying to direct us to accept a company that we do not want to hire. They also want to direct us to contract a foreign firm, when this is against our law, for national security reasons.
- GOV PE The delays caused by UNDP prevented us from doing the aerial photography while the weather permitted. Now we will have to wait another year.
- GOV PN Sometimes, UNDP doesn't know where the payment is. They don't know when the product or service was delivered. A consultant was hired to review the "tramites", and all he did was invent more steps. To establish parallel structures, they charge us 3 percent. We have to keep three sets of accounting books! To respond to three different sets of procedures.

- UNDP PE We have very big “transparency” problems. But the IDB task manager has completely discounted them. But we know there really are problems. It is our job to advise the IDB if problems exist.
- UNOPS PE From the bidding point of view, the problems are at the point of delivery. The reports are incomplete. There are problems with receipts and documentation.

What measures have been taken, or have you taken, to correct the bottlenecks or problems?

IDB PN The salary differential was discussed at Cabinet level.

GOV PE For bids of less than \$200,000, we request the no-objection of the IDB, and then we request payment from UN. Even so, they cause us problems, saying that some of the paperwork was missing. They think they have a say in the matter. Their evaluation committee makes its own evaluation, even after we have chosen the products we want. We have made the decision to go directly to the IDB, inform them of our reasons, and by-pass UNDP.

GOV PE We have had three meetings with UNDP, set up by the IDB.

GOV PE We are nearing the end of the project, and we still don’t have the equipment to get the work done. The IDB gave us the no-objection to rent it. We have rented equipment while the bidding process is stalled.

GOV PN We have invented our own accounting system. We have two accountants working on it, which is what has enabled us to be able to produce three different sets of accounting reports [for INB, UNDP, and the Government].

GOV PN Because of the long delay in PNUD’s turning over the payment justification paperwork to us, we have gotten around this by asking the suppliers to send us a copy of the check that Citibank sends them. This is acceptable to the IDB [for them to authorize replenishment of the revolving fund]. This is how we have bypassed UNDP to expedite the payment justification process.

GOV PN Although there are just a few of us, we have taken the initiative of reducing the procedures between the UNDP and us.

GOV PN Through the MIPPE we have made an effort to reduce this time to one week, but it has been difficult. It takes too long. There is a new system, and can’t say if the addition of Citibank will expedite the process or not for the suppliers. But, the suppliers are the ones who feel better having UNDP involved. They feel more secure that they will receive payment.

UNDP PN We have developed a system, a platform, which can be imported into any other system.

UNOPS PE With MINSA, we solved the delivery problem by asking the providers to give MINSA a “recibi conforme” form. It doesn’t always happen. Sometimes, out in the countryside, there is no one to sign for a delivery. But, we have proposed a measure: if we don’t receive any complaints about the goods within 30 days, we assume it got there safely and without defects, and we pay.

Ownership Issues/Dilution of IDB Accountability

IDB AR In the UNDP document, the Bank’s funds appear as if they were UNDP’s.

IDB BO As soon as the UNDP is in the project, the IDB disappears. They say, it is the “UN format.” The IDB loses its rightful place. We have discussed this with them, and in future projects they are going to change the wording.

IDB PE Constant battle. They act as if the funds were theirs. This should be negotiated at the Government level, so that the IDB is recognized.

- IDB BO It is very annoying. Our loans appear as UNDP projects. This has not changed. The Bank should demand that the contract clearly state that the funds are IDBs and that the UNDP is merely an executing agency.
- IDB BO This has always been a problem. The UNDP becomes the interlocutor with the Government. The loans become “UNDP projects.”
- IDB PE UNDP acts as if they were the funders. UNDP puts its own name, number and title on our projects.
- IDB PN The “ownership” causes irritation among our group, although we have a rather high profile here, so it is not too much of a problem.
- UNDP BO I don’t see UNDP as diluting IDB’s accountability. We would like to play a more substantive role in project monitoring. We are prepared to provide financial monitoring services. It is in our interest to see that IDB performance indicators are met. We are not satisfied with the role of mere administrators.
- UNDP BO It is said that, once the loan becomes a UNDP project, the IDB “disappears.” I don’t see it this way. This project is yours. I have said to our people that, in every publication, the IDB’s name, its logo, should appear, alongside ours. I am constantly reminding them of that. Some colleagues do not agree with me, others do.

Graduation Issues

- IDB PE UNDP’s role has diminished here, as capacities have strengthened. The Government is attempting to use them less and less.
- GOV BO The fact that we no longer need the UNDP is a mark of UNDP’s success. EAs are not all alike. Some have a great deal of capacity, while others have little, especially those that have not had the benefit of the technical assistance associated with structural adjustment. The UNDP should work with these weaker, more difficult ministries.
- GOV BO Tomorrow, if there’s a project, we won’t need UNDP. We can do it ourselves. I don’t discount the possibility of working with UNDP, but as time passes, we have more and more capacity to do it ourselves.
- GOV PE The public sector has matured sufficiently to do without UNDP. We still need it for hiring international consultants, but the Government has efficient systems for everything else.
- GOV PE Today, the terms of the loan contract are not working. The hiring should be done by the EAs themselves, and the UNOPS’ participation should be reduced accordingly. The UNDP’s procurement procedures are neither as fast nor as clear as we would like them to be. In some cases, they try to lead us to companies we do not want to hire.
- GOV PE We have a steep learning curve. Our personnel have learned a lot. We have an administrative structure that works very well. In 1996, we couldn’t have negotiated but today, we could develop a contract.
- UNDP PE “Graduation” is not only a corruption issue. It is not a problem of technical capacity. It is not about accounting. It is about looking to see what the real problems are. There is a great desire for graduation.
- UNDP PE The UAs act as if we wanted to keep them tied down under us. This is not true. We are in favor of graduation. In the Customs Modernization project, they said they wanted to do the next phase by themselves, and we said great. In other projects, we have already withdrawn. The consultant team is already working in the Government.
- UNOPS PE At first, we anticipated that the ministries would graduate. But the institutions themselves decided that it was more important to keep themselves from ending up in jail. They do not want us to transfer the capacity. We work the way the

