A REPORT ON UNITED NATIONS ACTIVITIES AND OPERATIONS IN NEPAL

by

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1. I visited Nepal in March 1970. The object of my visit was to have an outside look at the UN development operations in that country. I had extensive discussions with the UNDP Resident Representative, Mr. Yocub J. Oury, the Deputy Resident Representative, Mr. Issinski, the WHO Representative, Mr. C.G.I. Gordon, and their colleagues and collaborators. Meetings and discussions with a large number of experts under technical assistance and project managers of UNDP Special Fund projects, and visits to the sites of three Special Fund projects and several important technical assistance projects were arranged for me. I had the privilege of being received by the Prime Minister and had many opportunities for discussion with high officials of the Government of Nepal involved in economic planning and development. I am sincerely thankful for the courtesy and co-operation received from the UNDP representative, the WHO representative and other United Nations officials.

2. Situated between two large countries, both in an advanced state of development, land-locked, with topographical features which make communication within the country and with the outside world rather difficult, a recipient of substantial external aid (per capita of population said to be the highest among developing countries), Nepal is a country of more than usual interest from the point of view of United Nations development assistance. This country which has, for various reasons, remained at a low level of economic development, is endeavouring to make up for lost time and has, therefore, planned its development on a wide front. The pattern of assistance received by it is varied; and United Nations development assistance has to operate in juxtaposition to relatively massive bilateral assistance from various sources.

3. Foreign assistance accounted for approximately 57 per cent of the development budget during Nepal's third five-year plan (1965-70). It is anticipated that during the fourth five-year plan (1970-75) it will account for 75 per cent for the public sector allocations. External assistance to Nepal has in fact been increasing from year to year. The United Nations, though dispensing only relatively small assistance, has to keep in step with both the quantum and character of bilateral assistance to Nepal. Bilateral assistance from all sources during 1969-70 amounted to over US $32,000,000 as against US $22,000,000 in 1968-69. These were mostly in the form of grants for specific projects, the donors themselves undertaking to carry out most of the projects.
4. Considering the large amount of bilateral assistance relative to the size and population of the country, the United Nations assistance reaching about 10 per cent of the total external assistance received by Nepal, and amounting to $3 million, is creditable.

5. The success of multilateral assistance through the United Nations to the developing countries depends on a variety of factors. Leaving aside the obviously important ones of communication and administrative and technical infrastructures, it is largely dependent on the following main factors:

(a) the quality of planning of economic development as a whole by the government with which the fixation of the right priorities in the context of the country's needs is inseparably connected;

(b) the efficiency of the administrative machinery particularly in relation to development, and the effectiveness of co-ordination within the government, enabling the latter to speak with a single voice and development to be undertaken as an integrated effort would clearly achieve goals;

(c) the extent to which the necessary infrastructures and institutions are being built up and personnel trained so as to take over and follow up developmental efforts within the country;

(d) the extent to which United Nations projects are integrated and harmonized with the country's development plans;

(e) the ability of the United Nations system to act in a single-minded and co-ordinated manner, avoiding overlapping and duplication of effort; and

(f) co-ordination between United Nations efforts and the assistance given by bilateral agencies.

6. All these factors have relevance in reviewing United Nations development activities and operations in Nepal.

7. Starting from spasmodic efforts, Nepal has now seriously embarked on planned economic development. The current is the third five-year plan and after 1 July 1970 the fourth five-year plan will go into operation. Previously Nepal had to depend entirely on bilateral assistance which was usually given for particular projects or in particular fields, often at the donor government's choice. The Government have, however, now laid down in their economic development
plans their national priorities and targets and are making increasing efforts to successfully gear external assistance to their own development plans and priorities.

