

# **REVIEW OF UNHCR'S IMPLEMENTING ARRANGEMENTS**

## **SYNTHESIS REPORT**

This report analyses and compares the various implementing arrangements used by UNHCR during recent decades and proposes a number of ways current arrangements can be strengthened.

Inspection and  
Evaluation Service  
May 1997

## **SCOPE OF THE REVIEW**

This review examines the evolution of UNHCR's implementing arrangements and assesses the successes and problems associated with different approaches. The study also attempts to identify ways in which UNHCR can improve various aspects of implementing arrangements.

The review was carried out by Fabrizio Hochschild temporarily assigned to the Inspection and Evaluation Service as an Evaluation Officer in co-operation with Lowell Martin and Bob White of IES. During the review, key documents were studied and in depth discussions were held with some eighty UNHCR staff. Discussions were also held with personnel from a number of NGOs.

To accommodate the needs of various readers two versions of the report are available: A comprehensive version, and the following synthesis report. In this summarised version, in the interest of brevity, only the information required to present major lessons and support the main recommendations is provided.

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## BACKGROUND

### Evolution and Trends

1. UNHCR's authority to work through implementing partners is derived from the Office's statute, which states that funds shall be disbursed through those private and public agencies "deemed best qualified to administer such assistance". In the absence of more precise guidance, implementing arrangements have evolved largely as a result of trial and error.

2. The precedents for most of today's implementing arrangements can be found in the seventies, when the size, geographical scope and diversity of UNHCR's programmes increased significantly. This expansion led in the eighties to the first systematic attempts to reflect upon and adopt standard procedures to regulate dealings with partners. The guidelines in force today (section 5.1 of chapter 4 of the UNHCR Manual), drafted in 1991/1992, drew extensively from these procedures.

3. The series of large-scale emergencies in the early nineties prompted the first significant innovations in implementing arrangements since the seventies. During this period, a number of new approaches were introduced, including standby arrangements and the use of military forces and service packages. In addition, a new focus on capacity building of local partners as an objective in its own right was pursued in some regions.

4. The pace at which UNHCR has taken on new partners has grown rapidly. Between 1985 and 1992, the number of UNHCR partners quadrupled. Between 1993 and 1995, while expenditures decreased 15 percent, the number of partners nevertheless rose by ten percent. The growing number of partners has been largely due to increases in the range and geographical scope of UNHCR activities, as well as a significant upsurge in the number of NGOs - in particular local NGOs - on the relief scene.

5. Paradoxically, the steep rise in the number of partners has been paralleled by a tendency for UNHCR to undertake more activities through direct implementation. The proportion of UNHCR's budget activities spent through partners has declined from over 50 percent in the 1980s to between 35 and 43 percent now.

6. The last six years, there has been a move away from working with government structures. Until 1991, government agencies accounted for over 50 percent of all funds spent through partners, but since then this figure has dropped to under 30 percent. At the same time, the share of funding spent through international NGOs has increased to approximately 40 percent, and that spent through local NGOs has remained broadly stable at approximately 27 percent despite a rise in their numbers.

7. The increase in the proportion of budget spent through international NGOs reflects their growing role. Since the end of the Cold War, the lion's share of aid funding has been spent through NGOs in preference to multilateral agencies. In many instances, NGOs play an important role in influencing donor funding priorities. Donors increasingly earmark funding disbursed through multilateral organisations for their own NGOs. As a result, it is now estimated that approximately 75 percent of all public funds spent in emergencies is spent through some 20 European and American NGOs.

8. The high profile of humanitarian operations and growth in aid spending during the post Cold War era have also led to greater public scrutiny of aid allocations. Within this context, the issue of accountability for funding spent through implementing partners, and thus not subject to the same stringent procedures as direct UN expenditure, has gained prominence in the past four years. UNHCR has proved particularly vulnerable to criticism that such funds are not sufficiently accounted for.

## OVERVIEW

9. The quality of service UNHCR provides to its beneficiaries depends largely upon the implementing arrangements adopted. Approximately US\$ 500 million US dollars is disbursed annually by UNHCR through over 600 partners who in turn, contribute hundreds of millions of dollars more in cash and in-kind resources to UNHCR beneficiaries.

10. Despite their decisive importance, the attention dedicated to implementing arrangements has been limited. The last comprehensive review of UNHCR's implementing arrangements was undertaken in 1983. It is now essential to re-examine the subject given the growth in the number and variety of UNHCR partners and mounting criticism by auditors and donors of various aspects of UNHCR's relationship with its partners. The need for a more structured approach to implementing arrangements is also a recurrent theme in Delphi.

11. Much can be done to improve UNHCR's approach to implementing arrangements. Selection procedures in particular tend to suffer from a number of flaws. Broad guidelines for partner selection exist, but in many instances are disregarded. The selection of partners is ad hoc, often with little information or knowledge regarding partner capabilities, little analysis of potential alternatives, and little thought as to the long term implications of the arrangements adopted.

12. A series of proposals have been put forward to ensure a more structured approach to implementing partner selection. Ideally, assessment of potential partners should be carried out during contingency planning or at the outset of an operation. Selection should also involve a more consultative process that includes pro-actively seeking out implementing alternatives and assessing them against a well elaborated set of selection criteria.

13. In addition to enhancing selection procedure, a series of other measures are required to professionalize UNHCR's approach to implementing arrangements. To enhance monitoring and accountability, sub-agreements should incorporate jointly agreed objectives and performance indicators. To allow UNHCR to work with smaller agencies without adding an unnecessary administrative burden, a different sub-agreement format with simplified reporting requirements should be drawn up for projects under a certain amount. The establishment of a comprehensive implementing partner database would serve as a useful internal and external information tool.

14. In devising implementing arrangements in a given situation, much can be learned from UNHCR's experience over past decades. One of the lessons learned is that some form of official counterpart is essential. When possible, UNHCR should attempt to work through separate and distinct government structures for policy setting and programme co-ordination on the one hand, and programme implementation on the other. In working with government structures, particular attention also needs to be paid at the outset to staffing and salary issues.

15. An analysis of past experience has also demonstrated that implementation through commercial contract or by direct UNHCR implementation is not always considered as an alternative due to the complications associated with commercial contracting procedures and the difficulty in creating new posts. However, in some situations, particularly in the logistics sector, commercial contracts or direct

implementation can prove significantly more cost effective than working with some of UNHCR's traditional partners in these areas.

16. Another lesson learned is that UNHCR needs to utilise and invest much more in national partners which are often overlooked. Greater use of local partners not only helps to build local capacities to deal with refugee issues, it can also be a more cost effective approach, that serves prevention, protection and integration objectives.

