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REPORT ON ACTIVITIES OF THE UNITED NATIONS FAMILY OF ORGANIZATIONS IN SOME CENTRAL AMERICAN COUNTRIES

by

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PREFACE

One of the rewards of an inspector is the opportunity to meet many dedicated and hard-working members of the United Nations family. I have been particularly pleased with the co-operation received from all members of the UNDP Regional Representative's Office in San Salvador and all those contacted during my travels around Central America.

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I. SUMMARY OF RECOMMENDATIONS

Organization and management

1. Delegate authority to the UNDP Resident or Regional Representative for the following administrative actions:

   (a) renewal of laissez-passer;

   (b) payment of salaries based on standing orders;

   (c) extension of experts' contracts after basic decision to extend has been made by Headquarters;

   (d) procurement of tickets directly from local travel agencies;

   (e) completion of administrative action for fellowships after nominee has been accepted by Headquarters and training arrangements finalized;

   (f) approval of travel for experts within limits established by executing agency for each project;

   (g) advance payment of education grant, and review of documentation and financial settlements after end of school term.

2. Clarify and expand responsibility of UNDP Regional Representative for Central America for the following aspects of programming:

   (a) review the training requirements off the site of each project to determine if they cannot be met by an institution or project supported by the United Nations in Central America. Only those training requirements that could not be met by United Nations-sponsored institutions and projects in Central America would be transmitted to Headquarters for arrangement of training programmes elsewhere;

   (b) ensure that all projects with pre-investment aspects are properly co-ordinated with prospective sources of investment funds starting at the planning stage;

   (c) develop proper co-ordination of work programmes of various projects in Central America through (1) joint meetings with Project Manager and Agencies' Regional and Country representatives, and (2) follow-up working groups to spell out action programmes to achieve this objective.

3. Reorganize UNDP Regional Representative's Office in Central America in four respects, as follows:

   (a) expand present plans for a sub-office in Guatemala to other Central American countries outside of El Salvador;

   (b) establish at least one additional post in San Salvador for expanded programming activities described above;

(c) strengthen administrative procedures and controls as necessary in San Salvador in order that the office may assume additional responsibilities for administrative actions as described in 1 above;

(d) improve communications between San Salvador and other Central American countries through a pouch service and perhaps radio communication.

Counterpart payments

4. It is proposed that UNDP Headquarters make a study to determine why Central American governments pay on time and in full what they owe to multilateral financial institutions, but are seriously in arrears in paying their agreed contributions to UNDP projects.

II. INTRODUCTION

5. During the period from 14 March to 15 May 1970, an inspection was made of activities of the United Nations family in Central America, primarily in El Salvador, Guatemala, Costa Rica and Nicaragua, in addition to a brief visit to Mexico. Attention was focused particularly on projects for which the Department of Economic and Social Affairs in New York was the executing agent, but a representative number of projects of the various Specialized Agencies were also examined. A draft report was written in San Salvador and reviewed with senior officials of the UNDP Regional Representative's Office; it was then circulated to various parts of the United Nations for comment.

6. After returning to Geneva, I prepared the attached Addendum in which an attempt was made to bring the situation found in Central America into focus with the UNDP Governing Council's deliberations in March and June 1970. The Consensus approved by the Governing Council and presented in Chapter V of its report to ECOSOC (E/4884) was used as the authoritative statement of the Council's views on various issues raised by the Capacity Study and related documents.

III. ORGANIZATION AND MANAGEMENT OF UNITED NATIONS ACTIVITIES

7. The UNDP programme in Central America is considerably larger than that of any other Resident Representative's Office in the world, except India. Annual expenditures total over $8 million. Non-UNDP activities include large WFP, Unicef and WHO expenditures which bring the grand total to over $14 million. In addition, the UNDP Regional Representative's Office must work with six sovereign governments, not just one, and has been burdened by the political difficulties in Central America.

8. A simple correlation analysis of numbers of international professional staff in the Regional Representative's Office with total annual UNDP expenditures indicates that the UNDP Regional Representative's Office in San Salvador is very much out of line with other countries, and its professional staff would have to be increased by about 50% to bring it into line with them. When adjustment is made for the comparatively larger work load created by having to deal with six governments in six different locations rather than one, an even larger increase might appear to be justified.

