Annex 1

# TERMS OF REFERENCE
## STRATEGIC EVALUATION OF THE ROLE OF UNDP IN THE NET CONTRIBUTOR COUNTRIES OF THE ARAB REGION

## 1. CONTEXT

The evaluation is being undertaken within the context of UNDP's policies and practices towards NCCs as well as three important global factors related to aid, the UN and UNDP respectively:

- The changing global aid environment and efforts towards increasing aid effectiveness

- The increasing pace of UN reform and the move towards greater harmonization of efforts

- The evolving UNDP business model and, specifically, the development of the new UNDP Strategic Plan for 2008-2011.

### 1.1   UNDP AND NET CONTRIBUTOR COUNTRIES

For UNDP a net contributor country (NCC) is a programme country with 1997 GNI per capita above $4,700 per year. All programme countries, including the NCCs are required to prepare a Country Programme (CP) for approval by the UNDP Executive Board,[1] although NCCs may receive core funds from UNDP, the funds must be reimbursed.[2] UNDP is now working in more than 30 NCCs worldwide.

Apart from these resource allocation issues,[3] UNDP has virtually no specific policies for dealing with NCCs either at a corporate or a regional level. An internal review of UNDP's role in NCCs and middle-income countries (MICs) carried out in 2003 provided no definitive conclusion or decisions other than to continue with the status quo. However, the review found that the role of UNDP in NCCs and MICs was reported by all regions at the time to be a major issue in need of attention. A recent UNDP Internal Review of the 2004-2007 Programming Arrangements noted that it is unlikely that there will be any major change to the status of NCCs in the next programming cycle. However, in light of the questions that have been raised, the UNDP policy on and funding of NCCs should be re-assessed for future programming cycles.

Since UNDP's programmes in the NCCs are funded by the host countries, the situation creates an atypical dynamic in the relationship between the agency and the host country. With the host government funding the programme, this means that the programme is almost exclusively demand-driven, suggesting that some of the UNDP country programme activities could cover areas that are not central to UNDP's five practice areas.

The implications of this arrangement have prompted discussion of how UNDP can fulfil its

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1   When circumstances prevent the preparation or approval of a CP, the Executive Board may authorize the Administrator to approve projects on a case-by-case basis.  Such circumstances are normally a crisis situation.

2   Target for resource assignment from the core (TRAC 1) funds, but the funds must be reimbursed.  NCCs do not normally receive TRAC 2 funds.  The Associate Administrator may approve an advance authorization of TRAC resources to an NCC on an exceptional basis. Countries graduating to NCC status have a three-year grace period during which time they can receive core resources and a reducing level.

3   Given in Executive Board decision 99/2.

4   'Net Contributor and Middle-Income Countries – Towards a Corporate Strategy', internal discussion paper, Bureau of Management, January 2003.

| Table 1. Basic Indicators for NCCs in the Arab Region (2004) | | | |
|---|---|---|---|
| Country | Population (millions) | Gross domestic product per capita (PPP US$) | % GDP from oil |
| Bahrain | 0.7 | 20,800 | 30 |
| Kuwait | 2.6 | 19.400 | 50 |
| Libya | 5.7 | 7,600 | 30 |
| Saudi Arabia | 24.0 | 13,800 | 40 |
| United Arab Emirates | 4.3 | 24,100 | 28 |
| Middle human development | | 4,900 | |
| High human development | | 26,600 | |

Sources: Population, GDP per capita, Internet - UNDP HDR 2006; GDP from oil - various sources

mandate in influencing host countries to move towards the fulfilment of the Millennium Development Goals and the UN's other normative goals given the level of development, specific capacities, and the financial strength that exists in these countries. This has in turn, prompted discussion of what UNDP's future role should be in the NCCs.

## 1.1 THE REGIONAL CONTEXT[5]

The four Gulf States have experienced an accelerated pace of modernization and development over the last three to four decades, with large-scale infrastructure projects and substantial subsidies for many social benefits (i.e. in health, education, water and electricity) funded from oil revenues. In Libya too, sizeable oil wealth has supported comfortable living standards for the population. All the countries are now considered 'high income' by the World Bank, apart from Libya, which is in the 'upper middle income' category.