17. UNHCR should not have to take on all these goals independently. Training and capacity building of local partners can, for example, be carried out through mentoring and co-operative arrangements with other organisations. Maintenance of a database and some aspects of pre-assessment could also be carried out in co-operation with an NGO co-ordinating body such as ICVA.

18. Efforts in recent years to improve UNHCR's approach to implementing arrangements have tended to be ignored or have occurred in a piecemeal and sometimes uncoordinated fashion. It is hoped that a comprehensive revamping can be undertaken in the context of the design of the Operation Management System (OMS). This study is intended to contribute to that process.

## SUMMARY OF RECOMMENDATIONS

### Improving arrangements

#### Recommendation 1

Analysis of implementing arrangements should form part of all operations planning. Implementing options should be assessed - beginning with an evaluation of local capacities - at the outset of an operation and considered in contingency planning, for which the guidelines should be further elaborated.

*Action: Division of Operational Support, with support from Emergency Preparedness and Response Section, and unit developing new Operations Management System (OMS)*

#### Recommendation 2

Headquarters should play a greater role in assisting field offices to identify implementing partners, in operations where competent agencies are lacking.

*Action: DOS and NGO Co-ordinator*

### Improving implementing partner selection

#### Recommendation 3

The guidelines for implementing partner selection in the Manual should be re-emphasised and the following elements added:

- The Country Operations Plan should include a section in which the field office is required to justify the implementing arrangements adopted.
- Potential partners should be assessed according to defined criteria adapted to local conditions and the choices at hand. This assessment could be accomplished with a questionnaire.
- The level of scrutiny of potential partners should vary according to the size of the project.
- Selection criteria should include modified mandatory legal humanitarian and financial prerequisites for working with UNHCR.
- Criteria should emphasise cost effectiveness, technical capacity, suitability from a protection point of view, and agency contribution to improving local structures, in addition to criteria in the UNHCR Manual.
- Projects should be subject to tender, in cases where: many NGOs are present; the projected agency contribution is negligible; needs are well defined; and UNHCR has difficulty applying its own criteria due to pressure from donors.
- Technical specialists, including Logistics and Finance Officers, should be involved in assessment and selection of partners, depending on the type of project envisaged.

*Action: DOS (OMS)*

### Implementing partner review and evaluation

#### Recommendation 4

Implementing arrangements should be subject to regular review. The terms of reference of inspection missions and country-specific evaluations should include examination of the appropriateness and cost-effectiveness of implementing arrangements.

*Action: DOS (OMS) and Inspection and Evaluation Service*

#### Recommendation 5



Implementing partner performance in UNHCR-financed projects should be regularly evaluated on the basis of agreed criteria and performance indicators. In the evaluation process, partners should be given the opportunity to highlight any constraints encountered in implementation and to comment on the quality of UNHCR support and guidance. More elaborate evaluation should be undertaken for larger projects.

*Action: DOS (OMS)*

### **Implementing partner database**

#### Recommendation 6

Information collection on implementing partners at Headquarters should be centralised, and a comprehensive database established - if sufficient personnel and administrative support can be identified to ensure it is kept up to date.

*Action: NGO Co-ordinator*

### **Implementing instruments**

#### Recommendation 7

The sub-agreement format should be reviewed as part of Project Delphi changes to programming instruments. New formats should include the following considerations:

- Formats should vary according to the size of the project.
- A simplified format should exist for small projects.
- The budget structure should be more compatible with those used by partners.
- Reporting requirements should be re-examined.
- Further suggestions should be sought from partners.

*Action: DOS (OMS) and NGO Co-ordinator*

### **Implementing partner capacity building**

#### Recommendation 8

Greater efforts should be made to work with local agencies. Capacity building should be undertaken systematically through a variety of means, including:

- Adopting a more pro-active approach to meeting the equipment and training needs of local agencies.
- Providing more and better targeted training in programme and financial management.
- Arranging technical training with staff available under standby agreements.
- Encouraging mentor arrangements between international and local agencies.
- Undertaking comprehensive, longer-term capacity building of targeted agencies in crisis-prone areas as joint projects with other UN agencies.

*Action: DOS and NGO Co-ordinator*

## **Types of implementation**

### Recommendation 9

In general, UNHCR should seek to have distinct government counterparts for co-ordination and policy-setting on the one hand, and programme implementation on the other.

*Action: Field offices*

### Recommendation 10

Government structures to implement refugee programmes should be staffed with seconded persons who retain the right to return to their original departments. If feasible, their base salaries should be paid by the Government, with UNHCR paying only incentives and travel allowances. If not feasible, UNHCR should pay salaries at government rates, and ensure that contracts have explicit time limits.

*Action: DOS and field offices*

### Recommendation 11

UNHCR should create agencies only after all other options have been exhausted. Then efforts should be made to expand an existing entity rather than starting a new one. Efforts should be undertaken to plan phase-out of alternative funding sources from the outset.

*Action: Field offices*

### Recommendation 12

A detailed review of operational experience to date should be undertaken prior to signing Memoranda of Understanding with other agencies. Such a review should now be undertaken with the International Organization for Migration (IOM).

*Action: DOS*

### Recommendation 13

UNHCR field staffing procedures are a constraint to direct implementation. Their adequacy should be examined.

*Action: DHRM*

### Recommendation 14

Direct implementation by UNHCR should remain restricted to the circumstances indicated in the UNHCR Manual, with a further criterion being added: direct implementation should be undertaken when this will result in considerable cost savings to UNHCR.

*Action: DOS (OMS)*

### Recommendation 15

In spite of the suitability of commercial contracts for some types of activities, procedures for entering into such contracts can often discourage their use. A review should be undertaken to see why commercial contracts are so often side-stepped or not adhered to, and how their use could be encouraged.

*Action: DOS (Supply and Transport Section)*

## IMPROVING ARRANGEMENTS

### Auditor concerns

19. Over the past five years an increasing number of audit observations have focused on non-compliance by partners with sub-agreement clauses as well as insufficient monitoring and control by UNHCR. The auditors' criticism is frequently reiterated by donor Governments. In general, audit comments related to implementing partners have tended to highlight:

- deficiencies in financial management practices and systems;
- deficiencies in procurement and property management;
- inadequate and/or delayed reporting;
- the lack of monitoring and assessment by UNHCR; and
- non enforcement of the audit certification clause by UNHCR.

20. Since 1994, a series of IOM/FOMs and Sub-Committee on Administrative and Financial Matters (SCAF) papers have drawn attention to the auditors' criticisms and presented initiatives intended to correct the problems. In practice, however, few of these initiatives were actually implemented, nor were the recommendations of a 1994 DCMS (the Division of the Controller and Management Services) report on the subject ever pursued.

21. With the external auditors threatening to qualify UNHCR's 1995 accounts, the need for change could no longer be ignored. In particular, the auditors highlighted the lack of compliance with the audit certification clause. For the auditors, audit certification represents the ultimate means of establishing the adequacy of financial management procedures and the appropriate use of UNHCR funds. It is thus accorded a high priority.