Government wants us to. Peru is beginning to work. A surplus is building up. The money came before the capacity. The needs of the country continue.

How could the UNDP improve its services to the IDB/executing agencies?

- IDB AR The UNPD could assign a technical person to help us with project administration, project inspections.
- IDB PE The UNDP should act as a service provider. They should develop a new vision of their role.
- GOV BO The UNDP should help with the decentralization process. Bolivia is decentralizing public investment. Municipalities do not have much capacity. They could help the municipalities.
- GOV BO Would have appreciated more technical support from UNDP. The CIAT offered technical cooperation to the executing agency.
- GOV AR We asked UNDP to exchange experiences with other youth projects, in other countries. Two-day meetings would be very useful, yearly, or on a regular basis.
- GOV PE The UNDP should simplify and harmonize its procedures, not further complicate matters.
- GOV PN They should treat us like clients, provide us a service (and not tell us, “when you have a problem, call Citibank”)
- GOV PN Clearly, the demand for UNDP’s services exceeds its capacity. They should improve their internal systems.
- UNDP PN Sometimes we duplicate efforts. We have discussed with IDB the idea of forming a joint committee. We should be in constant contact with the IDB, be more accessible. It would be good to do joint project monitoring. We have regular meetings with IDB officials (every 3-6 months) to discuss different aspects of our work. Last year, I attended a training seminar at IDB, to learn about its policies and procedures. I was able to make personal contacts there, which have helped our work.
- UNDP AR When the EAs have weak points, we should come in and provide consultants to help them with their problems.

What role does the UNDP play in local capacity building?

- IDB PN It would be important for UNDP to transfer technology to the executing agencies in the financial area, which they do not do.
- IDB PE UNDP does not transfer technology to the Government about the technical aspects of bidding and procurement, which it should.
- IDB PE UNDP should be like a school. To date, they have not done this. In Peru, they have viewed their role as a money-making venture.
- IDB PE We do capacity building, by having our assistants and our specialists work with EAs.
- IDB PE In future projects, we want to ask UNOPS to play a greater role in transferring capacity, which to date it has not done.
- IDB BO They did not provide training. UNOPS had a roster of consultants, from which it selected and presented candidates to the Government.
- IDB PE UNDP should create capacity, transfer know-how. They should change their modus operandi.
- GOV AR UNDP contributes to capacity building by hiring trained consultants and by providing software which simplifies project administration.

- GOV BO In the case of the Tax Reform project, training was a component of the loan. The consultants had to develop systems and transmit knowledge and procedures to the personnel. They have trained the majority of our people. All consultants, according to their area of specialty, have trained our staff. As a result, the national staff has gradually replaced the consultants. From the initial 20 international consultants, today we have only one.
- GOV BO This is where I am most critical. There has not been transfer of knowledge from PNUD. They have not contributed in this sense.
- GOV BO The training was a component of the loan. The consultants had to develop systems and transfer knowledge and procedures. They have trained the majority of our staff. All of the consultants, according to their specialty, have trained our people. As a result, national staff have been replacing the consultants. From 20 international consultants, today we only have one.
- GOV PE None. We already had the capacity. Since 1995, we have been operating with our own procedures under Peruvian law. Except for international bids.
- UNDP AR We have developed a manual for all projects executed nationally. The norms are those generally accepted for everyone, and respond to transparency needs. It is based on the Acuerdo Basico, which has the force of a treaty. It is being revised to take into account the different requirements of each international organization. This will be an advantage for both the IDB and the UNDP. This will facilitate project implementation.
- UNDP PN There are two elements in “capacity”—technical and political. From the technical point of view, there may be a lot of capacity. There is a lot of technical capacity here. But from the political point of view, even if the institution has the technical capacity, it does not always want to exercise it. Capacity building is not a technical problem. People change, they don’t remain in the institutions, there is no real civil service. In Panama, management of public projects is centralized. This is a cultural issue. For example, the Contraloria signs every payment. The UNDP has enabled the country to decentralize payments.

Does UNDP provide technical assistance? Does IDB provide TA?