8. There have been several changes in the institutional arrangements within the Government for development planning and programming since 1962. After various experiments in the course of which economic planning was first a part of the portfolio of the Prime Minister as Minister for Finance and Economic Planning, and later became part of the portfolio of the Ministry for Foreign Affairs and Deputy Prime Minister, in April 1968 the Economic Ministry was dissolved and a separate secretariat of national planning was set up headed by the National Planning Commission (NPC) an extra governmental body whose members have an official status. The Prime Minister is the Chairman of the Commission, there is a Vice-Chairman and five Members including the Secretary of Finance. Each member is responsible for a specified field of development. The function of the NPC is, in the light of resources, to formulate plans with targets and priorities of national development. The Commission is not an executive body. The Ministry of Finance has the power to make the necessary allocation of funds and subject to this the plans are executed by, or under the authority of, the respective technical ministries. The Ministry of Finance is responsible for the entire resources sector and its functions concerning the allocation of external aid, the administration of such aid and related matters are vested in the Foreign Aid Division of the Ministry of Finance which has now been made the co-ordinating authority. The Foreign Aid Division is in charge of a competent Joint Secretary who works under the direction and control of the Secretary of Finance. He is the formal point of contact between the Government and the Resident Representative. However, there is no bar to the latter having informal contacts with other officials, both in the Foreign Ministry and the Technical Ministries and the NPC; and the Resident Representative does actually maintain such contacts.

9. The institutional arrangements now in force would appear to be adequate and suitable. It prepares the broad framework of the plan and lays down targets and priorities leaving a great deal of filling-in to be done by individual Ministries. Thereafter it exercises the functions of co-ordination of the
plans and later undertakes plan evaluation during implementation. There is said to be an acute shortage of personnel with expertise in planning methods and project formulation and experience in public administration. These are sought to be made good with the help of the United Nations and bilateral agencies, particularly the Ford Foundation.

10. I was told by the Resident Representative and others that there had been a marked improvement in the degree of co-ordination within the Government. The Resident Representative maintains close contact with the Foreign Aid Division in the Ministry of Finance as also with the Secretaries to Government in the department and Ministries concerned with United Nations assistance, on technical assistance and Special Fund projects. However, I also heard from Nepalese officials themselves that the compartmentalization of Ministries, which had been the traditional feature in the past, has not yet been entirely eliminated and that there was room for improvement in inter-communication and co-ordination between Ministries. In practical terms this has an effect on decision-making within the Government and sometimes inevitably in the slowing down of operations.

11. As regards the United Nations system, apart from the resident representative of UNDP the only representative of the specialized agencies is the WHO representative. There is also a representative of UNHCR. A WFP officer is attached to the resident representative's office, as also a UNICEF officer who comes under the jurisdiction of the Area office in Delhi. To all intents and purposes the resident representative functions as representative of the United Nations system. I was happy to learn of the very good co-ordination and co-operation among United Nations agencies at the country level, which, while posing a serious problem in other countries with a plethora of representatives of organizations of the United Nations system, does not present a serious problem in Nepal. The resident representative keeps in touch with, on the one hand, the United Nations officials including experts in the field and on the other with the government officials, enabling him to exercise the necessary measure of co-ordination. He also makes frequent visits to project sites.

12. The United Nations activities in Nepal consist both of UNDP Special Fund projects and UNDP technical assistance projects, as also a large number of programmes under the regular budget of WHO. In addition both the programmes under UNDP and those under the regular budget of WHO receive good support from UNICEF and WFP Special Fund projects.
13. Until the beginning of 1969, United Nations activities concentrated on technical assistance projects; there had been only three Special Fund projects, one of which had been completed and two were in operation. Two more Special Fund projects were approved by the Governing Council in January 1969; they had just become operational prior to my visit, after the signature of the plan of operations. Two more Special Fund projects were approved by the Governing Council in January 1970 and plans of operations are now under preparation. The Special Fund projects referred to above are as follows:

(1) **Completed Project**

UNDP/SF Project - Hydroelectric development of the Karnali River -
executing agency, United Nations.

(2) **In operation**

(i) The management and development of Trsuli watershed -
NEP-4, executing agency, FAO.

(ii) Feasibility study of irrigation development in the Terai plain; Phase II, NEP-7, executing agency, FAO.

(3) **Projects just turned operational**

(i) Forest development - NEP-13, executing agency, FAO.

(ii) Road feasibility studies, NEP-16, executing agency, UN.

(4) **Special Fund Projects approved by the Governing Council in January 1970**

(i) Development of water supply and sewerage, Greater Kathmandu and Bhaktapur, NEP-8, executing agency, WHO.

(ii) Increased use of high yielding agents and fertilizers in Central Nepal, NEP-12, executing agency, FAO.

**Project requests submitted in 1969**

14. Vocational training for middle level engineering supervisors, NEP-17.
Training Centre for engineers and technicians of the Telecommunications Board and the Department of Civil Aviation, NEP-21, and Sheep and Wool Breeding, NEP-20.

