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SUPPORT

PROGRAMME PLANNING

COUNTRY AND REGIONAL PROGRAMMES

Reports on mid-term reviews

MID-TERM REVIEW OF THE THIRD COUNTRY PROGRAMME FOR INDIA

Report of the Administrator

SUMMARY

The present report is submitted in accordance with Governing Council decision 89/11 of 24 February 1989, requesting the Administrator to report on a representative selection of mid-term reviews of country programmes.

The mid-term review concluded that the third country programme for India (1985-1990) needed no major course correction in its present focus on the transfer and development of technologies, institution-building and human resources development, especially in industry and agriculture. However, in view of the major emphasis in Government macro-economic policies on increased liberalization of industry, the review indicated that a major area of added thrust for future projects of the United Nations Development Programme (UNDP) would be improving efficiency of production through better utilization of capital, labour and materials.

The review also indicated that future projects should be clearly selected on the basis of their intended impact on areas of priority. Project preparation activities sponsored by UNDP should ensure appropriateness, relevance and viability of the proposed projects and establish the capacity of the executing and implementing agencies to carry out effectively their respective shares of project activities and provide related inputs within cost estimates.

I. SUMMARY OF THE THIRD COUNTRY PROGRAMME

1. The third country programme for India (DP/CP/IND/3), which was approved by the Governing Council at its thirty-second session in June 1985, extends from 1 April 1985 to 31 March 1990 and covers the same period as India's Seventh Five-Year Plan. The formulation of the third country programme coincided with the preparation of the Seventh Plan and took into account the stated objectives of the Plan, which focused on growth, equity and social justice, self-reliance and improved efficiency and productivity. Within the framework of the objectives and priorities of the Seventh Plan, the third country programme focused on the transfer and development of technologies, institution-building and human resources development, especially in industry and agriculture.

2. Actual resources available for the third country programme are of the order of \$159 million. The sectoral distribution of the programme is mainly in favour of industry and natural resources with 26 per cent and 23 per cent, respectively, followed by science and technology (18 per cent), agriculture and forestry (15 per cent), transport and communications (10 per cent) and education (3 per cent). Indeed almost two thirds of anticipated expenditures of the United Nations Development Programme (UNDP) during the third country programme are related to agriculture, irrigation, industry, minerals and energy. The corresponding outlays in the Seventh Plan for those sectors are of similar relative proportions.

II. METHODOLOGY OF THE MID-TERM REVIEW

3. Two background documents were prepared for the review meeting: (a) "Review of Factors Influencing the Performance of UNDP Projects"; and (b) "Government of India/UNDP Third Country Programme Review". The documents evaluated the performance of the UNDP programme and projects, diagnosed the causes of less than adequate performance by a number of projects and offered suggestions on how to reduce the incidence of the problems identified.

4. The meeting was held in February 1989 and attended by 234 participants representing the Government (Ministry of Finance, the Planning Commission, sectoral ministries and project authorities), UNDP, specialized agencies of the United Nations system and bilateral donors. The meeting was opened by the Finance Secretary, and chaired and co-chaired respectively by the Joint Secretary of the Department of Economic Affairs and the Resident Representative of UNDP. The Division Chief of the Regional Bureau for Asia and the Pacific at UNDP headquarters also participated in the meeting.

5. To provide the large number of participants with a greater opportunity to voice opinions and suggestions, the meeting convened not only in plenary sessions, but also in working groups focusing on project formulation and design, project implementation and execution, and on future orientations for UNDP assistance in a variety of sectors. As part of the review, a high-level panel assembled to discuss future orientations of UNDP technical co-operation in India. The Resident Representative of UNDP moderated the discussion of the panel. Panel members were senior government officials from the various ministries and the Planning

Commission. During the plenary sessions, ample time for discussion was provided to facilitate the exchange of views between participants. An executive session brought together the Department of Economic Affairs and UNDP teams to review and summarize recommendations arising from the meeting.

III. MAJOR FINDINGS OF THE REVIEW

A. Project performance (Impact)

6. Much emphasis was placed on issues related to the design, appraisal, implementation and execution of projects, which bear heavily on the impact of UNDP projects and programmes in India. A sample of 39 projects reviewed in the course of preparing the first document mentioned in paragraph 3 revealed that approximately 50 per cent of UNDP projects in India could be regarded as quite successful, while the other half suffered from design and implementation problems affecting development impact.

7. Overall UNDP assistance was deemed to have played, throughout the first, second and third country programmes, an important role in India's economic and social development, especially through institution-building, human resources development and technology transfer. The decline in the personnel component of UNDP assistance in India from 28 per cent in the first country programme to 20 per cent in the third country programme was deemed consistent with progress in India and results achieved by UNDP-sponsored institution-building activities.

8. The review indicated, however, that future projects should be clearly selected on the basis of their intended impact on areas of priority. To help design projects better and thus ensure greater impact, pre-project studies and/or project preparation activities should be increasingly sponsored by UNDP using the Project Development Facility (PDF) and programme support project mechanisms. The process of appraisal should ensure appropriateness, relevance and viability of the proposed projects and establish the capacity of the executing and implementing agencies to carry out effectively their respective shares of project activities and provide related inputs within cost estimates. Appraisal should realistically review and clarify the systems and processes involved in mobilizing project inputs and in providing benefits to the ultimate beneficiaries.