- IDB AR UNDP has no permanent sectoral specialists, unlike IICA and FAO.
- IDB AR At the end of 1997, UNDP sent a technical assistance team to create training modules to help the institutes teach courses by standard modules.
- IDB BO The technical assistance is minimal.
- IDB AR They do not provide technical assistance. They provide administrative assistance. They provide experts through the executing agencies.
- IDB PE They get involved in the technical aspects of bidding and procurement process. They do an internal technical evaluation.
- IDB PE Here, the UNDP is not considered a technical agency but rather an administrative. They don’t get involved in substantive issues. They don’t have “poder de convocatoria” in areas such as poverty, management, etc.
- IDB BO UNDP doesn’t have the technical and professional capacity that we have.
- IDB BO UNOPS was involved in both administrative and technical aspects (e.g. developing consultant profiles, terms of reference, reviewing consultant reports). But UNDP’s function is purely administrative and financial.
- GOV AR Yes, UNDP plays a part in the technical aspect. Once the controls are determined, it guarantees that there will be no extra-budget expenses. Each project has its own account. We do a monthly report. The UNDP submits a quarterly report to the IDB.
- GOV AR Our financial system is integrated. That is, the system is the same for the

- Government, the UNDP and the IDB. The importance of the UNDP is in the area of financial control.
- GOV AR The UNDP enables us to manage the project funds independently, while projects without PNUD's participation must use the Universal Account (Cuenta Unica de la Tesorería), which takes much longer.
- GOV AR We received technical assistance from UNDP on the mid-term evaluation and the design of the second phase of the project, which helped us redesign the second phase. They brought consultants from Spain. They helped us design the modules and provided comments on the microenterprise component.
- GOV AR The UNDP helped us improve our impact measurement model. They helped us understand the logical framework better. We have had seminars, workshops, on different topics related to the project.
- GOV BO The UNDP provides administrative supervision, while the IDB provides technical supervision.
- GOV PN No. We developed our own project document. When we arrange another TC, we will ask UNDP to develop the project document. We use the IDB document as our basis, since these have in principle already been approved, and elaborate our own projects documents.
- UNDP PN The UNDP has helped by hiring a consultant to install an on-line accounting system. Reports of interest to the Bank, the project, and the UNDP can be generated from it. It helps the work of both organizations. We do not demand a format that is not compatible with the IDB's' format.
- UNDP AR We provide TA in some areas, such as: environment, gender, public management, projects in the provinces.

What are the cost issues?

- GOV PN Until now, we had not realized that the three percent included 1.5 percent for the MINSA. When we asked what they had charged against that, they couldn't tell us. They continue to manage it as one big fund. (The IDB also makes mistakes in its accounting. This has been the key to our success. So many accountants! The more accountants, the better!)
- GOV PN Of the 3%, 1.5% is for UNDP, 1% for the MOP, and 1.5 is for the MIPPE, for purchases, etc.
- UNDP PE Sometimes, IDB has authorized a payment even when the firm or product chosen has been the most expensive of the three options presented. I go ahead and pay it, because the IDB has authorized it.

What are the communication/coordination issues?

- IDB PN We coordinate with their financial office, to reduce the time required to approve disbursements.
- IDB BO When UNOPS existed, we were in constant contact with IDB. The IDB didn't have to fight with the Government, UNOPS was there for that purpose. I believe that today things are different. The IDB must interact directly with the Government. Before, it was more of a coordinated effort.

- GOV BO As far as the coordination between UNDP and IDB with regard to institutional strengthening courses, etc. This is the Government's role. If the government doesn't coordinate it, nothing will happen. Today, in Bolivia, this works quite well (through the Vice President's office)
- GOV PE We met with UNDP last week. We gave them a draft addendum of the contract. We don't want to get rid of them altogether, but rather to reduce their participation down to the strictly essential. We want to manage the payment of wages to the day workers, the work groups, not the bids. We want to manage the smaller things.
- GOV PN We do not have direct communication with UNDP. The contract is between UNDP and the MEF.
- GOV PN Sometimes there are complications in the communication process. There is sometimes a lack of communication. We know who we want to hire, what are the terms and conditions. We find ourselves in the middle, between the consultant and UNDP. The UNDP should be consulting with them directly, not with us.

What is the development impact of UNDP participation?

- IDB AR The IDB and the UNDP provide more credibility, greater transparency to certain processes. The "pliego" is a guarantee for managers.
- UNDP AR We understand this dilemma. However, for example, in provinces. The projects executed by the government have so many problems derived from its extreme bureaucracy. The administrative costs are prohibitive. So much so, that in 1995, the Ministry of Finance reached an agreement which led to modifications in the Government's rules which enabled projects to be implemented easier in the provinces. With these changes, we were able to transfer 150 projects to the provinces. At first, this was wonderful, but with time, the original advantages have been lost.

What are the reporting issues, if any?

- IDB PN The financial information they submit to is not adequate. We require invoices, they do not submit them.
- IDB PN The Resources Utilization Report They do take note of the problems.
- IDB BO UNDP's reports are no good. They are very brief, and they are not submitted on time.
- GOV AR The narrative part of the reports is practically the same [for the IDB and the UNDP report]. It is wasteful for us to have to do two separate reports. For the second phase this was modified somewhat.
- GOV PE The consultant reports were sent. They were lengthy and costly to copy. I wasn't sure they were even read. We agreed that I [the director] would send a note verifying that the report had been satisfactory, in lieu of the report. Sometimes, the consultant's payment had been sent automatically anyway, before they had received my note.
- GOV PE Now, all the state entities use a single compatible information and accounting system. The UNDP should adapt to OUR system. They cause us delays from having to adapt to their system.
- UNDP AR Each project has developed its own accounting system, appropriate to its needs. We have developed a system that enables them to produce the reports required by IDB.
- UNDP BO Reporting to IDB is designed to identify best practices, so that we can learn from them. We have meetings.