15. Seven project requests are in the pipeline which include in order of priority development of the Lumbini region, NEP-17, water resources inventory, highway construction and maintenance, including bridge construction, mineral resources survey, establishment of topographical survey, development of meteorological services, and Pilot Experimental work and Development-oriented Library, NEP-14.
16. The above list illustrates that Special Fund projects are gathering momentum in Nepal and that the Government is increasingly seeking the assistance of the United Nations in feasibility and pre-investment service in vital sectors of development in accordance with the priorities laid down by it. The wide range of Special fund projects is evidence of the Government's serious efforts for tackling its problems of development on as wide a front as possible.

Technical Assistance Projects

17. Until 1968 the country's target of technical assistance for Nepal was US $550,000. It was increased to US $600,000 in 1969 and has since been further increased to US $650,000. The increase has enabled eight new technical assistance projects to be taken up over those of last year, and several existing technical assistance projects to be extended, mainly in respect of increased number of fellowships.

18. In 1969 two technical assistance projects were completed. Seventeen were operational of which fifteen were in operation for more than one year.

19. The completed projects were one relating to soil fertility FAO/NEP/68/9 and another project UN/NEP/69/1 which comprised two fellowships of four man months each, "for basic training of newly recruited and junior officers of the foreign service for developing countries" organized and conducted by UNITAR.

20. The distribution of current TA projects is as follows:

- FAO - 4;
- UN - 5;
- WHO - 2;

and one each by ILO, UNESCO, WMO, ICAO, UPU and ITU.

21. In order not to make this report too voluminous, notes on individual projects have been sent to each of the agencies concerned, with the indication that they may make such use of these, including submission to their respective governing bodies, as may be deemed appropriate.

22. On the basis of examination of individual projects and discussions with the officials of the UN system and senior officials of the Government in Nepal, certain conclusions have been recorded in the succeeding paragraphs.

Conclusion

23. It is pleasing to note that on the whole there is very good co-operation and rapport between the Government and UNDP and WHO representatives and between the exports and the departmental and technical authorities with whom they have to deal. I found abundant evidence of appreciation by the Government of the value of the UN technical assistance received by it.
24. The projects, both Special Fund and technical assistance, are on the whole well planned and respond to the needs and priorities laid down by government. The position in this respect has vastly improved since a few years ago, when some projects might presumably have been adopted due to over-enthusiasm on the part of the agencies or the Government or both. With improved institutional arrangements regarding planning and co-ordination within the Government and the focusing of the administration of external assistance in the Ministry of Finance there has been an improvement; further integration of UN programmes and projects over national plans and priorities is likely to result; and 'salesmanship' of projects may become a thing of the past.

25. In several cases, as pointed out in my notes on individual projects, the Plan of Operations took over a year for signature after approval by the UNDP Governing Council. The fact that in some other cases the time taken was much shorter shows that such long delay is not inevitable, even though there are three contracting parties, namely the Government, the UNDP and the executing agency. With some advance planning, particularly with the help of network analysis techniques, that finalization of the Plan of Operations can be expedited.

26. In a few cases, a long time was taken in selecting a sub-contracting firm, which delayed the implementation of the project. I wonder if this cannot be reduced if the UNDP and/or the larger executing agencies maintain an up-to-date dossier of reputed private contracting firms and of their performance in their undertakings in some of the more important specific fields with which the Agency and the UNDP are concerned. This will mean that every time there is a proposal to sub-contract, it will not start a frantic search for finding a sub-contractor that would do the job.

27. In the only completed Special Fund project, the Karnali River Hydro-electric project, there has been a long delay in the submission of the final report, which has still to come in. Every effort should be made to reduce the time lag between the technical completion of a project and the final report, as otherwise the Government's chances of seeking investment are jeopardized and the value of a pro-investment and feasibility study itself is whittled down. If for any reason the final report is delayed, a provisional or preliminary final report should be sent in soon after completion of a project, on the strength of which the Government could begin discussions and negotiations with multilateral and bilateral financing agencies.
28. There is evidence of some projects, with SF and TA, being too ambitious and too multi-disciplinary, extending over too vast an area, and, having been undertaken after insufficient technical examination and preparation. In my opinion the benefit cost ratio will increase, besides the results being more immediately beneficial, if projects are specific in scope and objective instead of ranging over too wide a field. These can be ensured by a thorough examination together with the Government of all the local factors and conditions before a project is approved and by a prevision of post project follow up and/or investment possibility. Furthermore, in the conditions of Nepal it is perhaps, better at first to concentrate on projects with proximate potentiality of investment.