9. While inspecting projects in various parts of Central America, I attempted to identify evidence of understaffing of the Regional Representative's Offices. The following indications were considered significant:

(a) UNDP correspondents in Guatemala, Costa Rica and Nicaragua. In each of these countries the Regional Representative uses an FAO expert, who may also be the FAO Country Representative in case of serious security problems, but otherwise has no authority to act for the Regional Representative. Even these limited duties have placed such burdens on these experts (particularly taking care of visitors) that the governments are objecting to the limited time the experts are spending on the projects for which they are responsible. Each of the experts complained to me that the workload was getting heavier and beyond his capacity to handle, and that many of the visitors who were used to the various services available in a Resident Representative's Office were unhappy that he was unable to take care of many of their problems. The experts also emphasized that communications channels should be improved between their countries and San Salvador.

(b) Experts in Guatemala, Costa Rica and Nicaragua. I heard more complaints by the experts in these countries about the "management" than elsewhere in the developing world. I met with various groups of experts to discuss such matters. Many objected to the long delays in getting action on personal matters, but such objections were much more prevalent among the larger rather than the smaller Specialized Agencies. There were numerous complaints that the overworked Regional Representative visited them much too infrequently, and his assistant in San Salvador seldom came round. They felt cut off from what was going on in the United Nations, and missed leadership by the Regional Representative's Office in bringing them together and providing opportunities to meet other experts. Finally, and very significantly, there was a surprisingly large number of suggestions that there was a lack of leadership in linking the various United Nations projects together (i.e. programming technical assistance). For example, the demographic project was handicapped by the lack of strong national statistical offices, and the Institute for Public Administration (ICAP) was interested in strengthening these offices, but United Nations personnel on these two projects were not working together on this common objective. The ILO vocational training institute thought it could have trained the drillers for the underground water project. And so on. A number of instances were noted where such co-ordination of project work plans had taken place, but it typically reflected ad hoc, local initiatives, not a conscious programming effort by higher authority.

(c) Relationships with local governments. I came across several instances where experts were attempting to deal with politically sensitive relationships with local government officials, but were (in my judgement) getting much beyond their depth. Involved were the kinds of matters that would have been handled normally by a Resident Representative's Office. It is my impression that the Regional Representative's Office has tried hard to keep on top of these situations, but I am disturbed by some of the initiatives of the experts in between visits of the Regional Representative, Some of these instances were called to my attention by the UNDP "correspondents". who feel rather helpless to do anything beyond reporting to San Salvador because of their lack of authority to become directly involved in such matters.

10. It is proposed that corrective action be taken to strengthen the management of United Nations activities in Central America in three ways:

A. RESPONSIBILITIES OF RESIDENT REPRESENTATIVE'S OFFICE FOR PERSONNEL ADMINISTRATION

It is proposed that the following responsibilities for personnel administration be decentralized to the Regional and Resident Representative's Offices, starting with United Nations/OTC. These proposals are made on the assumption that recommendations for sub-offices and communications on page 11 are implemented.

(i) Renewal of laissez-passer. A large number of really bitter complaints were heard about the necessity of sending laissez-passers for renewal to New York via Agency Headquarters, a process often taking five or six weeks. Most complaints were accompanied by instances of personal hardship in connexion with planning home leave, renewal of contracts, travel by regional experts, etc. In particular, this seems like a dangerous procedure in areas with security problems that might require evacuation of United Nations personnel on short notice. Embassies of Member States have authority to renew passports. Why should not the UNDP Resident or Regional Representatives have the authority to renew laissez-passers?

(ii) Payment of salaries. It would appear to be unnecessary for the various executing agencies to send the UNDP Resident Representative's Office an authorization to pay the salary of an expert each month when he is under (e.g.) a two-year contract. Only the Unesco experts complained that their system resulted in getting their cheques late, but it looks like a needlessly expensive and complicated process. I understand that only the UNDP and UPU have issued "standing orders" to pay field personnel monthly. Why not extend "standing orders" to all personnel now paid by the Resident and Regional Representatives around the world?