The economies of NCCs in the Arab region being based on oil exports, all show common economic and social characteristics. All countries enjoyed high levels of economic growth that has accelerated substantially in recent years with the increase in oil prices; they have a high rate of population growth but rely increasingly on migrant labour in the private sector, especially in construction and services; youth unemployment is a major issue; generous social subsidies are unsustainable; environmental issues, especially related to water are prevalent; and democratic governance and gender empowerment present difficult challenges. Absolute poverty as defined in the MDGs (less than $1 per day) is virtually non-existent in the Gulf States and is limited in Saudi Arabia where the benchmark for absolute poverty was raised to $2 per day. *(Information about absolute poverty in Libya to be collected during scoping mission)*. But the other development challenges faced by these countries are especially important in the context of the fundamental values established in the 2000 UN Millennium Declaration.

Table 2 indicates the human development index (HDI) rankings in each country and compares

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5   At this stage data are collected from a single source to ensure consistency across the region. This may mean that it is not the latest available or even the most accurate and efforts will be made to ensure that the latest and most accurate data is collected from local sources during the evaluation process.

| Table 2. Human development Indicators for NCCs in the Arab Region (2004) | | | | |
|---|---|---|---|---|
| Country | Human development index rank (out of 177) | Human development category | GDP per capita rank – HDI rank | HDI rank – GDI rank |
| Bahrain | 39 | High | -10 | -3 |
| Kuwait | 33 | High | 2 | -1 |
| Libya | 64 | Medium | 7 | n/a |
| Saudi Arabia | 76 | Medium | -31 | -10 |
| United Arab Emirates | 49 | High | -25 | 0 |

Source: UNDP HDR 2006

them to the rankings for GDP per capita and the gender-related development index (GDI). It indicates that the high income levels hide lower human development and gender-related levels. The gap between GDP per capita and HDI rankings are significant in Bahrain, Saudi Arabia and UAE. At the same time, Saudi Arabia shows a significant gap between HDI and GDI rankings.

While the countries are in the medium or high human development category, they recognize that they still face some important economic and human development problems. The intensity of these problems differs from country to country, but their economic and social development priorities include many common characteristics:

■ Efficient diversification of their economies away from oil-based activities through private sector development and privatization

■ Streamlining the education systems and rationalizing immigration policies to encourage the employment of nationals especially in the private sector

■ Increasing the efficiency of public administration and the public sector through better transparency and efficiency (e-governance and ITC);

■ Developing and implementing sustainable environmental policies;

■ Rationalizing and improving the sustainability of subsidies for social services

■ Promoting gender equality

■ Improving transparency/governance in public sector institutions, government and parliament.

Last but not least, the NCCs of the Arab region—especially Saudi Arabia, Kuwait and the UAE—have a long history of providing generous levels of development aid through national, bilateral and multilateral channels.

## 2. PURPOSE AND SCOPE

UNDP plays a significant role in the Arab region, covering nearly 20 countries and territories. Within the context described above, the Evaluation Office (EO) of the UNDP will be conducting an independent evaluation of UNDP's role in the NCC countries of the Arab region. Five countries within the UNDP Regional Bureau for Arab States (RBAS) have been identified for participation in this cluster evaluation:

■ Bahrain

■ Kuwait

■ Libyan Arab Jamahiriya

■ Saudi Arabia

■ United Arab Emirates

| Table 3. Evaluation Criteria | | | |
|---|---|---|---|
| **UNDP policies and practices towards NCCs** | **UNDP activities at the country level** | | |
| | **Strategic positioning** | **Performance** | **Management and operations** |
| ■ Appropriateness<br>■ Coherence | ■ Relevance<br>■ Responsiveness<br>■ Balance<br>■ Partnerships<br>■ Development value | ■ Effectiveness<br>■ Sustainability | ■ Efficiency<br>■ Support |

Evaluations either assess UNDP's strategic policies or involve an assessment of development results of UNDP programmes and activities in terms of their relevance, performance and efficiency. This evaluation includes features of both types of evaluation. Its primary objectives are forward-looking, learning objectives:

(1) At the global and regional levels, to contribute to the development of UNDP's corporate and regional strategies and policies related to NCCs

(2) At the country level, to evaluate and help improve UNDP's strategic positioning in relation to national priorities and in coordination with other partners.

To reach conclusions in both respects, the evaluation will also review:

(3) the performance of UNDP's activities at the country level

(4) efficiency of UNDP's programmes and activities.