B. Relevance of programme objectives

9. As mentioned earlier, the objectives of the third country programme were closely aligned with those of the Seventh Plan. Since the formulation of the Plan and the country programme, there has been a major emphasis in Government macro-economic policies on increased liberalization of industry. Focus has been placed on upgrading the quality of Indian products, lowering the costs of production and encouraging exports. The review therefore indicated that a major area of added thrust for future UNDP projects would be improving efficiency of production through better utilization of capital, labour and materials.

10. Participants in the review found that UNDP activities in India had been relevant. The Finance Secretary, the Planning Commission, the high-level panel and project authorities expressed satisfaction with UNDP's past involvement in institution-building, transfer of technologies and human resources development.

C. Major problems in implementation

11. The two documents mentioned in paragraph 3 cover in detail various factors affecting project implementation. The review meeting agreed that these factors should be carefully attended to by Government, UNDP, executing agencies and implementing authorities. The importance of sound project design was stressed, including, inter alia, the need to ensure clarity in the statement of measurable project objectives and outputs, a realistic assessment of counterpart and executing agency capacity to implement the project and the phasing of project activities accordingly. Improved project appraisal was deemed especially valuable to ensure economic and technical feasibility and relevance in terms of practical application of proposed technologies.

12. Major problems identified included costly delays in implementation of projects arising from factors such as centralized decision-making by departments with regard to the nomination of personnel for overseas training, selection of staff to occupy positions under the projects and procurement of indigenous equipment; heavy training costs charged by institutions in developed countries; delays in identification of training centres in high technology areas and a dearth of consultants available in those fields; project servicing performance by United Nations executing agencies; lack of suitability of many consultants proposed by those agencies; lack of experience with, and cumbersome procedures for, government execution; lack of fulfilment of pre-project requisites with regard to institutional framework and provision of manpower and counterpart inputs; lack of adequate preparation of equipment specifications and procurement-related problems; and lack of substantive supervision and monitoring.

IV. PROPOSED ADJUSTMENTS TO THE COUNTRY PROGRAMME

13. The mid-term evaluation of the Seventh Plan conducted by the Planning Commission reiterated some of the thrust areas and strategies already identified in the Plan on the basis of which the third country programme was formulated. Therefore, the country programme needed no major course correction.

14. Based on the recommendations of the review meeting, preference in the selection of proposals for inclusion in the final year of the third country programme and in the fourth country programme under preparation would be given to projects which meet the largest number of criteria listed below:

(a) Projects which have an in-built mechanism for the transfer of research and development results to the productive sectors of agriculture and industry;

(b) Projects which, with strong industry participation, aim at developing technologies applicable to India, or adapting foreign technologies to Indian conditions. Pure research projects continue to be considered low priority;

(c) Projects which aim not only at the transfer of sophisticated technologies but also at disseminating the use of local technologies;

(d) Projects which aim at increasing the efficiency of utilization of installed capacity through upgrading of technologies used in production processes;

(e) Projects which aim at increasing the efficiency of utilization of materials, water and energy, thereby reducing the cost of production and waste disposal;

(f) Projects which would lead to improvement in the capacity of the country to earn foreign exchange and improve its balance of payments;

(g) Projects which would lead to greater diversification in agriculture, fuller use of existing irrigation infrastructure, water management and production from rain-fed areas;

(h) Projects which would result in increasing employment;

(i) Projects which would upgrade the technical and managerial skills of labour.

15. In addition, projects which incorporate components aimed at supporting the private sector, integrating women in the development process and mitigating environmental degradation would receive added consideration.

Annex

FINANCIAL SUMMARY

THIRD COUNTRY PROGRAMME FOR INDIA (1985-1990)

I. ACTUAL RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING

\$

A. <u>Total resources taken into account for programming at time of approval of country programme</u>	141 640 000
B. <u>Resources taken into account for programming at time of mid-term review</u>	
IPF allocations	152 152 000
Programme cost-sharing	-
Government project cost-sharing	-
Third-party cost-sharing	-
Other sources	-
C. <u>Net change in resources</u>	10 512 000

II. USE OF RESOURCES

	<u>Start of country programme (1985)</u>	<u>Mid-term (1989)</u>
	\$	\$
Committed resources	49 428 000	146 682 000
Project proposals	88 216 000	9 908 000
Unprogrammed reserve	3 996 000	4 438 000*
TOTAL USE OF RESOURCES	<u>141 640 000</u>	<u>152 152 000</u>

III. DISTRIBUTION OF RESOURCES BY SECTOR

<u>Sector</u>	<u>In accordance with country programme</u>	<u>Actual at mid-term</u> (Percentage)	<u>Revised plan as result of mid-term review</u>
0200 Development planning and administration	0.7	1.1	1.1
0300 Natural resources	17.3	23.2	23.2
0400 Agriculture, forestry and fisheries	12.1	15.1	15.1
0500 Industry	35.4	25.8	25.8
0600 Transport and communications	6.1	9.8	9.8
0700 International trade and development finance	0.2	0.6	0.6
1000 Health	2.7	1.5	1.5
1100 Communication and mass media	0.1	-	-
1100 Education	10.5	2.9	2.9
1200 Employment	1.5	1.6	1.6
1600 Science and technology	10.6	18.4	18.4
- Technical co-operation among developing countries (TCDC)	2.8	-	-
	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

* Represents over-programming.