Objections to this proposal have been raised by several large executing agencies who have or will soon "computerize" their payroll data. They state that the salary of an expert, reflecting various allowances and deductions, changes frequently (Unesco says an average of six times a year, a surprisingly high figure), and conclude that a computer-assisted integrated system is better than a costly decentralized manual system. Unesco is working towards a system whereby the Resident Representative has "standing orders" to go ahead and pay an expert an amount equal to last month's salary if there is any delay in receiving the monthly authorization from Headquarters. WHO has computerized its payroll and sends payment instructions direct to banks in the developing countries for the accounts of all field employees. Banks have "standing orders" to have cheques drawn on them even if payment instructions should be delayed, based on the previous month's salary deposit. I strongly urge that a "standing order" policy be adopted by all agencies, the details of its application depending upon whether the payroll has been computerized, and whether payment instructions are sent to the Resident Representative or to a local bank.

(iii) Renewal of experts' contracts. I found a large number of stories of personal hardship in the files due to delays in finalizing extensions of experts' contracts. Experts would go on home leave without knowing whether they should give up a house they were renting. Men with families had their salaries discontinued temporarily while papers were being finalized or lost X-rays were being found. The expression heard so often was that Headquarters simply had lost all

human feeling for the expert and his personal problems. Cases were even found where experts had already sold their household effects, and then had to refurnish their quarters when a contract renewal came through at the last minute.

I had a representative group of these cases documented, including those from a number of agencies. Typically, a firm agreement was reached with the expert, the host government, his agency and the UNDP well in advance of the contract termination date. Then all sorts of delays, lost correspondence, and just plain neglect took place, resulting in needless delays and personal hardship. My suggestion is that when a firm agreement is reached to extend an expert's contract, the UNDP Resident and Regional Representatives' Offices be authorized to finalize the contract renewal, and then notify the various parties concerned to that effect.

I would suggest that this delegation of authority to the Resident or Regional Representative be granted first by United Nations/OTC, which seems to be the worst offender. My sample check indicated that this delegation of authority should probably be extended eventually to all agencies, although WMO experts told me they typically knew just where they stood at least three months in advance of their contract expiration dates and had no complaints. Their experience, however, was very much the exception.

I have little sympathy for those personnel officials in agency Headquarters who reject the above proposal on the grounds that the problem is very complex and involves so many clearances. I spent a lot of time in San Salvador reviewing case histories, and I can only conclude that in several of the agencies the most important difficulty is indifference. The discipline imposed by a computer-assisted integrated personnel system may eventually overcome these difficulties. In the meantime, I propose a delegation to the field as outlined above, starting with United Nations/OTC.

(iv) Fellowships. A review of a substantial number of fellowships revealed that in most cases the papers were completed anything from a few days before to a few days after the date the fellow was due for training abroad. The papers were almost never completed as much as two weeks before the scheduled departure date. The pattern is so consistent that it makes one wonder if the completion of papers and delivery of tickets at the last minute is not a deliberate policy because of the number of nominees who change their minds shortly before the departure date. A review of a number of case histories, however, suggests that it reflects poor scheduling of the various steps required to get the fellow on his way.

This last minute completion of papers can have unfortunate consequences beyond frustration for the fellow. I recall particularly the fellow whose papers were completed at the last minute, and he took a plane for Los Angeles, finally arriving and getting settled in a dormitory at 2 a.m. At 8 a.m. that same morning, utterly exhausted, he had to take the English exam which he failed, even though the tests made in Costa Rica indicated he was well qualified. He had to spend the next six months auditing courses rather than proceeding immediately with his scheduled programme.

It is my proposal that when a nominee for a fellowship has been accepted by UNDP and the executing agency, and his training programme and date of departure are firm, then the Resident or Regional Representative be authorized to complete

the administrative actions necessary to send him on his way, including the medical examinations, language examination, and procurement of tickets, without further clearance with Headquarters. If the nominee is seeking fellowships from more than one source, or is likely to back out at the last minute, the employee of the Resident or Regional Representative's Office concerned with fellowships is in the best position to know this and can handle the situation accordingly.

The local procurement of tickets involved in this proposal and the proposal for travel raises a special opportunity for improvement. The centralization of all ticketing in New York and in agency Headquarters makes the local travel agency in the developing country much less interested in giving good service to the local UNDP office or expert concerned, because the local agency receives a much smaller commission or none at all. This situation should be corrected without delay and the Resident Representative must be delegated authority to purchase tickets directly from local travel agents.