UNDP PE With respect to financial reporting, it is important to note that the 1997 auditing report was not accepted by the IDB, since it did not contain all the resources in the agreement (i.e. the local counterpart funds). Victor Mora was here. He was surprised that the UNDP would send the IDB an incomplete report. But the counterpart had not presented a complete report. This is an old problem, the counterpart segment was always left blank. Sometimes, the Government calls the IDB directly when there are delays in payment. The IDB goes ahead and pays. Although we knew that the counterpart section was supposed to be filled, the IDB goes ahead and approves payment, then the IDB's auditor comes down on us. The problem is that, the current administration only wants to be responsible for the part during his/her tenure, so we still do not have correct figures on the counterpart's finances. To this date, there is no correct figure. We can't be certain about the amount they have spent. IDB says that they are capable of managing it, and we say they aren't. Or the R.R. says, that is between the UNDP and the Government, we don't get involved at operational levels.

What role does UNDP play in project monitoring and evaluation?

IDB BO None. The CPE evaluated the project.

IDB BO Through the CPE they participated.

IDB AR The UNDP participates in the progress reviews. We have sometimes provided support to the UNDP's consultant. We have participated in UNDP reports. I have participated in tri-partite monitoring meetings. The UNDP asks detailed questions about progress, how they are going to reprogram something, etc. In 1996, UNDP sent various missions to conduct performance review, prepared documentation.

IDB AR UNDP participates in some of our evaluation missions. It depends on the type of project.

GOV AR UNDP participates jointly with the EA in mid-term and final evaluations. The basic information is obtained, then the information is processed with the software. Reports are prepared both for UNDP and for the IDB. The idea is to do a single report that provides the information required by both.

GOV AR UNDP conducted technical evaluations. On one occasion, it was done simultaneously with the Bank's. There was synergy. The preparation mission for the second phase was a joint IDB-UNDP mission.

UNDP BO Before, there were very clear terms of reference with UNOPS. But under the NEX system, the contract is between the Government and UNDP.

UNDP BO A new topic for us: Strategic Results Framework. This is a corporate change, throughout the UNDP. It is a four-year project, in which we are going to commit ourselves to monitor outcomes. In 45 days from the time we receive a project, we must have a work plan. We could invite the IDB to listen to the EA's presentation. We would like to do joint follow-up with IDB. We are trying to refine our budget process, adjust it to real performance. We are also doing plans with each specialist, signing results agreements. Their performance evaluations will be based on these agreements.

UNDP BO As for added value in the area of evaluation and project monitoring, to date it has not been great. We apply already established procedures, do on-site monitoring, and annual progress reports. But in my view, this is not sufficient. We want to be more involved in quantitative performance measurement to get a more tangible idea of what is going on.

UNDP AR It depends on the political authorities involved. Some ministries ask for a lot of information. Others do not. But we don't believe it is necessary to substitute the supervisory work of the IDB or the EAs. The idea is to define the areas where we can be the most useful.

Should the UNDP's role in Bank-financed projects be evaluated in the PPMR?

IDB PN Yes, but not only in the PPMR.

IDB AR Yes.

IDB PE In the PPMR, there is a place to write about "issues". This is a problem of organizational culture. If the PPMR is useful to us, and to the EAs, as a management tool, then we take it more seriously.

What are some "best practices" in connection with the IDB-UNDP relationship?

IDB PE The specialists help the EAs with procedures. We educate them. The specialist has a role to play in institutional strengthening. We have trained young people, out of college, who then go on to join the government. We have been proactive.

UNDP AR A "best practice" is that UNDP has provided a consultant, who has the trust of both the IDB and ourselves. He supervises the bidding process. The UNDP pays him. The advantage for the Bank is speed in project execution, and peace of mind: no scandals.

What are some "lessons learned" in connection with the IDB-UNDP relationship?

IDB AR Those projects which included UNDP from the design stage work better than the ones where it is added afterwards.

IDB AR None.

IDB BO When the Bank's objectives are not being met, stop the project. This works when you have the right people in the UNDP, and when the threat of cutting off the project is understood to be real.

IDB BO It would be useful, when there is insufficient capacity in the EAs, to provide resources in the IDB-Government Agreement to hire consultants with experience who are not directly dependent on the EA. They would be hired by the Bank directly, not by the Government. Sometimes, when we have a very strong EA, they come to us and say, "why are we spending this much overhead?" We should not close out the possibility of resorting to the UNDP, but we should not automatically resort to them either.

GOV AR An orderly process, with good equipment and a good information system, are 100% necessary, both for the presentation of information, the cash flow, to preparing the budget. One must also have an excellent team, allow many people to participate. The motivation and commitment of the consultants in the project is very important.

GOV BO The coordination on the budgeting process should be improved. The problems are due to both the excessive IDB bureaucracy as to the fact that the EA does not make the necessary provisions to make the disbursements.

GOV PN The Government should promote better, more direct communication between us and UNDP. The sub-components of the projects involved have to have a more direct relationship with UNDP.

Should there be more competition among administrative agencies to manage IDB projects?

IDB PE The country should choose which organization it wants to work with.
We cannot maintain nor favor a monopoly.