22. To address the audit certification issue as well as the broader issue of weaknesses in financial management, a Standing Committee paper was issued in July 1996. The paper highlighted the difficulties involved in the collection of audit certificates and their limited value for monitoring purposes. Instead it proposed a pre-emptive approach: all potential implementing partners should present their audited annual accounts to allow UNHCR to assess their financial management capacity in advance. In addition, UNHCR would subsequently ensure an independent audit of 15-20 percent of partners annually.

23. The paper met with mixed reactions. The auditors, the ACABQ and some Governments welcomed the notion of enhancing selection procedures through the introduction of a pre-qualification requirement. However, the principle that this could substitute or diminish the need for audit certification of all projects was not accepted by the external auditors.

24. The audit certification issue represents one of a range of problems relating to implementing arrangements. Proposals are currently being put forward by DFIS (the Division of Financial and Information Services) to the external auditors to reconcile the need for more consistency in the collection of audit certificates, while avoiding the prohibitive expense and workload that insistence on 100 percent audit certification of all UNHCR projects would entail. Although related to the subject of this present review, the issue of audit certification should be treated separately and should not distract from the need for a broader approach to enhancing selection procedure.

### Weaknesses in selection

25. The weaknesses in implementing partner selection can be summarised as follows:

- Implementing partner selection is decentralised and, unlike commercial contracts, governed only by loose guidelines which are often disregarded. Multi-million dollar contracts can be awarded with minimal research and on the single authority of the addressee of a Letter of Instruction (LOI). Representatives can delegate more authority to implementing agencies than they themselves possess.
- The approach to implementing partner selection can be ad hoc. The criteria applied by staff often vary and are sometimes overly subjective. The long-term implications of certain arrangements are not always sufficiently borne in mind.
- Implementing arrangements seldom form the subject of reflection at the outset of an operation but are left to evolve. Rarely are attempts made to gather information on partners prior to their selection.
- Selection is often a passive rather than an active process. UNHCR waits for partners to come to it rather than seeking them out, and projects can be awarded on a first come, first served basis.
- The reasons behind selection of one partner over another are seldom documented. This and the absence of consistently applied, transparent, selection criteria leave UNHCR vulnerable to criticism from donors and other agencies.

26. Deficiencies in implementing partner selection often reflect weaknesses in UNHCR's approach to programme planning. It is evident that a clear definition of the objectives of a programme and the needs of its beneficiaries is a prerequisite to an effective selection process.

### The issue of choice

27. It is sometimes felt that a more elaborate selection procedure is not appropriate, since in practice UNHCR has little choice over its implementing arrangements. While UNHCR's choice is often restricted, a sense of resignation and passivity can also limit choices.

28. In practice, the degree of choice UNHCR has varies considerably from operation to operation. A number of factors, some of which depend themselves on UNHCR, determine the degree to which UNHCR can influence implementing arrangements. Some of these factors are:

- the administrative tradition and presence of existing structures to deal with refugees in the country concerned;
- the security concerns of the Government concerned and its perception of international organizations;
- the timing of UNHCR's arrival and the degree to which UNHCR's presence was desired;
- senior level access in the Government for UNHCR and the credibility of the UNHCR operation;
- the number of NGOs present and their willingness to work with HCR; and

- the pressure brought to bear by host or donor Governments to work with or avoid working through individual agencies.

29. The degree to which implementing arrangements are consciously reflected upon can also influence choice. Large, special government structures have been created unwittingly, evolving over time out of small co-ordinating bodies. Elsewhere conscious and successful efforts have been made to avoid creating such structures.

30. A number of measures can be taken to increase choice:

- A pro-active investigation of implementing options should be a priority at the outset of an operation. Research on implementing arrangements should be an integral part of contingency planning. The current contingency planning guidelines pay scant attention to this and need further elaboration.
- Where agencies are lacking, greater efforts could be made by Headquarters to bring agencies in from the outside.
- Where Governments have restrictive NGO policies, UNHCR can lobby on their behalf.
- Where UNHCR has no choice and the implementing arrangements imposed are abusive, UNHCR can withdraw.

## IMPROVING IMPLEMENTING PARTNER SELECTION

### Tendering projects.

31. The idea has been put forward that UNHCR should systematically put projects out to tender. Tendering with NGOs is resisted both within UNHCR and by NGOs. In most situations, a formal selection procedure, which takes cost into account, is preferable to tendering. In certain instances, however, tendering could be appropriate: Where the contribution of international NGOs to projects is negligible; where there are many international NGOs present; where UNHCR has difficulty applying its own selection criteria due to donor pressure; and where projects can be clearly defined. In such circumstances tendering could lead to significant savings and provide a clear rationale for partner selection.

### Pre-assessment

32. At present efforts to assess new partners prior to selection are inconsistent. While there is a need for more assessment of potential partners, the introduction of a formal pre-qualification exercise is often rejected since it implies a sub contractual relationship, rather than a partnership. If undertaken independently of a selection procedure, it would also add an extra burden of work and be a potential source of delay.

33. Pre-assessment of partners could be undertaken as an integral part of selection procedure. Potential partners would be assessed and selected on the basis of the existing criteria and those proposed in paragraphs below. The criteria could be applied through a checklist or questionnaire. Some of the criteria proposed would represent minimum, mandatory prerequisites for working with UNHCR. This approach would obviate the need for an additional pre-qualification exercise. The stringency with which the other criteria would be applied, would vary according to the size of the project and the choices at hand.

34. Where an agency was unable to meet the mandatory criteria but was still considered valuable as a partner, the criteria would indicate where strengthening was required. In the case of non-compliance with the minimum mandatory prerequisites, there would be an obligation for the agency to declare its willingness to receive guidance and strengthening from UNHCR to correct this and an equal obligation for the UNHCR office concerned, to commit itself through training or budgetary provision to undertake the task. Finally, a time-frame for achieving this could also be established.