(v) Approval of travel. One of the most numerous complaints was the time and trouble involved in getting approval from Headquarters for travel. After listening to a number of case histories in the field, and recalling a study I made last fall of the handling of travel by United Nations/OTC, I am persuaded that much of the difficulty stems from the fact that no attempt is made by at least some agency Headquarters to programme or schedule travel of experts in the field. If, for example, a decision were reached in advance that an expert could (and should) make a minimum of three trips a year, and the Resident or Regional Representative were authorized to approve up to three trips, much pain and frustration would be saved, and Headquarters would be forced to handle travel funds in a much more intelligent way.

(vi) Payment of education grant. I did not have an opportunity to explore this complaint in detail, but understand that the expert pays in advance for the education of his dependent children, and then obtains a refund when the school year is ended and he provides the prescribed proof that his children attended the school. The complaint is that it takes too long to get reimbursed. In those cases where the child is attending a school in the expert's country of assignment, it might help to authorize the Resident Representative's Office to examine the required documents at the end of the term and make the payments that were adequately supported, without prior clearance with Headquarters.

A further study of this matter suggests, however, that an additional and more important step should be to make an advance either to the expert, or perhaps to the school itself, in order to reduce the heavy financial outlay the expert must now make for an extended period of time.

B. RESPONSIBILITY OF RESIDENT REPRESENTATIVE'S OFFICE FOR PROGRAMMING

I am not discussing in this section the broad problem of "country programming" as defined in the capacity study. Programming is used here to mean the coordinating or tying together of the work programmes of the various United Nations-supported projects in a given country or region. The following action proposals for the Regional Representative's Office in San Salvador will explain more clearly what I have in mind.

(i) Off-the-site training. The Regional Representative's Office should obtain and keep up to date a listing of training facilities supported in the past or currently by some part of the United Nations family in Central America, and perhaps also by Panama and Mexico. These facilities would be given first priority in determining the location of training of locals which is to be carried out off the site of a given United Nations project. Fellowships would no longer be implemented only in the United States, Europe or Santiago, but first priority would be given to facilities in Central America (if available). This proposal would represent a broadening of the duties of the assistant to the Regional Representative who is responsible for handling fellowships.

(ii) Co-ordination with financial institutions. An attempt should be made to identify very early the most likely source of funds for each United Nations project whose recommendations will probably involve substantial follow-on investments. At least informal relationships would be sought with such institutions, to enlist their interest and to ensure that the facts and analyses produced by the project met the requirements of the lending institutions.

(iii) Substantive co-ordination of projects. The Regional Representative's Office should sponsor meetings with project directors and regional agency representatives every (e.g.) three months, for an exchange of information and in particular the identification of potential opportunities for tying together more closely the work programmes of the different projects. Such meetings would be followed by meetings of technicians to work out the details of closer co-ordination of work programmes. In some cases this would involve bringing bilateral programmes into the picture.

C. ORGANIZATION OF REGIONAL REPRESENTATIVE'S OFFICE

The current situation, plus the proposed additional duties outlined above suggest four changes in the present organization of the Regional Representative's Office in San Salvador, as follows:

(i) Sub-offices. The proposed sub-office of the Regional Representative in Guatemala should be duplicated in the other Central American countries outside of El Salvador.

(ii) Programming. At least one new post should be established in San Salvador to carry out the additional programming responsibilities outlined above, working closely with the sub-offices.

(iii) Administration. The Administrative Officer would need some further help in carrying out the additional duties proposed above; and the files of the Office would have to be reorganized and be designed for action, not just for reference. Simple management tools would be introduced to schedule and control action on those new responsibilities. Delegation of authority would be made to the sub-offices to the extent possible.

(iv) Communications. Present communications between San Salvador and the correspondents in other Central American countries are poor, and will be even more of a handicap if there is a delegation of administrative responsibilities to the Regional Representative's Office as proposed above and sub-offices are

established. It is proposed that experts of ITU in Central America be asked to review this situation and make recommendations. A pouch system should be established immediately. I have in mind going much further and installing SSB radios or their equivalent. The views of the administrative officer of the Geothermal Project might also be requested, because of the potential security situation; he had some relevant communications experience.

IV. GENERAL OBSERVATIONS ON INSPECTION OF PROJECTS

11. It was recognized from the beginning of this study that there was something special about United Nations activities in this area. The Economic Commission for Latin America (ECLA) has been pressing for many years for an integrated approach to economic development in Central America, and deserves a lot of credit for the decision in the early 1960s to remove tariff barriers between these countries and to form a Common Market. The numerous regional projects of the United Nations family in these countries were designed not merely to build institutions to be shared by the different countries, but to provide a positive force for integrated development. A single office of the UNDP Regional Representative was established in El Savlador for the whole of Central America. Certain courageous political decisions taken jointly by the countries during this period helped to foster a growing pride among the people in being citizens of Central America.