The evaluation will thus contribute to UNDP's accountability to the Executive Board and to the Arab region NCCs themselves. However, the primacy of the first two objectives means that the last two objectives will not be treated in a comprehensive and exhaustive manner; instead they will be dealt with to the extent they are germane to reaching conclusions with respect to the first two objectives.

The evaluation will cover the period of the last two programming cycles[6] for each country, approximately eight or nine years with more emphasis being given to the latest programming cycle. Since this will be a forward-looking, strategic evaluation, the main focus will be on recommendations common to all five of the countries that will feed into corporate strategy and policy development. The evaluation will complement earlier examination of NCC issues, but will add a regional dimension and, most importantly, will obtain national perspectives on these issues in addition to those of UNDP and the UN family.

## 3. EVALUATION CRITERIA AND KEY EVALUATION QUESTIONS

As the overall approach evolved, it became possible to identify the evaluation criteria and key evaluation questions. The basis for identifying the appropriate evaluation criteria at the country level comes from the DAC criteria, namely, relevance, effectiveness, efficiency, impact and sustainability, but these have been adapted to the specific context and objectives of the evaluation. Table 3 indicates the criteria for evaluating UNDP's activities at the country level as well as for evaluating its explicit and implicit policies towards NCCs.

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6   Country Cooperation Frameworks (CCF) or Country Programme Outline (CPO).

Based on the evaluation criteria identified above, key evaluation question have been identified. Table 4 below sets out the key evaluation questions for examining UNDP's explicit and implicit policy on NCCs in the Arab region.

Table 5 on the following page sets out the key evaluation questions for examining UNDP's activities at the country level in the five NCCs of the Arab region.

## 4. METHODOLOGY

The evaluation will draw on a number of methods as indicated in Table 6 which links each method with one or more groups of target stakeholders.

### 4.1 DESK REVIEW

The evaluation research assistant collected relevant documentation from the five participating countries as well as the region. Analytical and summary documents were then prepared. The documentation was also reviewed by the other members of the evaluation team.

### 4.2 THE LOCAL RESEARCH COMPONENT

The local research component represents a key part of the value-added of the evaluation and is an essential part of the evaluation process. Its objective is to collect the perceptions of a wide range of national stakeholders on the performance and future role of UNDP in the country. Local research institutes (LRI) will be contracted to undertake the research, which should cover the following three elements:

- **Stakeholder mapping:** First, a mapping of national stakeholders covering state (government policy makers and senior civil servants; parliamentarians, etc.), civil society (opinion-makers such as journalists; NGOs, etc.) and the private sector will be undertaken. These stakeholders would not just be listed but the relationships between them and between each one and UNDP would be identified. The LRI will work with the UNDP CO but following the mapping exercise, will independently identify a sample of stakeholders for inclusion in the process.

- **Identification of methods:** The main approach to methods is to identify the most appropriate set for each country context and for each group or sub-group of stakeholders. A selection of methods would include formal surveys, focus groups, direct interviews, or a combination of such methods as appropriate.

- **Questions:** Agreement will be reached on the questions to be asked of each stakeholder group, for example in the form of a detailed

| Table 4. UNDP Policy on NCCs | |
| --- | --- |
| **Evaluation criteria** | **Evaluation questions** |
| **Appropriateness** | ■ What is the impact of the lack of core-funds and limited access to non-core funds on the effectiveness of UNDP COs in the Arab region NCCs? <br> ■ Is UNDP's narrow perspective on development value (level of country programme delivery) appropriate for Arab region NCCs? <br> ■ How do UNDP's administrative policies restrict the overall effectiveness of the UNDP COs in the NCC region? <br> ■ What level of importance does UNDP place on resource mobilization from the Arab region NCCs and why? What is the potential in this area? <br> ■ How could a more effective implementation of the UN reform agenda increase the effectiveness of the UN family as a whole in the Arab region NCCs? |
| **Coherence** | ■ How coherent are UNDP's and the broader UN's policies and principles on NCCs? Is there any conflict between the different elements? |