### Minimum criteria : legality, humanitarian integrity and financial management capacity

35. One of the four minimum conditions for working with UNHCR, included in the Manual is that an agency should be legally registered where it operates. This prerequisite should be modified to read:

*“UNHCR partners shall be constituted and work in accordance with the legal requirements in force in the country/territory concerned and with the agreement of (or ‘without objection from’) the relevant authorities.”*

36. A further prerequisite listed in the Manual is the requirement for agencies to be willing to work with all intended beneficiaries and provide assistance on the basis of

need only. In practice, this is often flaunted. While UNHCR is sometimes in a weak position to influence the nature of the agency providing assistance, there is room to be more demanding with regard to the manner in which the agency concerned implements projects financed with UNHCR funds. This criterion could be reformulated to read:

*“UNHCR partners shall be non profit-making, non commercial entities who neither directly nor indirectly pursue any objectives which are contrary to or which may threaten or undermine the humanitarian integrity of the UNHCR programme. They shall undertake to implement any projects financed with funds provided through UNHCR under the guidance of UNHCR and on the basis of need and without discrimination according to race, religion, ethnic group or other extraneous criteria.”*

37. The Manual also requires agencies to open a separate account for UNHCR expenditure and to demonstrate financial reliability through the production of official audit statements. This could be amplified as follows:

*“UNHCR partners must be able to identify to UNHCR a person, preferably with relevant training, responsible for maintaining the accounts. Agencies should also be able to present accounts which should clearly show income and expenditure, assets and liabilities. Unless there are compelling reasons to prevent this, these accounts should be audited by an independent auditor. The agency should be able to demonstrate its ability to comply with the sub-agreement clauses relating to the need for a separate bank account (3.06), reporting and audit (3.08, 3.17) and, where relevant, procurement (7).”*

#### Other Criteria

38. A series of other criteria should also be applied in the selection process in any situation where there is more than one agency to choose from. Criteria could also be developed to compare the option of implementation through a partner versus direct implementation or implementation through commercial contract. The criteria outlined below are complementary to the ten criteria listed in the Manual, which should be re-emphasized.

39. Technical expertise: Prior evaluation of the technical competence of the agency concerned in projects requiring technical expertise should be mandatory. To this end, the minimum technical standards currently being developed by a group of NGOs could be adopted by UNHCR. The role of technical experts in the selection process could also be strengthened (see paragraphs below.)

40. Protection: The implications of an implementing arrangement on protection are frequently not given enough consideration in the selection process. The level of commitment and degree of influence in matters regarding protection should be given significant weight. International agencies will not necessarily be more effective than local agencies which can be more committed and better informed.

41. NGO contribution: A NGO's potential contribution is included in the Manual as a criterion. Its limitations as a criterion should, however, be noted. NGO contributions are hard to measure and can be subject to abuse. Furthermore, there is not necessarily a link between a potential contribution and cost-effective performance. In addition, emphasis on a contribution, often made in the form of international staff even when national expertise is available, can also mitigate against working with local agencies.

42. Cost effectiveness: The overall cost effectiveness of an implementing arrangement taking into account its cash or in-kind contribution, should be of paramount importance. In most instances, a simple cost benefit analysis can be carried out that assesses on a comparative basis the relation between the total cost of a project and the value of the resulting benefits. Cost benefit analysis can also be used to determine whether to implement through a partner, by direct implementation or through commercial contract.

43. Efforts to assess and compare the overall cost effectiveness of different implementing options are often not consistent. There is a tendency to look at cost in terms of individual line items rather than the total cost and the longer term benefits. This can lead to waste.

44. Contribution to local structures: It is UNHCR's policy to give preference to working through local agencies. Where this is not possible, the potential contribution of an implementing partner to strengthening local structures should be a selection criterion. A number of indicators can be used to evaluate this:

- the extent to which the agency works through a local partner and assists local agencies or the local authorities;
- the proportion of local and international staff;
- the extent to which it undertakes training and capacity building;
- the extent to which there is a commitment to hand over to a local partner within a set time-frame;
- the degree to which the contribution made by the agency can be sustained by local structures; and
- the extent to which the agency abides by national standards and attempts to work in accordance with national development priorities.

45. Additional criteria that have been proposed to assist in selecting implementing partner selection include :

- The agency should abide by the Code of Conduct formulated by the ICRC/IFRC and some major NGOs.
- Legitimacy is of particular importance in assessing local agencies. Agencies should draw on a real constituency and be rooted in the local community.
- While every effort should be made to resist donor pressure in selection, the ability of an implementing arrangement to attract funding that would not otherwise have come to UNHCR, should be taken into account.

#### Phases of an operation and limiting numbers

46. The weight of different criteria given in the selection process will vary according to the stage the operation has reached. In emergencies, the main



selection criterion is the speed with which the agency is able to provide assistance to refugees.

47. In the post emergency phase, the priority of working with local partners should predominate. The effectiveness of local partners will be enhanced where they have been involved, possibly in partnership with an international agency, from the initial stages of the operation.

48. In carrying out reintegration and rural settlement projects, UNHCR should seek local partners whenever possible. The overriding selection criteria in such programmes should be the agencies' contribution to the local structures and extent to which efforts begun by the agencies can be sustained. Unfortunately, identifying local partners to carry out reintegration activities in post-conflict situations is often difficult. Local structures are often limited or debilitated. In such circumstances, special efforts are required to rehabilitate and build up local capacities.

49. The expertise required to undertake repatriation is distinct from that required for reintegration projects. In most instances, the logistics required for repatriation operations is best undertaken by UNHCR directly or by international NGOs who can cross borders with comparative ease.

50. Too many partners can be difficult to manage and as a consequence, there are many advantages to limiting the number of partners involved in a programme. Limiting the number of partners facilitates management and control, overhead costs are reduced and economies of scale can be achieved. Large agencies are also more likely to be familiar with UNHCR reporting and programming practices.

51. Over-reliance on a small number of large partners can have disadvantages. In many instances, the use of a single, predominant partner has led to problems. In addition, a variety of partners can often better reflect the diversity among the beneficiaries and small agencies are also often closer and more attuned to the needs of beneficiaries. In some situations it may be necessary to maintain a balance between partners. This can mean an equilibrium between government and non governmental agencies or between NGOs of different religious persuasions. Furthermore, large international agencies, sometimes favoured when numbers are limited, can be more expensive to work with.

52. To facilitate maintaining a variety of partners, while not adding an undue management burden, implementing instruments could vary according to the size of the project. UNICEF uses a simple letter of agreement for grants of less than US\$ 10,000. UNHCR on the other hand, uses the same agreement and the same reporting requirements whether the sub-agreement is for US\$ 20 million or US\$ 5,000.

#### The role of different posts in the selection process

53. In view of the importance of implementing arrangements, the process of partner selection and monitoring should be broadened to include specialists able to judge a prospective partner's financial management and technical capabilities. Where UNHCR technical specialists are scarce, other solutions could be found such as locally recruited experts, specialists seconded from donors or host governments, or through UNVs. UNVs were successfully used for this purpose in Mozambique.

54. The involvement of qualified specialists in the selection process would allow Programme Officers to focus more on analysis and relation to cost effectiveness as well as aspects of programme planning and design that are often neglected. Programme Officers could remain responsible for coordinating the selection process under the leadership of the Representative.

### **IMPLEMENTING PARTNER REVIEW AND EVALUATION**

55. Periodic evaluation of the performance of implementing partners has been proposed as another means of professionalizing UNHCR's approach to implementing partners. Evaluation would help shift programme attention more to effectiveness, rather than the current tendency to focus exclusively on budget and would encourage better performance while at the same time indicating areas where strengthening is required.