12. During the past year or two this promising trend of events has been disturbed by hosilities that have flared up from time to time. Also, from a purely United Nations point of view there has been a growing recognition that not all of the United Nations integration activities have been successful in Central America, and that the time has come to review the record. Among the specific problems that came to my attention early in the study are these:

(a) The office of the UNDP Regional Representative in San Salvador lacks the benefit of an overall integrated economic framework and investment programme for Central America for guidance in selecting and designing United Nations projects. It might have been expected that the ECLA project entitled the Central American Integration Programme, established back in 1952, would have provided such guidance. At that time the Ministers of Economy of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua, with an observer from Panama, set up the Committee on Economic Co-operation for the Central American Isthmus (CCE), which formulated requests for technical assistance to this programme designed ultimately to achieve an integrated economic system. After 18 years this programme consists of about eight experts working largely on short-term technical assistance for individual country projects in the area, with little or no co-ordination with the Regional UNDP Office in San Salvador, even though their activities are financed by UNDP. Also the experts attached to this project are based in Mexico City, not Guatemala, where their counterpart Central American regional organization, SIECA (Secretariat of the Central American Integration Treaty), is located, with a resulting loss of intimate contact with co-ordinating bodies and perhaps some increase in administrative costs (transportation and per diem). The FAO-staffed organization called GAFICA is attempting to fill this planning gap in the agricultural sector, but the necessary steps to develop an overall framework are not under way at this time.

(b) The countries in Central America are seriously in arrears in paying their agreed contribution to UNDP projects, and assessed contributions to the United

Nations and Specialized Agencies. On the other hand, it is noted that even El Salvador, which is the furthest behind in paying its United Nations family commitments, pays on time every cent that it owes to multilateral financial institutions. Why? Is this because there is a misunderstanding, an erroneous impression that loans must be paid back and technical assistance is a grant? Or is it because these countries have learned that if you don't meet your payments on loans from banks, everything stops at the end of the month; but if you do not pay on UNDP projects according to an agreed Plan of Operation, experience shows that the UNDP will put up the money even for two or three years to keep the project running and even approve new UNDP projects for these countries?

(c) A substantial part of the projects carried out by various members of the United Nations family in Central America will have been worth while only if they ultimately lead to investment. However, the various national and multilateral financial institutions making loans to Central America often are not tied in with the technical assistance programmes of the United Nations family, except on an ad hoc basis for certain individual projects (for example, the World Bank is following closely certain UNDP Special Fund projects such as the Geothermal Project in El Salvador). On the other hand, it is recognized that some of the banking institutions, particularly the World Bank, do not subscribe to the detailed planning including "model building" sponsored by ECLA, but prefer a more pragmatic project-by-project approach. Thus it might be very difficult to bring together capital investment and technical assistance for Central America under the discipline of an agreed framework and policies designed to achieve economic integration for this area. As one indication of the practical implications of this situation, the GAFICA Group included in their work programme the identification of the most promising areas for expanding cattle production in the Central American States, but dropped this part of the programme when they discovered that one of the major lending institutions making loans to Central America had already gone a long way toward finalizing investment plans for cattle production in some areas, in collaboration with the local government. Thus the results of a GAFICA cattle study would probably have arrived too late to influence major investment decisions and would have been largely an academic exercise.

13. The points outlined above were kept in mind in inspecting projects in the various countries. A separate report has been made to each individual executing agency on projects for which it is responsible (JIU/REP/70/5-1 to 5-5).

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THE SITUATION FOUND IN CENTRAL AMERICA IN RELATION TO THE GOVERNING COUNCIL'S DECISIONS ON CAPACITY OF THE UNITED NATIONS DEVELOPMENT SYSTEM

This report on Central America was written in San Salvador. After returning to Geneva, I have reviewed in detail the minutes and documents related to the meetings of the UNDP Governing Council in March and June 1970, and have made an attempt to bring the situation found in Central America into focus with the Governing Council's deliberations. Quotations from the Consensus approved by the Governing Council and presented in Chapter V of its report to ECOSOC (E/4884) are presented below, together with my comments based on observations in Central America.