29. Among the causes of delay in the implementation of a project is the time taken in land acquisition by the Government. In many cases the latter cannot be avoided because of objections from tenants and local repercussions to land acquisition. In the event of land acquisition being necessary it should be possible, as soon as a project has been approved by the Governing Council of UNDP or other appropriate body, to initiate land acquisition proceedings, without waiting for the plan of operations to be signed and the project to become operational. Under the land acquisition law, the legal processes preceding the final notification and payment of compensation, which in any case takes time, could be completed before the signing of the plan of operations. In the unlikely event of the project being withdrawn the land acquisition notices could be withdrawn, without any financial embarrassment to the Government or the UNDP. Once the plan of operations is signed the final notification could be issued. This would save six months to a year of time, with corresponding saving in experts and project managers' salaries, etc. and a better assurance that the project would be completed within the allotted time.

30. Many technical assistance projects have been in existence for an unusually long time - some over a decade - having undergone several extensions. Among the reasons for the prolongation of technical assistance projects are the difficulties in training and preparing local personnel because of their unavailability or because of their not possessing the requisite initial qualifications or for other reasons, and sometimes the 'extra-curricular' activities of the experts who have often been asked to help in the preparation
and formulation of five year plans, and to render various other kinds of advice not strictly related to the particular project on which they are engaged.

These difficulties are, of course, understandable and it is recognized that in helping the Government prepare a development plan the expert is in fact giving valuable assistance. However, as a rule UN technical assistance projects should conform to the well-known principle that the expert should as soon as practicable work himself out of his job, and they should have a definite duration.

31. The picture regarding the use of fellowships is on the whole not a very happy one. Many fellowship components of projects have not been utilized. Some fellows did not complete their course; others returned prematurely. These setbacks are of course connected with a variety of factors, e.g. availability of qualified personnel, the conditions laid down by the Government regarding compulsory service for a number of years before the returned fellow can take up another job or qualify for another training, the, relatively speaking, low salaries etc. The problem is not easy of solution but the Government are aware of it and I understand have recently relaxed the rules governing the employment of a retired fellow so as to permit him in suitable cases to undergo another training before the stipulated number of years, if that should be necessary. The steps taken by the Government with the help of bilateral aid, for the extension of the faculties in the Tribhuvan University and for the improvement in standards of teaching, would improve the availability of qualified personnel for training and fellowships. The relative scarcity of persons with good basic education, for technical training in middle and lower levels is also a handicap but the improvement in the standards of primary and secondary education which, it is hoped, will come about as a result of the Government's efforts and the assistance of UNESCO/UNICEF, is likely to help in the solution of this problem.

32. While assistance to Nepal, on the whole, conforms to the Government's plans and priorities, it seems to me that considering the range and variety of projects (apart from those under bilateral assistance) and the fact that the Government is embarking on speedy economic development of Nepal the creation of infrastructures, both institutional and of technical and administrative personnel, who could take over after the foreign experts leave, and the necessary training of personnel, are of supreme importance and should receive
the highest priority. In this respect there is some weakness in the projects. I took the liberty of impressing this on the Government officials during my conversations with them. They seemed to me to appreciate the importance of preparing administrative and technical personnel. Much is already being done in this direction with the help of UN and bilateral assistance, but much more remains to be done. The UN system might consider whether it should not intensify its help in the planning and development of these infrastructures. It is true that most projects have usually inbuilt training components but these alone do not seem sufficient. UN projects might well during the second Development Decade inter alia concentrate very much more on the training of personnel in various fields, both as part of, and per sq as, additional substantive projects. UN fellowships could be increased; and it is hoped that the conditions of service of returned fellows with their government will be made more attractive than hitherto in various ways. Also, the facilities for training available in neighbouring countries, (in the case of Nepal in countries of South and South-East Asia) should be fully availed of, with the assistance of the United Nations.