56. While there are many proponents of reinforcing the evaluation of implementing partners, there are also sceptics. Critics point out that evaluation tends to be subjective, and often strains partner relationships. They add that most UNHCR staff lack the skills to evaluate partners and point out that an attempt by UNHCR's NGO Unit to evaluate partners in the late 1980s ended in failure.

57. Performance benchmarks that could be used in evaluating activities would do a great deal to address the concerns of evaluation sceptics. 'Hard' evaluation criteria, which leave little room for subjective judgment could be formulated on the basis of the objectives of the project. Furthermore, the partner would be given the opportunity to point out where factors outside its control prevented it from meeting stated goals. Agencies could also be given the opportunity of making suggestions on the quality of HCR support and how UNHCR performance in the specific operation could be enhanced.

58. The level and depth of the evaluation could vary according to the size of the project. In the case of large projects, such as those over US\$ 2 million, a more in-depth assessment led by Headquarters' staff in cooperation with the agency concerned could be undertaken. In addition, a comprehensive review of implementing arrangements could form part of the terms of reference of inspection missions.

### **IMPLEMENTING PARTNER DATABASE**

59. At present, information on implementing partners at Headquarters is collected at different points that include EPRS, the NGO Coordinator and DFIS. The information compiled is, however, generally limited. A comprehensive database to serve as a reference tool and to provide a means of responding to internal and external queries on implementing partners is lacking.

60. The type of information that could be contained in a database includes the following, some of which is already collected:

- name, address, (to include names of principal officers);
- type of organization (commercial, charitable, governmental);
- date agency established;
- sectors in which they work;
- areas of particular expertise and comparative advantage;
- size of annual budget and main sources of funding;
- number of staff, average contract lengths and staff formation;

- current locations of operation;
- outline of accounting and stock-taking systems used;
- length of deployment time in an emergency;
- year, location and value of projects undertaken with UNHCR;
- a record of how the agency has performed in projects financed by UNHCR (this information could be summarized from the evaluations proposed above); and
- any other noteworthy information such as positive negative audit comments, or exceptional achievements.

61. To be useful, a database would have to be comprehensive, have some level of detail, and be up to date. Efforts would also be required to gain independent verification of the information provided by partners. This requires considerable staff resources. The burden of collecting information and maintaining it up to date could be shared between Headquarters and the field. Assistance could also be sought from an NGO umbrella organization, such as ICVA.

### **IMPLEMENTING INSTRUMENTS**

62. Many believe the sub-agreement format could be improved upon. Some suggestions put forward include:

- making it more like a commercial contract;
- including performance targets and evaluation criteria;
- increasing the emphasis on project objectives;
- simplifying the present format for small projects;
- having different formats for local and international agencies; and
- including clauses related to the promotion and monitoring of protection, where relevant.

63. A comprehensive review of the sub-agreement format could be undertaken in the context of other changes to be made to programming instruments as a result of Delphi. This review could include an examination of reporting requirements and budget structure. UNHCR budget and accounting systems seldom interface well with the budget and accounting systems of governmental or non governmental partners. Furthermore, the system does not facilitate cost comparisons and the high level of detail it demands can encourage deceptive budgeting. Alternative proposals could be solicited from UNHCR's partners.

64. Avoidance of the use of jargon in UNHCR programming language would save considerable time in training and explaining to partners. The Delphi tendency to replace old jargon with new should be avoided. In the new jargon, for example, "LOI" becomes "Envelope" instead of, spending authority.

## **IMPLEMENTING PARTNER CAPACITY BUILDING**

65. Although the importance of capacity building is frequently emphasized, efforts to engage in it are limited. With the exception of Eastern and Central Europe, it has not explicitly formed a major part of any regional policy. In some cases UNHCR has been in a country for over 20 years without making any conscious effort to build up local structures.

66. Four basic reasons have emerged to justify UNHCR's involvement in capacity building:

- the need to increase the ability of local agencies so they can act as viable partners;
- the need to increase the ability of local agencies to deal with refugee crises without external assistance;
- the need to build up local agencies to assist reintegration; and
- the need to contribute towards the prevention of refugee crises by building up democratic institutions and those dedicated to the protection of human rights.

67. While there is some clarity regarding the goals of UNHCR involvement in capacity building, there is no clear strategy regarding how it is to be undertaken and who should be targeted. In Eastern Europe there has been a tendency to focus on government institutions while in Central Europe local NGOs are targeted. This appears to have been determined by availability of partners and by individual preference.

68. At present, capacity building often tends to be approached in a somewhat passive manner. Agencies are strengthened on the basis of the requests they submit, for example for vehicles, photocopiers and computers. In addition, UNHCR provides some training, usually in protection. A more pro-active approach aimed at identifying and subsequently responding to the material and training needs of local agencies and government departments could be more effective.

### Implementing Partner Training

69. There have been many calls for more training programmes, focusing on UNHCR programming methods, accounting systems and reporting requirements. While the coverage of protection training is extensive, this is not the case in programming and financial management. Furthermore, where training is undertaken, it is not always targeted to the right people or sufficiently repeated.

70. Systematic training of those who actually write project descriptions and prepare the accounts is required. Where this has been done, compliance with sub-agreement clauses has increased significantly. Training at the outset of a programme can preempt later problems from arising. To this end, the design of a crash training course for partners in emergencies has been proposed. In addition to training in UNHCR programming and accounting, local partners could also be usefully trained in management and fund raising as well as technical areas where appropriate.

71. The principal constraint to UNHCR's undertaking more training is a lack of time and expertise. In a number of situations, UNHCR has engaged specialized partners to train others. This was done with success with the European Council on Refugees and Exiles (ECRE) in Central Europe and the Independent Bureau for Humanitarian Issues (IBHI) in Bosnia. In Armenia and Georgia, this approach was taken a step

further with local NGOs being established with the exclusive purpose of training and nurturing other local NGOs.

#### Mentor arrangements

72. Given the limited expertise and human resources UNHCR can dedicate to capacity building, seeking the active cooperation of other agencies is essential. In a number of situations, international agencies have been encouraged to act as dedicated mentors to local agencies, notably in Bosnia where this was successfully carried out.

73. Pairing arrangements have so far occurred only sporadically. There is a need for a more concerted effort to encourage international agencies to work through local partners and, where possible, to hand over to them within a set time-frame. To further this objective, UNHCR's NGO Co-ordinator has begun discussions with international agencies on approaches that could be adopted. Placing emphasis on a contribution to local structures in the selection process also furthers this aim.