(a) "10. It will be for the government to take into account, while preparing the country programme, other external inputs, both multilateral and bilateral."

Comment: The UNDP for Central America is such a small part of the external assistance from all sources, that it would be unrealistic to attempt a country programme just for UNDP. It would appear to be necessary, as concluded by the Governing Council, to prepare a programme including at least all of the major donors in order to make sure that the various pieces fit together. The UNDP country programme could then be extracted for separate processing. This would involve a very heavy burden on the government. I question whether some of the countries I visited have either the staff or the will necessary to complete this task. However, I agree with the Governing Council that if an attempt is made just to prepare a UNDP country programme without reference to other assistance, we would probably achieve little or no improvement over the present project by project approach.

In practice, I think the Resident Representative will have to take a lot more of the initiative in country programming than implied in the Governing Council's Consensus for those many developing countries who have not progressed very far in preparing national development plans and are short of staff. Otherwise we may find that a couple of years from now UNDP country programmes have been completed only for those semi-developed countries where they are needed the least.

(b) "19. ... The Administrator will, to the maximum extent feasible, which will be determined and indicated by him to the Governing Council in due course, delegate the authority to approve projects to the Resident Representatives."

"63. There should be the maximum possible delegation of authority to the Resident Director. ... In this context his relationship with the representatives of other United Nations organizations in the field is of crucial importance. ... The Resident Director should have ultimate authority on behalf of the Administrator for all aspects of the UNDP programme at the country level and should, subject to the agreement of the organizations concerned, be the central co-ordinating authority on their behalf for the other development assistance programmes of the United Nations system."

Comment: The UNDP Regional Representative in San Salvador is not in a position to perform these additional responsibilities at this time. Among the major problems he faces are these:

(i) Dispersion of officials. He has a capable and experienced Senior Agricultural Adviser in his office. Regional Representatives of other parts of the United Nations, however, are scattered among other Central American countries and Mexico. The Regional Representative of AID (U.S. Agency) is in Guatemala. The headquarters of a key lending institution is in Honduras. And so on.

(ii) Management problems. The UNDP Regional Representative in El Salvador is organized primarily to handle regional matters. He has only FAO correspondents in Central American countries outside El Salvador, and will not be in a favourable position to attempt country programming, or assume responsibility for certain administrative matters that should be decentralized, until he has at least the equivalent of a skeleton UNDP Resident Representative's office in each country, preferably with SSB radio communication with the office in San Salvador. Also, there will have to be a clarification of the rôle of the UNDP Regional and Resident Representatives as country representatives for those executing agencies that do not have their own regional or country representatives in the area. For example, OTC in New York, the second largest executing Agency for UNDP, handles all administrative matters direct with the experts in Mexico and Central America, just as though the UNDP Regional and Resident Representatives' Offices in that area did not exist. Finally, the files for example of the UNDP Resident Representative's Offices were designed mostly for reference, not for control and operation. There would have to be a lot of internal changes if the Resident Representatives' Offices were to exercise proper control over greatly expanded administrative responsibilities.

(iii) Impact of computers. A number of opportunities were identified for speeding up the whole United Nations Development system through decentralization to San Salvador, provided the management problems outlined above were resolved first.

However, in discussing these opportunities with headquarters of Specialized Agencies, it became clear that through the use of the computer centrally, in some instances the advantages of decentralization to the field may disappear.

For example, UNDP has given "standing orders" to Resident Representatives' Offices to issue field personnel their cheques monthly. It would seem to be more efficient and cheaper if this procedure were extended to all United Nations field personnel in a country. However, Unesco considered and rejected this idea and is computerizing its payroll starting next year. It states that "There are on the average six salary changes per expert per year for such causes as: within-grade increments; changes in family allowances; changes in distribution of salary between the three authorized currencies and in amounts of salary deduction; changes in post adjustment resulting in a revision of amounts fixed at the duty station; etc. Thus, 'standing orders' would be valid only for an average of two months." ILO, which already has its expert payroll computerized, states that "It would be a more, rather than a less, expensive and time-consuming process to make exceptions

to the computer system in order to provide a standpoint payment authorization to payment agent (e.g. to Resident and Regional Representatives)" and then presents an explanation similar to that of Unesco quoted above. Other examples were also cited of the advantages of continued centralization of administrative activities through use of the computer.