| Table 5. UNDP Activities at the Country Level | |
|---|---|
| **Evaluation criteria** | **Evaluation questions** |
| **1. UNDP's strategic positioning** | |
| **Relevance** | ■ To what extent have UNDP's programmes been relevant to the NCC's most pressing national needs?<br>■ To what extent have UNDP's programmes been relevant to the NCC government's national development goals and strategies?<br>■ What is the relevance of UNDP's mandate to the national priorities of the country as reflected in national development plans and other documents? |
| **Responsiveness** | ■ To what extent and in what manner has UNDP anticipated significant changes in the development context relevant to its areas of intervention?<br>■ To what extent and in what manner (ad hoc, planned, strategic, cautious, etc.; building partnerships, coordinating, piloting, etc.) has UNDP responded to emerging issues and opportunities? |
| **Balance** | ■ To what extent has UNDP been able to strike an appropriate balance between upstream and downstream initiatives?<br>■ How much is the country office programme driven by delivery rather than results? |
| **Partnerships** | ■ To what extent are major programmes designed in active coordination with other UN agencies?<br>■ To what extent is UNDP playing a role in promoting coordination between (i) government and donors; (ii) donors; (iii) civil society organizations; and (iv) the private sector? |
| **Development value** | ■ How has UNDP increased its development value through its non-programmatic activities such as mobilization of resources for use in poor countries in the region or outside?<br>■ How has UNDP increased its development value through support to the operations of other UN agencies? |
| **II. Programme performance: UNDP's contribution to national development results** | |
| **Effectiveness** | ■ What are the main contributions to national development results for which UNDP is recognized in the NCC?<br>■ To what extent, and how, do these contributions relate to the intended outcomes that UNDP has strived to achieve? |
| **Sustainability** | ■ Does UNDP have effective strategies in place to increase the likelihood of lasting effects from its development contributions?<br>■ Does UNDP promote and facilitate the scaling-up or replication of successful interventions? |
| **III. Management and operations** | |
| **Efficiency** | ■ How has UNDP's management and operations impacted on its ability to contribute to national development results? |
| **Support** | ■ How effective has the support from HQ been, especially from RBAS and regional resources, including regional programmes and SURF? |

ANNEX 1. TERMS OF REFERENCE

questionnaire or a list of core interview questions, depending on the methods selected. A sample set of questions was given to the LRI and also discussed with the CO.

### 4.3 COUNTRY OFFICE QUESTIONNAIRES AND PRO FORMA TABLES

Basic information from the country offices was collected during the preparation phase and supplemented during the scoping missions. In addition, the evaluation team prepared a standard questionnaire that it left behind with the evaluation focal point in each CO. These questions will be answered by relevant CO staff, although a combined document will be returned to the evaluation team at least one week in advance of the main mission. The answers to the questions will not only allow a degree of comparison of issues across all five countries, but will also flag issues that will need further investigation during the main mission. Pro-forma tables of basic project and management-related information were left with the COs during the scoping missions.

### 4.4 EVALUATION TEAM INTERVIEWS AND THE STAKEHOLDER WORKSHOP

The evaluation team will hold a number of formal semi-structured interviews with key stakeholders during the main mission. The selection of interviewees will depend on a number of factors, including the nature of stakeholders covered by the local research and the emerging issues arising from the local research and answers to the CO questionnaires. The focus will be on validation of the data collected through other methods in the evaluation process.

Following completion of the report, a final stakeholder workshop will be held to discuss findings, conclusions, lessons learned and recommendations with groups of national stakeholders and members of the UNDP COs in the participating countries.

## 5. EVALUATION PROCESS AND MANAGEMENT

The preparation and inception phases of the evaluation have been completed (for details see the inception report) and the remaining process will involve a set of missions to the countries being evaluated and the writing of the report (follow-up to the report is described in section 6).

### 5.1 MAIN MISSION

- **Main mission 1 – Bahrain, UAE and Kuwait (7-26 April):** The first main mission would immediately follow the final scoping mission in Libya (3-4 April).

- **Full team briefing at HQ (8-10 May):** The team leader and senior evaluation specialist will meet in New York for 3 to 4 days to undertake formal interviews with UNDP HQ (RBAS, BoM, UNDG, BRSP, OA) and other NY-based persons (for example members of UNDP's Executive Board or UN Representatives of the Arab region NCCs).

- **Main mission 2 – Saudi Arabia and Libya (19-30 May):** After the team briefing in NY the team will undertake main missions to the final two countries for approximately one week each.

- **Review of local research findings (2 June):** At the end of the final main mission, the evaluation team will undertake a review of the local research findings with the institutions concerned, possibly with CO representation.

- **Team meeting (3 June):** Immediately after the local research workshop, the evaluation team will meet for two days to brainstorm concerning the conclusions, findings, lessons and recommendations for the evaluation.