74. Another related means of capacity building, proposed by ICVA, could be through cooperation arrangements with other interested UN bodies. Capacity building of local agencies is relevant to all international agencies, particularly in crisis-prone areas where local partners are weak. In these areas, UNHCR could seek the cooperation of other UN agencies and interested NGOs in undertaking joint, multi year projects aimed at identifying and strengthening a selected number of local agencies.

## REVIEW OF IMPLEMENTING MODELS

### Working with Governments

75. The level and type of government involvement in implementation varies considerably from programme to programme. Among the many models that have emerged, two basic approaches to government implementation can be distinguished. One model involves the creation of a separate, large government structure which implements all or most of UNHCR's programmes in a variety of sectors. The second uses existing government structures, such as line ministries, together with a small co-ordinating body which oversees implementation but is not operational itself.

76. It is often advantageous for UNHCR to have a single focal point in Government which can set policy and serve as an advocate for UNHCR. A separate high level government department responsible for co-ordination can be a particularly good solution when it has decision-making power. Examples include structures in Armenia, Benin, Georgia, and Malawi. On the other hand, having several different government departments responsible for different aspects of refugee policy, as is the case in Kenya, can significantly hamper a programme, particularly when the departments lack authority.

77. In general, it has proven advantageous to have a government department responsible for co-ordination and policy that is separate from any ministries responsible for programme implementation. Where there is no clear distinction in government structure between policy setting and implementation, as in the case of large, special structures, conflicts of interest may arise and UNHCR is left without recourse when there are problems.

### Large, special structures

78. Large special structures, such as COR in Sudan, CAR in Pakistan, NRC in Somalia, BAFIA in Iran, ONARS in Djibouti and COMAR in Mexico, can be advantageous: where there is a mass influx; where the Government has a restrictive attitude towards NGOs; and where line ministries lack the capacity to expand rapidly to meet emergency needs as was initially the case in Pakistan. A large special agency dealing exclusively with refugees may be more sensitive to UNHCR protection concerns than other government departments with a less direct interest. Having a single interlocutor can also prove convenient and may facilitate policy consistency.

79. With special structures there is, however, a potential for overlap. In Sudan for example, COR schools existed in parallel to Ministry of Education schools. A related problem is the tendency for these structures to view other government departments and NGOs as competition. A further disadvantage is the tendency for such structures to grow independently of needs. Such large structures are inevitably slow and inflexible as well as costly. In 1989 the per capita cost to UNHCR of looking after refugees in Sudan was between 5 and 10 times higher than in Uganda and Zambia.

80. Large structures frequently prove inadequate at reporting and due to their size, hard to hold accountable. Lack of accountability can also increase the potential for corruption. In addition, exclusive dependence on UNHCR funding can lead to a reluctance to phase out or scale down unneeded activities. As a consequence, phasing out often becomes lengthy and expensive.

81. Where large government agencies are not totally dependent on UNHCR, or where their responsibilities are curtailed, they can prove effective counterparts. Examples include the Ministry of Relief in Bangladesh and PMRA - and offshoot of COR - in Southern Sudan. In the former Soviet Union, UNHCR has encouraged the establishment of centralised government ministries or departments to bring together migration related issues. These do not, however, usually have responsibility for sectoral implementation.

#### Lean structures and line ministries

82. Implementing arrangements in Malawi, often quoted as exemplary, were established in a conscious effort to avoid the problems encountered with large special structures. Some of the essential features of the Malawi model were:

- a small, co-ordinating and policy-setting body with executive powers;
- implementation largely through existing line ministries, and
- the secondment of sector specialists from line ministries to UNHCR to undertake sectoral co-ordination.

83. The advantages of this approach are many: the cost of the programme was comparatively low; refugee assistance was consistent with national standards; and the programme proved relatively easy to phase out and helped build up the capacity of line ministries.

84. There are also disadvantages to this approach: there is potential for confusion and added workload in dealing with many government counterparts; line ministries are sometimes more used to longer term development work and may not be able to adapt easily to meeting emergency needs; line ministries tend to work best in countries where they are present throughout the country and where there are high levels of organisation, in Costa Rica for example.

#### Staffing and salary issues

85. One of the principal difficulties with government structures is the continual struggle over staffing and salaries. Unwise policies can lead to the creation of large bureaucracies that are difficult to dismantle.

86. When possible, UNHCR can try to secure seconded staff whose basic salary is paid by the Government. Seconded staff should normally retain the right to return to their original departments. Where UNHCR has to fund salaries, these should be paid at government rates. The payment by UNHCR of additional field living and travel allowances can provide a useful means of encouraging officials to undertake field trips and provide an incentive.

87. Other approaches to financing government personnel include:

- a) UNHCR pays a lump sum to the Government to meet all administrative costs including salaries as in Iran.
- b) UNHCR pays through the Government the salaries of low wage staff who are recruited directly by the project. More senior staff are seconded and their base salaries are paid by the Government. UNHCR pays additional allowances for field living or travel (Benin, Bangladesh and Nepal).

- c) The Government meets all government staff salary costs. UNHCR pays only for other project costs. This was adopted in Croatia as well as other countries in Central and Eastern Europe.

88. The first option, a lump sum payment, may facilitate management but it leaves UNHCR with no control over expenditures. The second option is the most desirable in cases where the Government has fewer resources. A situation in which the Government pays salaries is obviously the most desirable. It is only practical where there are sufficient resources.

#### Working with Non Governmental Organisations

89. The majority of programmes are now implemented through NGOs which provide considerable added value. The amounts spent by NGOs on refugees and other UNHCR beneficiaries with funds raised from other sources come to hundreds of millions of dollars. UNHCR depends upon NGOs for early warning, needs assessment, technical expertise and advocacy. NGOs have also proved to be indispensable critics.

90. Over the past five years the following agencies were UNHCR's main international, NGO partners:

<u>International NGO</u>	<u>Approximate average annual level of UNHCR funding</u>
International Rescue Committee	US\$ 22 million
CARE International Belgium	8 million
OXFAM	7.2 million
Lutheran World Federation	7 million
MSF Belgium	7 million
MSF France	6 million
ADRA	5 million
CARE Canada	4.2 million
Norwegian Refugee Council	4.2 million
SCF UK	4 million
Danish Refugee Council	3.5 million
CONCERN Ireland	3 million

91. Across the globe, Red Cross and Red Crescent societies predominate as local partners. In 1995, UNHCR channelled over US\$ 25 million through 36 national Red Cross and Red Crescent societies. In some countries, these societies have semi-official status and can be designated by the Government to work with UNHCR. This was the case in Malaysia for example. Political ties of a national society elsewhere, as in Burundi, have made co-operation difficult. The IFRC has called for greater co-ordination in the allocation of resources by UNHCR to national societies.