- IDB BO I am working with OAS on a Governance program, they are working extremely well. They follow the IDB's procedures to the letter. The OAS reports to me 3-4 times a week. We are in constant communication, while the UNDP sometimes consults, and sometimes not.
- GOV BO The GTZ has established itself here as an alternative to the UNDP. GTZ is managing funds in education reform, a traditional area of UNDP. Our experience with OAS, in the Governance program, has not worked well. I wouldn't say that OAS is an alternative
- IDB PE We have ALIDE, which managed a FOMIN capital markets project. It began well.
- IDB PN The entire government works with UNDP. In the case of the FOMIN II project, we asked IDB if we could use another organization. They said that there was no other option. They give us the option to look for other agencies in the market. But, by law, we couldn't go through anyone else. We have to go through the Contraloria.

Should there be a more formal evaluation of the capacity of the Executing Agencies in the project design phase?

- IDB PN I believe there is some institutional analysis done. The Bank should do this, but we don't have experts in this area.
- IDB PE Yes. The project team should evaluate the EA to determine its capacity. The loan agreement should provide the flexibility to analyze each EA individually. It should not be a strait jacket.
- GOV BO The first thing that should always be done is qualify the EA. The best option is for the EA itself to be the IDB's counterpart. But when it is not strong, then the UNDP should be called in to help.

Should we coordinate with UNDP from the design phase?

- UNDP PN The majority of IDB projects have been designed, thought out, prepared, etc., without the UNDP's input. Afterwards, the Government comes to us for help. If the IDB had come first to consult with us, it would have been better. Consultations in the early phases of design can improve project quality. The IDB project development process is a great mystery. How can a team that comes from outside come and negotiate with weak counterparts? How does that process work?

Should there be more formal "terms of reference," a work plan, or a "results agreement" that clarified the relationship?

- IDB PN It depends. If it is done well, it would help. Don't know how detailed it should be. Who would prepare this document, and at what point?
- IDB PN We need orientation from Washington, clear guidelines with respect to the relationship.
- IDB AR Yes. There is no contract between the Government and the UNDP. Only a project. A contract would establish the relationship between the parties.
- IDB PE The EA should decide what it needs. It is a contractual relationship between the Government and UNDP.
- IDB BO Excellent idea.
- IDB PE Not sure. I see the country pulling away from PNUD, not tying itself further. They are graduating. Terms of reference would be like returning to the past.

IDB BO Under UNOPS, there were letters of agreement between UNOPS and the Government which amounted to terms of reference. But not anymore.

IDB BO Of course. The terms should be established in writing.

IDB PE We don't believe that when the Government signs an agreement with the UNDP they are transferring responsibility to UNDP. The EA is still accountable and they can't blame UNDP if something goes wrong.

GOV BO The concept of "management by results" must be introduced. If the Bank decides to use the UNDP, then it must demand results. The Bank should establish the rules and regulations. The Macro Agreement should be revised along these lines. It would be good to do a tri-partite agreement by results. With an external audit.

GOV PE Yes, I proposed this. It did not materialize. It is important to do everything possible to clarify roles.

GOV PN Yes and no. This is a dynamic process. They don't understand that We are THEIR clients, not the other way around.

UNDP BO I don't see why that wouldn't be possible. The idea would be that in the PNUD project document to which the IDB adds its no-objection, terms of reference be established. There is an annex containing all of the project documents in which the administrative services delegated to UNDP are spelled out. This annex today, consists of a letter signed by the Government and by myself. It is a form, but the terms vary according to the project.

UNDP BO It might be a way to conduct a more substantive project monitoring. It is not enough to simply manage projects well.

UNDP AR This is a subject of considerable discussion. In the project document, UNDP is committing itself to a lot of things: payments, advances, training, etc. In each case, there are things that form part of the package. From the point of view of the manual, we have the software, the hiring system, the accounting system, the purchasing mechanisms, the bidding process, etc. All of that is included when you have a project document. It is flexible. It is not only a piece of paper and that's the end of it. When we make a commitment to help with implementation, we are committing ourselves to do whatever it takes to support the implementation. Sometimes it's more expensive than other times. We have to be open-minded. We are not a consulting firm. It is all part of an operation that is a complete package. There are a number of general things that get done.

What are some other issues that should be explored in the future by IDB and/or UNDP?

IDB AR When there is a subcontract with the UNDP, the Bank should review it carefully and should exercise its objection whenever necessary.

GOV BO UNDP should focus on areas where it has a comparative advantage. If I were UNDP, I would adopt a policy which says, "if a counterpart has institutional capacity, it is automatically ineligible for my participation." If not, it will lose credibility. It is even more economical if they do NOT become involved where the capacity already exists. UNDP's comparative advantage lies in the most difficult ministries, where there is very little or no institutional capacity.

UNDP PN It would be useful if we (UNDP and IDB and other multilateral institutions) could discuss on a more substantive level the topics we are working on. For example, it would be useful for all of us to discuss our concepts and visions about education reform. We could exchange experiences and understand each other's visions on the topic.

UNDP AR It would be interesting for the IDB or the World Bank to do a comparative analysis of what happens with, and without, UNDP participation in a loan. It would be extremely useful to demonstrate the UNDP's contribution. For one thing, the prices obtained through a bid conducted by UNDP are much lower than those in a Government bidding process. There is no opportunity to cheat. The tax office would no longer have any problems. These enormous differences are translated into operative advantages for the government.