33. All does not seem well with the procurement of equipment. (Examples have come to notice of delay in the ordering of equipment, in their arrival and in their being dis-directed to another country). A more rational and effective system of procurement needs to be devised, at any rate by those of the larger Agencies whose projects usually have large components of equipment. A perusal of correspondence between the local experts in Nepal and the headquarters of one of the agencies, as indeed the observation of my colleagues elsewhere, shows that much time is lost in to and fro correspondence between the headquarters and the field. Replies from Headquarters seem greatly delayed. In consequence the projects suffer a great deal.

34. In my view the time has come when some changes in the method of procuring equipment should be considered in the interest of a speedier implementation of projects. The following thoughts occur to me.

35. There should be some devolution and delegation of authority to field officers in the matter of procurement. Procurement of equipment up to a certain predetermined value, say, US $........... should be the responsibility of the project manager who could order equipment within the limits laid down and subject
to budgetary allocations, and with the concurrence of the agency headquarters. (The figure I have in mind is much larger than the limit of $500 laid down recently by one of the agencies, the F10). Procurement of supplies of higher value should be centralized. Creation of a central procurement organization attached to UNDP, with a view to economy and expeditious procurement deserves consideration.

36. I have made the above observations not as specific proposals but in the hope that they will stimulate a serious examination of the most suitable method and machinery for procurement of equipment.

37. In technical assistance project (FAO/FFHC Animal By-Products NEP/68/7) delay in the arrival of the boiler (not yet arrived) which delayed the commencement of the project, was due to two factors:-

(a) In the original calculations the cost of a generator had been omitted. In actual practice because of the uncertainty of the local electricity supply a generator had to be bought after the project became operational causing a short fall in the amount available for the project.

(b) It took a long time for the F10 to persuade the FFHC, Netherlands, to pay an additional US $10,000 which was necessary to pay for the boiler. While the reasons for this delay are illustrated in one case there may be similar delay in future if corrective measures are not taken.

38. This case illustrates the need for taking into account all local factors before making a final commitment to a project. Furthermore, FAO, or any other agency for that matter, which enters into an agreement with a Government on the strength of an external grant or trust fund, should be able to fulfil its commitment without being wholly dependent on the party making the extra-budgetary grant. I should have liked to see the FAO in the case cited above making an on-account payment of US $10,000 from its own funds pending its efforts to get the money from FFHC Netherlands so that the project is not delayed. There should be a small contingency fund or a revolving fund to meet such extraordinary expenditure and if there is not one such a fund should be created.

39. In a country like Nepal, where the United Nations operates side by side with large-scale bilateral assistance from several sources, it is obviously desirable that there should be a good rapport and inter-communication between the United Nations and the bilateral agencies. For understandable reasons it
is not possible to expect the same co-operation from all the bilateral agencies. Nor is it realistic to suppose that bilateral agencies would wish to consult with UN or others in the planning of their assistance to Nepal. Strictly speaking, of course, co-ordination can be best performed by the Government itself. It should, however, be possible for the United Nations agencies and most of the bilateral agencies to keep each other informed of the progress of their operations and of the problems and difficulties encountered; and some measure of co-ordination could be established between the bilateral agencies and the United Nations, especially to ensure that duplication does not occur in the matter of investigations and assessments undertaken by the various development agencies. The need for this is evident from the fact that four separate studies in the course of two years have been prepared on the rice milling industry in Nepal.

40. At the experts level in many cases there is good rapport and informal consultations between the UN and the bilateral agencies. I understood, however, that at the executive level sufficient co-ordination does not exist. It appears that up to a short time ago a group from the major bilateral donors, including members of the Ford Foundation team and the Resident Representative, UNDP, met informally about twice a month. Such a practice, however, seems to have fallen into desuetude. In casual talk with officials of a couple of bilateral aid-giving agencies, I gathered that they would also welcome a more systematic rapport between them and the UN agencies.

41. In my opinion this is a matter in which the Resident Representative of UNDP could properly take the initiative again without being misunderstood by anyone. The monthly or bi-monthly meetings could be revived and placed on a systematic basis and working arrangements could be established for exchange of information on the progress of projects and the experience gained in the course of the operations. I have also suggested this to the Resident Representative who is himself very keen to establish a periodic dialogue with bilateral agency representatives.