#### Local partners versus international NGOs

92. Since 1984, it has been UNHCR policy to use local implementing partners in preference to international agencies. In practice, however, the reality has lagged behind the policy. There is a general tendency to favour working with international agencies rather than 'risk' working with local agencies, particularly in emergencies. International agencies tend to be familiar and implicitly trusted. In some emergencies, however, the scarcity of international agencies compelled UNHCR to work



predominantly with local partners with positive results. This was the case in 1992 in Bosnia, in Chechnya, and Benin where results with local NGOs were generally positive.

93. Working with local agencies offers many advantages including their:

- knowledge of the local situation;
- contribution to the sustainability of the programme;
- cost effectiveness that results from lower overhead costs and fewer expatriate staff;
- high levels of commitment particularly with associated beneficiaries; and
- receptivity to guidance.

94. However, there are also:

- their legitimacy is always difficult to ascertain;
- they may be vulnerable to manipulation;
- they can be unfamiliar with HCR procedures;
- they are often limited in size and technical capacity;
- there is always a potential for dependence on UNHCR; and
- they may lack experience of/or be unwilling to work with refugees.

95. The political involvement of NGOs is neither limited to local agencies nor negative in all cases. There have been instances of international NGOs actively assisting in furthering the interests of their own Governments. The work of local agencies in Armenia, Bosnia, Honduras, and Northern Iraq while far from neutral, has been judged essential and in many cases undoubtedly brought aid to victims more effectively than was possible for international agencies.

96. In other situations, encouraging local agencies can mean encouraging a military cause. In Goma, for example, a local agency run by the refugees had the capacity to take over large parts of the water programme. This step was not, however, encouraged due to the obvious danger of putting an essential resource in the hands of Interhamwe leaders.

97. There is a tendency at times to overlook the capacities of local agencies because of the disadvantages associated with them. Even when time would allow for it, rarely are resources dedicated to the task of evaluating the implementing potential of local agencies (government or NGO). It is often presumed that they are weak. This presumption can become a self-fulfilling prophecy as it usually entails the majority of resources being dedicated to international agencies.

98. Efforts to build up local agencies can pay off. The time and money required are minimal compared to the savings that can be gained in the longer term. One means of capacity-building is to encourage pairing arrangements with international agencies. Capacity-building can include help on how to gain funding from other sources to reduce the potential for dependency of local agencies on UNHCR.

### Government versus NGOs

99. In general, NGOs are favoured over Governments as implementing partners because they are:

- more flexible, faster and have less rigid structures;
- more easily influenced by HCR and often more accountable;
- often present where the Government is not, and more committed to the beneficiaries; and
- more experienced in emergency response and in working with UNHCR.

100. UNHCR's lack of familiarity with government partners, or a prior experience that was less than satisfactory, can lead to government departments being overlooked even where there are present and potentially capable partners available. In the health sector, there is often a tendency to resort automatically to international NGOs.

101. Working through government implementing partners, and in particular line ministries, has the advantage of ensuring that the refugee programme is co-ordinated with national relief or development efforts and is undertaken in accordance with national standards. This is particularly relevant in local settlement and reintegration programmes.

102. UNHCR is often faced with the dilemma of how to ensure appropriate Government involvement without developing an open-ended commitment to a large bureaucratic structure. Well thought-out staffing policies and explicit time limits on staff contracts can often help prevent problems from arising.

103. In most programmes, a mixture of government and NGO implementing partners is the most desirable solution. A number of tasks, such as refugee registration or camp administration, are by their nature the responsibility of the Government. For many other tasks and in emergency situations, the additional skills and commitment of NGOs are indispensable.

#### Standby arrangements

104. Standby arrangements are recognised as having many benefits. In several instances, seconded staff have rejuvenated UNHCR as well as introduced a more "hands on" and pragmatic approach. The technical personnel available under the agreements have also allowed UNHCR to implement more directly when required, and more adequately select and oversee implementing partners.

105. Standby arrangements have been so successful that UNHCR has been unable to accommodate all organisations that have wanted to participate with UNHCR. Standby arrangements do, however, have a major disadvantage in that they implicitly favour international over local resources, which can be considerably cheaper. The use of international staff to perform telecommunication functions is one area where local staff can be more cost effective.

106. The proposal has been made that UNHCR should enter into more standby arrangements in order to ensure implementation capacity in key sectors, such as health, water and sanitation. This suggestion has not been pursued for a number of reasons. Some NGOs are unwilling to commit themselves in advance and furthermore, standby arrangements would reduce UNHCR's flexibility in choosing partners. In any event, the NGOs in question, such as MSF, Oxfam and SCF, are likely to be present in major emergencies regardless of pre-arranged agreements.

#### UNHCR-created agencies

107. In a number of situations where field offices have been unable to identify a suitable local or international agency, they have resorted to creating one. Typically such agencies undertake functions for which it is hard to find partners or which UNHCR implements directly in other situations. In some cases, such agencies are also used to circumvent restrictions on staffing levels.

108. In Central and Eastern Europe, UNHCR has pursued a policy of stimulating the creation of agencies. The aim has been to encourage the creation of what are considered essential elements of civic society and to create alternatives to implementation through Government in former socialist countries.

109. The practice of creating NGOs is not unique to UNHCR. There are a number of successful examples of agencies created by others. For example, in Liberia, the US Office of Foreign Disaster Assistance (OFDA) created an NGO to undertake food distribution and provide medical services. The United Nations in Afghanistan (UNOCA) also set up several Afghan agencies to carry out demining projects.

110. UNHCR's experience with setting up agencies has been mixed. The advantages associated with them are:

- they are cheaper than employing HCR staff to do the same tasks;
- they can be designed specifically to meet particular UNHCR requirements;
- they are more accountable to UNHCR than other agencies;

111. The most common disadvantages associated with UNHCR created agencies relate to sustainability and staff status. The status of staff is often unclear and can be perceived as exploitative. The agencies complete dependence on UNHCR funding is a disadvantage in particular when UNHCR wishes to phase out of an operation.

112. It is clear that UNHCR-created agencies are best limited to situations where UNHCR has no alternative. In such situations, whenever possible, UNHCR should try to build on an existing organisation and address the issue of sustainability from the outset.

113. One of the main reasons behind the creation of many agencies is UNHCR staffing policies which often prevent direct implementation by HCR even where this is the best solution. A re-examination of HCR field staffing policies in this light may be appropriate.

#### UN Agencies and IOM

114. In terms of expenditure, UN agencies play a relatively minor role as UNHCR implementing partners. UNHCR's main UN implementing partners are UNDP, which plays a key role in representing UNHCR in some 20 countries; UNICEF, and UNV, with which whom UNHCR has an important standby agreement. WFP is UNHCR's main operational partner.

115. A number of constraints have stood in the way of using UN agencies as implementing partners. UN agencies often:

- specialise in technical expertise and have limited operational capacity;
- are more oriented towards development than emergencies;
- charge overhead costs of 13-14%; and

- tend to be less cost effective than NGOs which have similar skills.