QUESTIONNAIRE
ON
UNDP-IDB WORKING RELATIONSHIP

COMPLETED BY: _____
DATE COMPLETED: _____
COUNTRY OFFICE: _____
UNDP OR IDB: _____
RES. REPRESENTATIVE: _____
TELEPHONE: _____
FAX NUMBER: _____

Please return completed questionnaire by September 25 to:
Francisco Guzman, EVO
Email FRANCISCOG@IADB.ORG

THANK YOU

UNDP-IDB WORKING RELATIONSHIP

I. NATURE OF UNDP-IDB COLLABORATION

1. How would you describe the collaboration between UNDP and IDB in your host country? What do you see as the main features of this collaboration?

2. What forms does this UNDP-IDB collaboration take? Please name the projects/sectors/themes and give an idea of the budget involved (Project lists can be attached at the end).

3. What do you consider the most successful areas of collaboration between the two organizations? Please be as specific as possible (e.g. give name or type of projects, themes, locations, etc.).

4. Please explain briefly what you think are the reasons behind the success in those areas.

5. Are you satisfied with the level of efforts you contributed to, and/or of the results you achieved through, this collaboration? Are there areas of the relationship that could be improved on?

6. Which of the following roles presently assumed by UNDP do you feel should or could be

emphasized/expanded, and how?

- (a) UNDP as a source of consultants
- (b) UNDP as an executing agency
- (c) UNDP as a full partner.

7. Are there areas/items mentioned in the Umbrella Agreement of 1990 that you would have liked to see implemented in your host country (but were not)? Please specify.

8. Do you consider that the collaboration is headed in the right direction? How should the Umbrella Agreement be updated to meet the requirements of the coming years?

II. PROGRAMMING ISSUES

9. How is the Umbrella Agreement translated into specific projects at the CO level? What approaches/criteria are used to determine the volume and type collaboration at the country level? Have these worked to your satisfaction?

10. Does your CO have a Country Agreement (Convenio) to guide the implementation of the Umbrella Agreement in the context of your host country? If yes, how has it helped? If no, do you think it would be useful to have one?

11. What phases or activities of the project cycle (project identification, design, implementation,

monitoring, evaluation) has UNDP been most effective in? To what do you attribute this success?

12. What phases or activities of the project cycle would need improvement? What kind of improvement could be implemented?

13. Does the UNDP presently have a meaningful role in the project identification and design phases? If not, what role would you like to see it play?

14. Would you suggest any changes to the UNDP's current roles in project implementation and evaluation?

15. Please give some examples of good practices in the area of programming that you would like others to know about.

16. Do you have other suggestions for optimizing the collaboration among UNDP, IDB and the host government in your program country?

III. ADMINISTRATIVE PROCEDURES

17. Which area within the existing administrative arrangements for collaboration between the two organizations do you feel have worked well and not-so-well in your situation?

18. Please describe the difficulties/bottlenecks encountered most frequently with respect to the various areas of administrative arrangements (e.g. project agreement, contracting, financial procedures, auditing, reporting...).

19. Can you identify the major causes of the above difficulties and/or bottlenecks?

20. Based your experience in the last few years, how would you improve on those administrative arrangements that have not worked out well for you in the past?

21. Do you feel existing reporting procedures meet the information needs of your HQ and those of your CO? What additional information would help you better manage the collaboration (e.g. to dialogue with your HQ, your UNDP or IDB counterpart and host country officials)?

22. What administrative practices have you found to be helpful that would be worth passing on to other COs? Please elaborate and give specific examples if possible.

IV. PERCEIVED BENEFITS

23. What do you see as the main benefits coming out of this UNDP/IDB collaboration for the various parties involved?

24. In specific terms, how have your CO benefitted from this association? Can you illustrate those benefits by providing a few concrete examples?

25. Do you feel that the UNDP-IDB cooperation has been beneficial to the host government? In the affirmative, please provide some details of such benefits.

26. How can we maximize the benefits to the host government in the future?

27. Are there areas in which further studies or research would be useful for optimization of future benefits?

28. Do you think that UNDP and IDB respective views of development help or hinder their collaboration? Please explain.

V. OTHER COMMENTS AND SUGGESTIONS

EVALUATION TERMS OF REFERENCE

**REVIEW AND EVALUATION OF
UNDP PARTICIPATION
IN
THE EXECUTION OF BANK-FUNDED OPERATIONS**

Francisco L. Guzman, EVO

The Inter-American Development Bank

**Washington, D.C.
February 1, 1999**

REVIEW AND EVALUATION OF UNDP PARTICIPATION IN

THE EXECUTION OF BANK-FUNDED OPERATIONS

Background:

Formal arrangements between the two organizations:

The formal legal basis for the Bank's cooperative relationship with the UNDP is found in The Agreement Establishing the Inter-American Development Bank:

"Article I Purpose and Functions

Section 2. Functions

(B) In carrying out its functions, the Bank shall cooperate as far as possible with national and international institutions . . . "

This provision in the Bank's charter has opened up cooperative relations with the UNDP and numerous other international organizations since its founding and on occasion has allowed the Bank to formalize collaborative agreements. The Executing Agency Agreement, signed in 1968, was the first agreement between the two organizations which enabled the Bank to execute pre-investment and other technical cooperation projects financed with UNDP funds. The second was the Consultation and Special Interest Agreement of 1970 which consisted of an exchange of letters between the two institutions which led to a Memorandum of Understanding spelling out the "special interest" in UNDP funded pre-investment projects and the procedures to be followed. Lastly, in 1990 the two institutions signed a Collaborative Agreement (also referred to as the Umbrella Agreement) which calls for cooperation in the identification, design and execution of projects at the country level.