It is now my view that the authors of the Capacity Study did not fully appreciate the relationship between their recommendation for "maximum centralization of administrative support functions in the Resident Representative's Office and the expanded use of computers in Agency Headquarters. The future widespread use of the computer, plus the introduction of the telex system now under serious consideration in UNDP Headquarters, may severely limit further opportunities for desirable decentralization of administrative activities.

(c) "22. The programming of such (inter-country) assistance will be based broadly on the same general principles as set out above for country programming, particularly in that it will be systematically related to the development priorities of the countries concerned and as far as possible planned in advance over a period of years."

Comment: Experience in Central America suggests that it may be too early to attempt to go beyond the conventional multilateral project-by-project approach to regional development activities. Although considerable success was achieved in establishing a "common market", attempts to achieve some form of inter-country programming have not been encouraging. ECLA established a project entitled the Central American Integration Programme back in 1952, but to date no integrated economic framework or investment programme has been agreed upon for Central America that would provide guidance for the governments and the UNDP Regional Representative in San Salvador in selecting and designing UNDP regional projects. In fact, as noted in this report, "after 18 years this programme consists of about eight experts, based in Mexico City, working largely on short-term technical assistance projects for individual countries in the area, with little or no co-ordination with the Regional UNDP Office in San Salvador, even though their activities are financed by UNDP." FAO started participating with the Group in 1955, under the name FAO/CAIS, but transferred its Group to Guatemala City in 1967 (now called GAFICA) to co-ordinate its activities more closely with SIECA (Secretariat of the Central American Treaty). For various reasons an integrated regional agricultural programme with appropriate status is still not on the horizon. Thus after nearly two decades of effort under comparatively favourable circumstances, an approved regional economic integration plan and investment programme is still not in sight.

It is probably fair to state that the various countries of Central America are not only unprepared to join seriously in inter-country planning at this time, but also show less enthusiasm than a few years ago for individual projects programmed and funded on a regional basis. It is suggested that an attempt should be made to improve the approach to multinational projects before attempting anything as sophisticated as inter-country programming. With this more limited objective in mind, I have one suggestion.

The most successful regionally-oriented project I inspected in Latin America was executed by the ITU. It included a separate COMTELCA organization outside of SIECA, a regional co-ordinator, a group of experts, equipment and an agreed number of man-months in each country programme of the participating countries. The experts moved independently from country to country in accordance with each country programme, under the general supervision of the regional co-ordinator. This general approach is known to the Governing Council (see for example the remarks of the representative of Jordan at the bottom of page 5 of the Provisional Summary Record of the 217th meeting). In my judgement the ITU arrangement should be seriously considered for new regional-oriented projects in that area, and will probably be found applicable in most cases. If countries are unwilling to make room for their part of the project in their own country programmes, then the proposed project probably should be dropped.

(d) "53. ... No one source of follow-up investment financing should be regarded as the only acceptable source or as a source enjoying preference over others. ... UNDP will develop the expertise in this matter to ensure, in consultation with the government the early co-ordination, from the planning stage onwards, with potential bilateral and/or multilateral sources of finance for projects requiring follow-up investment."

Comment: This is a very important guideline for the situation found in Central America. For example, the World Bank Group have refused to make loans for regional UNDP projects in that area (such as the ITU regional project whose investment needs are being financed elsewhere). I also found a number of close relationships that had been worked out between UNDP-supported projects and regional banks as well as U.S. AID financing, usually brought about by individual initiatives of United Nations officials and experts. This whole aspect of UNDP programming, however, appeared to be handled on too "ad hoc" a basis.

Summary world-wide data, showing the impact of granting a preferred status in the past to the World Bank Group on the volume of UNDP pre-investment type projects, is very revealing. About two-thirds of all investment follow-ups of UNDP projects are financed by the World Bank Group. However, the World Bank Group provided only about 6% of the $13 billion of external finance to all developing countries in 1968. The remaining 94% includes (1) other multilateral sources, including regional banks, 5%; (2) official bilateral aid from both Western and Socialist countries, 47%; and (3) private bilateral sources 42%. It seems rather obvious that the UNDP has not fully developed its potential market for investment feasibility studies for developing countries. At the same time, I have rather nagging doubts as to whether the present costs of UNDP pre-investment studies are fully competitive with alternate sources of studies.