116. UNHCR's efforts to encourage other UN agencies to assume its activities when UNHCR would like to phase-out often meet with limited success. Tajikistan is a recent example. Ignorance of the way in which other UN agencies operate often leads to unrealistic expectations being placed on them.

117. UN agencies have, however, proved valuable as partners in countries where they have a large presence and where support has been sought in their areas of expertise and capacity. In Viet Nam for example, UNICEF gave crucial support to the UNHCR programme by drilling wells.

118. In some areas, the international character, unique mandates and expertise of UN agencies cannot be matched by NGOs. The Office of the UN High Commissioner for Human Rights (UNHCHR) is potentially an extremely valuable partner for UNHCR, particularly in countries of origin. As a consequence, many UNHCR staff would like to see UNHCR's capacity reinforced.

119. The usefulness of Memoranda of Understanding (MOU) with UN agencies has tended to be proportional to the level of detail with which they spell out a division of labour and respective obligations. The MOU with WFP and a country level MOU with UNDP in Mozambique have been praised as good examples of useful MOU. Where detailed MOU cannot be drawn up, it may be an indication of genuine limits to co-operation.

120. MOU could be made more useful if a detailed review of previous co-operation in the field was carried out prior to drawing up an MOU. This was not done with IOM, through which UNHCR disburses some US\$ 12 million per annum and with which experience has been mixed. In some operations a series of shortcomings have been documented. Given the size of the budget spent through IOM, a detailed review of operational experience to date would appear appropriate and timely and could serve to clarify differences.

#### Direct implementation

121. The degree to which UNHCR should implement projects directly rather than through partners is a source of continuing debate. In general, policy has been to discourage it, while operational necessity has always required an element of it. Current policy states that direct implementation should be the exception and only occur in the following circumstances:

- when there is no viable implementing partner in the country or area, or at the request of the host Government;
- in the initial stages of an emergency or repatriation operation until a suitable partner can be found;
- when protection or security concerns require the direct operational involvement of UNHCR; and
- when direct implementation is necessary for procurement purposes.

122. As arguments in favour of direct implementation, UNHCR can:

- obtain greater visibility through its presence;
- have greater control over assets and the programme;

- reduce costs in some cases, particularly in logistics; and
- enhance the organisation's experience and skills as well as increase its credibility.

123. The arguments against direct implementation are:

- It adds a management burden and requires manpower and technical expertise which are usually not available.
- NGOs have greater expertise in most sectors as well as more experience in programme implementation.
- UNHCR procedures are not oriented toward direct implementation. Personnel and financial rules are too complicated and bureaucratic for example.
- Direct implementation can prove more expensive than working through local or international NGOs particularly where the latter make a considerable contribution to the programme.

124. The use of standby arrangements which provide staff and technical skills has permitted HCR to implement more directly. In large scale logistics programmes, for example, UNHCR has built up considerable expertise and a comparative advantage. This has added to the organisation's capacity and effectiveness.

125. While many now acknowledge the advantages of direct implementation in some areas, others still oppose it on principle. There are examples where direct implementation has been discouraged by Headquarters although it has resulted in considerable cost saving. Although the current criteria for direct implementation are generally adequate, it would seem that more thought should be given to direct implementation when considerable cost saving would result.

### Commercial contracts

126. Commercial contracts offer many advantages compared to other implementing arrangements including:

- UNHCR has greater control.
- Payment for services or goods can be linked to performance.
- The contract is usually a simple cash transaction with no input of assets.
- Phase-out problems do not occur.
- Contractors can prove more cost effective than NGOs or Governments.
- The use of local contractors can stimulate the local economy.

127. The shelter programme in Armenia and trucking in Malawi serve as good examples of implementation through commercial contracts although in, general the use of commercial contracts for major activities is relatively limited. In most cases, sub-agreements are preferred for any of the following:

- Commercial contractors are often not present or not sufficiently large.
- UNHCR is not always in a position to define exactly what is required.
- Commercial contracts can be less flexible than sub-agreements.
- Certain procedures have to be followed prior to the awarding of commercial contracts (unlike with sub-agreements) and often UNHCR staff are not fully aware of them.
- A degree of technical expertise is required to draw up contracts with commercial contractors and to oversee implementation.

- Commercial contracts are subject to higher standards and greater scrutiny by auditors than UNHCR sub-agreements.

128. The complications associated with commercial contracts and the comparative ease of entering into a sub-agreement with NGOs lead to some anomalies. For example, an international NGO was selected in East Africa to undertake a borehole project in preference to commercial contractors despite the NGO being 5-10% more expensive.

129. One frequently used means of overcoming the difficulties involved in drawing up, awarding and supervising the implementation of commercial contracts is to contract through non governmental or governmental partners. This approach has the advantage of taking part of the management burden off UNHCR, but the disadvantage of UNHCR losing an element of control. NGOs also do not necessarily have the relevant expertise, and as a consequence, there are examples of abuse.

130. Commercial contracts are more suitable for some activities than for others. They work well in a broadly stable environment where the final output of a project can easily be measured; for example, wells, school construction, demining and logistics. They are less satisfactory where community involvement is required to ensure sustainability or where the output cannot be easily measured. It is nevertheless evident that some consideration should be given to a revision of the rules and procedures regarding commercial contracts to encourage their broader use.

#### Military forces

131. Operation Provide Comfort in Northern Iraq was the first in a series of examples of close co-operation between UNHCR and international military forces. The principal advantages of working with the military are, generally, their:

- considerable manpower and technical skills;
- seemingly limitless resources;
- organisational capacity and discipline; and
- ability to provide protection in some circumstances.

132. The disadvantages of working with the military are:

- it can undermine the humanitarian integrity of an operation;
- most Governments are reluctant to accept foreign troops;
- their high cost (for example, military airlifts cost 4 to 8 times more than their civilian equivalent) ; and
- their presence can in some circumstances provoke attacks.

133. The pros and cons of working with the military have been discussed in different fora. UNHCR's 1995 concept paper and the recent joint evaluation of the Rwanda emergency detailed the constraints of Service Packages. One element highlighted by the evaluation was that, in the desire to cover gaps through military capacities, there was tendency to overlook the skills provided by NGOs.

134. After initial enthusiasm, there is now a growing consensus that the use of foreign or international armed forces to assist directly in humanitarian emergencies should be restricted to those extraordinary cases where the response of traditional organisations proves insufficient. This view was reflected in the inter-agency

guidelines, "Guiding and operating principles for the use of military and civil defence assets in support of humanitarian operations" (1995), that have been developed. It is evident, however, that the military's logistics and airlift capacity provide an important resource which can be drawn upon. More opportunities could also be sought to learn more from the organisational skills of the military.