Purpose:

This study will seek to evaluate the participation of the UNDP in the execution of Bank-financed projects. In doing so, the evaluation will look at policy as well as programmatic and operational aspects of the collaboration, with emphasis on:

- Adherence to the basic objectives of the Umbrella Agreement
- Areas where UNDP participation has benefited programs
- Bottlenecks
- Lessons learned

Issues:

The evaluation will assess the following issues:

1. The different roles that UNDP can assume in the execution of Bank-financed operations (e.g. advisor to the government, support to nationally executed projects, support to government procurement processes, funding of complementary activities, and specialized technical backstopping)
2. The synergy among IBD, UNDP, and Borrowers.

3. UNDP participation at each stage of the project cycle of IDB-financed operations.
4. Administrative procedures.
5. The role of UNDP in capacity building in Bank-funded programs.

The evaluation will be carried out between November 1998 and June 1999. It will be conducted in close consultation with the UNDP Evaluation Office and the Regional Bureau for Latin America and the Caribbean (RBLAC) at Headquarters, its Field Offices, and the Government Executing Units.

Information for this evaluation will be collected from: (i) IDB project documents and execution reports; (ii) UNDP project documents that correspond to the operations that make-up the sample for this review and evaluation; (iii) a stakeholder survey; and (iv) interviews with UNDP and Bank officials as well as Government stakeholders.

The evaluation will review IDB loans and technical cooperation operations in Argentina, Bolivia, Colombia, Panama, and Peru where UNDP has had a substantive role in their implementation.

In reviewing the relationship between IDB and UNDP, and more specifically UNDP's direct and indirect participation in Bank-funded programs, this evaluation will focus on issues of incremental benefits, best practices, perceived difficulties and "lessons learned" from the collaboration of both agencies. The evaluation will try to address the following questions:

- Do current UNDP operational infrastructure and administrative procedures ensure efficient and effective execution of Bank-financed operations?
- Does UNDP support to nationally executed projects provide adequate guarantees for Bank operational and administrative guidelines?
- What aspects of the collaboration have yielded the most benefits to Borrowers that have opted for collaboration with UNDP in the execution of IDB-funded projects?
- What is the advantage of UNDP support to the execution of Bank-funded loans and technical operations?
- What are the bottlenecks in operations executed with UNDP participation?
- What are the operational strengths of each institution?
- Are the objectives of IDB-funded projects adequately reflected in corresponding UNDP project documents?
- What is the value-added to the Bank and Borrowers and how can it be improved?
- What measures could be taken to improve IDB/UNDP/Government partnerships?

Bibliography:

- Past evaluations conducted by the Bank and UNDP.
- Existing agreements between the two institutions.
- Operational policies from both organizations.
- Country programing papers to determine the degree of planning that UNDP's participation received.
- Corresponding UNDP project documents.

Loans and Technical Cooperation Operations:

Bank loans and technical cooperation operations which include the participation of UNDP in their execution. Based on preliminary research and consultations with the Country Divisions, the following loans and TCs will be among the operations reviewed:

- | | |
|------------|---|
| Argentina: | Youth Productivity and Employability, Multisector Preinvestment Program, Support Program for Production Transformation Process, and TC Evaluating the Level of Development of Civil Society Organizations. (1031/OC-AR, 925/SF-AR, 816/OC-AR, 740/OC-AR, and TC981106) |
| Bolivia: | Tax Management Administration Support RTC, Reconstruction of the Custom System RTC, Consolidation of the National Investment System, Global Credit for Urban Development and Sanitation (924/SF-BO, 925/SF-BO, 880/SF-BO, 601/Sf-BO, 846/SF-BO) |
| Panama: | Public Enterprise Reform, Studies of the Inter-Oceanic Region, Modernization of the State Program, (690/OC-PN, 778/OC-PN, 1004/OC-PN) |
| Peru: | Land and Titling Program, Strengthening of Health Services, Institutional Development of the Legislative Branch (906/OC-PE, 741/OC-PE, ATN/JF-4346-PE) |