PRELIMINARY OBSERVATIONS OF THE DIRECTOR-GENERAL OF UNESCO ON THE JOINT INSPECTION UNIT REPORT ON ACTIVITIES OF THE UNITED NATIONS FAMILY OF ORGANIZATIONS IN SOME CENTRAL AMERICAN COUNTRIES

(JIU/REP/70/5)

1. Observations are presented below for items of concern to Unesco under the various headings, and in the order of the table of contents, of the report.

A(i) Renewal of laissez-passer

2. The Director-General agrees that Resident Representatives in all parts of the world should be authorized to renew the laissez-passer. Executing Agencies should be informed of renewals and their duration.

A(ii) Payment of salaries

3. There have been delays in the transmission of payroll instructions to the Regional Representative Office in San Salvador, who, in turn, has to mail cheques to other Central American countries where Unesco experts are stationed. This delay results from the 12 days required for the diplomatic pouch to reach San Salvador from Paris and the additional time due to slow communications within Central America.

4. The Director-General has considered introducing a "standing order" system but rejected the idea. The Unesco payroll is prepared centrally in Paris for all field staff, including local employees and from 1971 the payroll will be part of a computer-assisted integrated system for personnel management. A "standing order" system would require considerable costly manual work, both at Headquarters and in the Resident Representative's Office.

5. However, in order to speed payments and reduce inconvenience to experts, the following measures have been taken.

(a) The UNDP Office in San Salvador has been given a standing authorization to make salary advances based on the previous month's salary whenever payment instructions are delayed. These advances are recovered locally without reference to Unesco Headquarters. This provides the same flexibility as "standing orders" without their complexity.

(b) In addition, from June 1970, a special measure has been adopted for San Salvador. Salary payment instructions are sent by telex (via Geneva and New York) which permits the Resident Representatives to mail cheques immediately. The telex instructions are then confirmed in due course by the usual airmail instructions. The cost for a 100-word telex is $5.

A(iii) Renewal of experts' contracts

6. The Director-General is well aware of this serious problem and has taken various internal measures but the major obstacle remains: the Secretariat cannot make commitments without UNDP's formal authorization. Probably the time has come to adopt a more liberal contract renewal procedure under which agencies could renew contracts three months before their expiry even though formal

authorization from UNDP has not yet been received, provided that the Agency considers the prospects for the approval of the extension of the post to be good and, failing extension of the post, that the expert could be used in other assignments. Any costs resulting from this policy - payment of salary during a waiting period between assignments, payment of indemnities in the rare cases when no suitable post is available - should be charged to the project. Unesco's Regular budget cannot provide sufficient funds for this purpose.

7. The experiment suggested by the inspector for UN/OTC will be interesting, but it should be realized that it alone will not resolve the problem.

8. This and other proposals for decentralization could be reviewed in light of the proposals made by the Administrator to the Governing Council for delegation of some of his responsibilities to the Resident Representatives.

A(iv) Fellowships

9. The recommendations of the inspector concerning fellowships are sound and will be put into effect by the Secretariat.

A(v) Approval of travel

10. A system similar to that proposed by the inspector has been adopted for Unesco travel on 11 February 1966.

A(vi) Payment of education grant

11. The proposal of the inspector is not recommended for the following reasons:

(a) It would place a heavy, complex and scattered burden on UNDP offices when the work could be processed more economically centrally, using a computer.

(b) The Resident Representative cannot have all the necessary information required to apply the complex education grant rules.

(c) If there are delays after the introduction of the computerized system, then the preferable solution would be to authorize the Resident Representative to accord advances recoverable locally.

B(i) Off-the-site training

12. Unesco's policy is to develop and expand local and regional training facilities as an alternative to study abroad. For certain specialities such as the social sciences this has not yet been possible in Central America with the limited exception of the sub-centre of CELADE (Santiago) which has been created in Costa Rica. For the time being, students in social sciences from Central America attend CENTRO (Rio de Janeiro) or FLACSO (Santiago). It would be useful if the Resident Representatives kept and distributed a schedule of training facilities in the area. The proposals of the inspector fit well with Unesco policy.

B(ii) Co-ordination with financial institutions

13. The proposal of the inspector is endorsed. It would be useful if the Resident Representative could circulate information on financial institutions, including bilateral programmes operating in the region.