At the end of the main missions the evaluation team will prepare country reports. These will serve as inputs into the main report, but will also include recommendations for use by the COs in their programming.

### 5.2 REPORT WRITING

The process of report writing is programmed to be as follows:

- **Preparation of first draft of the evaluation report:** The first draft will be produced by the evaluation team members as noted below.

The team leader will finalize the first draft based on the inputs from other members. This will be submitted to the EO task manager by mid-July.

- **Review of drafts:** The EO task manager will arrange EO internal reviews and reference group review and UNDP review for factual checking.

- **Final stakeholder workshop:** Following review of the draft documents, a final stakeholder workshop will be held in the region. The workshop will be divided into two parts. First, an internal UNDP session involving the RRs of the countries concerned as well as representatives of RBAS and its regional programme. This session will last one day. Second, based on the first sessions, a broader session with national stakeholders from the Arab region NCCs (government, civil society and private sector) as well as members of the reference group. This session will also last one day.

- **Preparation of final document:** Following the stakeholder workshop the evaluation team leader will finalise the evaluation report and submit it to the UNDP EO. The EO task manager will arrange editing, designing and printing, etc.

### 5.3 MANAGEMENT ARRANGEMENTS

The EO selected members of the evaluation team:

- **UNDP EO Task Manager:** Nurul Alam

- **Team Leader:** George Zaidan

- **Senior Evaluation Specialist:** Michael Reynolds

- **Research Assistant:** Karima Nehmeh

EO will manage the evaluation and ensure coordination and liaison with RBAS and other concerned units at headquarters level. The EO will meet all costs directly related to the conduct of the evaluation. These will include costs related to participation of the evaluation team members, the local research and the issuance of the final ADR report. The CO will contribute support in kind. EO will also cover costs of any stakeholder workshops.

The concerned COs will take a lead role in organizing dialogue and stakeholder meetings for the main mission, support the evaluation team in liaison with the key partners and discussions with the team, and make available to the team all the material that is available. The office will provide support to logistics and planning.

The time-frame and responsibilities for the evaluation process are as follows (a detailed work plan is contained in Annex 14 of the inception report):

- **Main missions:** April and May 2007

- **Report writing (first draft):** June to mid-July 2007

- **Stakeholder workshop:** September 2007

- **Final report and review:** October 2007

## 6. EVALUATION OUTPUTS AND THEIR USE

The main output of the evaluation will be a final evaluation report of not more than 75 pages reviewing the experience of UNDP in these five NCCs; identifying lessons learned across these countries, and making recommendations that will feed into ongoing discussions of corporate policy for NCCs in the Gulf. In addition, a set of five country reports of less than 20 pages each will be prepared as an input into the process. These will be used by the COs as appropriate but will not be published or widely distributed. A local research report will also be prepared by the local research institute in each of the five countries as an input into the process.

The evaluation will be utilized by a variety of stakeholders. At the corporate level it will be used by UNDP as an input into its development of a corporate NCC policy. At the country level, the evaluative aspects of country reports would focus on what is distinctive about NCCs, focusing on recommendations that may streamline UNDP's existing and potential activities in these countries. The forward-looking aspects would integrate the views of stakeholders resulting

from the local research as well as the main missions and benefit from the perspectives of the reference group. The country reports could be used by the COs to realign programme priorities, processes and resources in discussing annual programmes with governments within the parameters of the next programming cycle. Governments and civil society stakeholders in the NCCs should also find the independent assessment useful for future planning.

The following steps will be undertaken following completion of the final evaluation report:

■ **Dissemination of the evaluation report:** Hard copies of the report will be widely disseminated. Electronic versions will be available on the EO public website as well as in the UNDP Evaluation Resource Centre. An evaluation brief will also be produced. Background documentation related to both the process and substantive issues will be

made available on the EO public or internal websites as appropriate.

■ **Submission of final report to the UNDP Administrator and the UNDP Executive Board:** The final evaluation report will be formally submitted to the UNDP Administrator and the UNDP Executive Board. The Administer will arrange for a management response to be prepared and this will also be submitted to the Executive board.

■ **Knowledge management:** A number of knowledge management initiatives are envisaged, although the nature of these will depend on the nature and scope of the findings, lessons and recommendations that come from the evaluation. At this stage it is assumed that a NCC workshop will be organized to discuss lessons learned and implications for the NCC group. In addition,