NAME: UNDP's Participation in the Execution of Bank-Funded Operations.	NUMBER: 98/9																
<p>DESCRIPTION: As requested by the Board, EVO will conduct a review and evaluation of the collaborative relationship which the IDB has established with the United Nations Development Programme for the execution of Bank-funded operations.</p> <p>Major Issues and Questions: In reviewing the IDB-UNDP relationship, this evaluation will focus on issues of incremental benefits, best practices, perceived difficulties and lessons learned from the collaboration of both agencies. To the extent possible, the evaluation will try to address the following issues: (1) the different roles that UNDP can assume in the execution of Bank-financed operations; (2) the synergy among IDB, UNDP, and Borrowers; (3) UNDP participation at each stage of the project cycle of IDB-financed operations; (4) administrative procedures; and (5) the role of UNDP in capacity building in Bank-funded programs.</p> <p>The following are some of the questions that this evaluation will be asking: (1) Do current UNDP operational infrastructure and administrative procedures ensure efficient and effective execution of Bank-financed operations? (2) What aspects of the collaboration have yielded the most benefits to Borrowers that have opted for collaboration with UNDP in the execution of IDB-funded projects? (3) What are the bottlenecks in operations executed with UNDP participation? (4) What are the operational strengths of each institution? (5) Are the objectives of IDB-funded projects adequately reflected in corresponding UNDP project documents? and (6) What is the value-added to the Bank and Borrowers and how can it be improved?</p> <p>Operations to be reviewed: This evaluation will be based on the review of the following operations:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 20%;">Argentina:</td> <td>Multi-Sectoral Pre-Investment Program (740/OC-AR)</td> </tr> <tr> <td></td> <td>Reforma de la Administracion Financiera (TC940750)</td> </tr> <tr> <td>Bolivia:</td> <td>CTR Apoyo Gestion Administracion Tributaria (924/SF-BO)</td> </tr> <tr> <td>Colombia:</td> <td>Programa de Apoyo a la Privatizacion y Concesiones (927/OC-CO)</td> </tr> <tr> <td></td> <td>Programa Ambiental (774/OC-CO)</td> </tr> <tr> <td>Panama:</td> <td>Reforma Empresas Publicas (690/OC-PN)</td> </tr> <tr> <td></td> <td>CTR Estudios de la Region InterOceania (778/OC-PN)</td> </tr> <tr> <td>Peru:</td> <td>Modernization of Public Administration (ATN/SF-5351-PE)</td> </tr> </table>		Argentina:	Multi-Sectoral Pre-Investment Program (740/OC-AR)		Reforma de la Administracion Financiera (TC940750)	Bolivia:	CTR Apoyo Gestion Administracion Tributaria (924/SF-BO)	Colombia:	Programa de Apoyo a la Privatizacion y Concesiones (927/OC-CO)		Programa Ambiental (774/OC-CO)	Panama:	Reforma Empresas Publicas (690/OC-PN)		CTR Estudios de la Region InterOceania (778/OC-PN)	Peru:	Modernization of Public Administration (ATN/SF-5351-PE)
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<p>CLIENTS & STAKEHOLDERS: Board of Directors, Bank Management and Borrowing Countries.</p>																	
<p>Milestones:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 10%;">1.</td> <td style="width: 60%;">Evaluation terms of reference</td> <td style="width: 30%;">Third Quarter 1998</td> </tr> <tr> <td>2.</td> <td>Stakeholders surveys</td> <td>Fourth Quarter 1998</td> </tr> <tr> <td>3.</td> <td>Data analysis</td> <td>First Quarter 1999</td> </tr> <tr> <td>4.</td> <td>Report to ECG</td> <td>Second Quarter 1999</td> </tr> <tr> <td>5.</td> <td>Report to Management and Board</td> <td>Second Quarter 1999</td> </tr> </table>		1.	Evaluation terms of reference	Third Quarter 1998	2.	Stakeholders surveys	Fourth Quarter 1998	3.	Data analysis	First Quarter 1999	4.	Report to ECG	Second Quarter 1999	5.	Report to Management and Board	Second Quarter 1999	
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<p>RESOURCES</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 33%;">Staff Months: 5 months</td> <td style="width: 33%;">Consultancies:\$ 16,000</td> <td style="width: 33%;">Travel:\$ 15,000</td> </tr> </table>		Staff Months: 5 months	Consultancies:\$ 16,000	Travel:\$ 15,000													
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LIST OF PERSONS INTERVIEWED

ARGENTINA

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Ministry of Labor and Social Security
Program of Support to Production Transformation (Reconversion Productiva)

Carlos Fazzini, Pre-Investment Unit
Ministry of Economic Affairs and Public Works and Services

Mirta Judengloben, Manager,
Statistics and Special Studies
Ministry of Labor and Social Security
Department of Labor and Job Training, Youth Project.

IDB Country Office:

Juan Jose Olivella, Deputy Representative
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Alfonso Tique, Sector Specialist
Cesar Williams, Sector Specialist

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Gilberto Flores, Resident Representative
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Miguel del Rio, Financial Officer

BOLIVIA

Government officials:

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Vice Presidency of the Republic

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Internal Revenue Service

Victor Hugo Bacarreza, Chief
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Oscar P. Vasquez, International Consultant
Technical Director, IDB/UNDP Project

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National Institute for Natural Resources, IRENA
Ministry of Agriculture

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Ministry of Agriculture

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Asesor
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Edgar Gonzalez, Sector Specialist

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Jose Manuel Hermida, Deputy Resident Representative
Cesar Guedes-Ferreiros, Program Officer
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Ministry of Health

Iveta Ganev
International Consultant
BID/MINSA Project 803/OC

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Madgalena de Perz, ARI

Nestor O. Echevers
National Coordinator
Dynamization Project
MIPPE-MIVI-MOP-MINSA-ME-PNUD

IDB Country Office:

John Hastings, Resident Representative
Yassuo Nishimoto, Senior Specialist
Luis Amado Sanchez V., Financial Specialist

UNDP Resident Mission:

Ligia Elizondo, Resident Representative
Jessica Faieta, Deputy Representative
Victor M. Cucalon Imbert, Operations Manager
Isabel St. Malo de Alvarado, Program Officer
Cielo Morales, Program Officer

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