42. Some difficulties have been experienced in the case of multi-disciplinary projects. I was told that in such cases because of their multi-disciplinary character it takes time to get Government decisions and often it is not clear which Ministry or Department of Government is responsible for the project or
for particular aspects of it. For example, it was not clear whether erosion control, a highly important subject which was one of the main objectives of the Special Fund project NEP/4 was a subject for the Forest Department or the Irrigation Department.

43. In the case of multi-disciplinary projects it is usual practice for the Government to set up a co-ordinating committee. This is of course very useful. Such committees, however, need to function more effectively and suitable local arrangements need to be made for directing operations involving a number of ministries. In the proposed phase 2 of UNDP/SF project Nepal 4, a local arrangement involving also the Panchayets has been proposed. The Resident Representative is already in touch with the Government with regard to the strengthening of the co-ordinating committees.

44. My talks with the experts in the field in Nepal and elsewhere have brought to attention some problems of personnel. As I see them they are briefly the following:

With the enormous increase in UNDP assistance which has naturally been reflected in an increase in the activities of the Specialized Agencies, the number of experts in the field are now much larger than before and are increasing all the time. Too rapid an expansion always affects quality, and although so far quality has been on the whole reasonably well maintained in Nepal, this problem is likely to arise in the future. High quality experts seem to be increasingly unavailable in the developed countries. UNDP and Agencies are seized of the problem. It might be a good thing in my view to tap further the growing expertise in developing or semi-developed countries.

Hitherto the professional staff of each UN Organization has tended to be concentrated at headquarters. With so many people in the field the question of rotation of staff becomes important.

45. The question of rotation is not easy. First there is the problem of finding equivalent posts at headquarters for field personnel and vice versa. Second, there is the general reluctance of headquarters personnel to go into the field because of personal problems, e.g. children's education etc. Nevertheless, it goes without saying that a more or less rigid division of staff between headquarters and the field, which induces, in the headquarters staff, an "ivory tower" mentality, and a feeling of neglect among the field staff, is not
conducive to morale and efficiency. Among the expert staff in the field there are those who are not keen to go to headquarters and would like to retire after a few more assignments. There are others who do not wish to join the regular cadre but would like to go to headquarters for a term or two to make acquaintance and establish rapport with those with whom they have to deal and who take decisions. There are still others, usually the younger experts, who are concerned about their career and find a life in which they do not know whether they will have another assignment or where they will go next, dissatisfying and frustrating.

46. Two questions thus need to be tackled:
(a) Introducing planned rotation between headquarters and the field, not necessarily confined to those who have been included in a cadre, and
(b) creation of a cadre of permanent or quasi-permanent experts in the Organization.

47. The question of rotation can be tackled on a voluntary-cum-compulsive basis. Without prejudice to them and without commitment by the Organization, a poll may be taken of headquarters and field staff about their willingness to be transferred to the field for one or two terms of three years each, and vice versa. Presumably, those willing would be few from headquarters and not too many from the field. On the basis of the returns attempts should be made to have a planned rotation. If the poll results are insufficient then in addition to the voluntary basis a compulsive basis of rotation may have to be devised.

48. Likewise, in the cadre of experts, a small corps of experts cadre could be formed to begin with. Persons enlisting in the cadre would be assured of a term of service either at headquarters or in the field and would also be liable to be loaned to Governments as OPEX officers or otherwise. They could get something like 'sabbatical leave' for a year, to refresh their technical knowledge and bring it up to date and to improve their technical qualifications. The Agencies/UNDP should arrange for their attachment to Research or Technical Institutes, Universities, or business houses, during the period of their sabbatical leave.
49. These are some random ideas. I know that these problems are difficult and both the Secretary-General of the United Nations and Heads of Agencies have been exercised over them. However, it seems to me that serious examination of these questions must be undertaken at the Agencies level and perhaps, subsequently, at the ACC level with a view to early corrective action. I understand that in recent years attempts have been made to tackle the problems by occasionally out-posting headquarters officers to the field and vice versa. I do not think, however, this is yet on a planned or systematic basis. The present system under which hundreds if not thousands of experts are detailed to the field to spend their working lives in different countries, going from one technical assistance or special fund post to another, without contact with headquarters and without having the chance to bring their expertise and technical knowledge up-to-date, cannot be regarded as satisfactory and this situation must be tackled on an urgent basis.