DISCLAIMER

FAIR USE POLICY

CONTACT

Please contact publications@unido.org for further information concerning UNIDO publications.

For more information about UNIDO, please visit us at www.unido.org

2 1 6 6 7

UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION

**Working Session on the
Quality Management of Development Cooperation**

Vienna, 14-15 March 1996

REPORT*

Prepared by

the UNIDO Secretariat

---

* This document has not been edited

CONTENTS

INTRODUCTORY NOTE ABOUT THE WORKING SESSION ON THE QUALITY MANAGEMENT OF DEVELOPMENT COOPERATION

The Working Session on Quality Management of Development Cooperation first met in March 1995. The original idea arose from Mr. M. Grüner, Quality Assurance, GTZ, who had over the years discussed quality issues with colleagues with similar responsibilities in several multi- and bilateral cooperation agencies - and notably with Quality Assurance at UNIDO.

The issue was that quality, continuous improvement, quality systems, quality management, quality assurance, etc. are a special aspect of the management of development cooperation which is beginning to take root in development cooperation agencies such as GTZ and UNIDO. Yet, many professionals in these agencies had no real possibility to discuss quality-related issues in an informal workshop atmosphere to share concepts, methods and experiences with each other.

In March 1995, the main subject of discussion was the concept developed in 1993-94 by GTZ and UNIDO, similar to those of NORAD and DANIDA - that is, "who owns the development process?" and "who is responsible for what in development cooperation?" Agreement was reached on the principles for the management of development cooperation. These principles were designed to help (i) reach consensus on the desired future situation; (ii) focus on the target beneficiaries; and (iii) avoid developing parallel structures of direct support to target beneficiaries and thereby competing with local institutions. At that time, the group decided it should meet again and asked UNIDO to act as its focal point/secretariat.

Those agencies have now adopted principles with regard to the ownership of the development process and the management responsibilities for development cooperation. Others too are progressing along the same lines to ensure client satisfaction and a sustained impact on development.

Addressing the working session, the Director of Policy Coordination in UNIDO, Mr. Ruben Beltrán Guerrero, underlined the importance attached by the Organization to cooperation with bilateral and sister organizations. Speaking on the comprehensive reform process in UNIDO, he stressed that permanent assessment and continuous improvement were the main features of quality management.

UNIDO Quality Assurance
12 April 1996

THE WORKING SESSION 1996

In order to further improve the management of development cooperation, the Working Session met in 1996 to:

- Exchange information on recent experience/ developments on:

  - Sector programme concept;
  - The decentralization of the quality assurance function;
  - Quality indicators and how to assess the quality of service proposals.

The following papers were distributed to participants prior to the working session:

(i)   A brief note on the "Quality Management of Development Cooperation", reflecting the current view at UNIDO on this concept and its application;

(ii)   An article written by Messrs. K. Samset (one of the participants at the Working Session), K. Forss and B. Cracknell, relating to decentralization of evaluation systems;

(iii) UNIDO's current draft "Quality Indicators Scoring Sheet" and the accompanying instructions on how to assess the quality of service proposals; it is based on similar scoring sheet developed by PCM Consortium and needs a considerable amount of further work.

The list of documentation available at the Working Session is attached (Annex 5).

The list of participants is attached (Annex 6).

OVERVIEW OF THE WORKPLAN

1. SECTOR PROGRAMMES

- Objectives of the Approach

- Implications for decentralization of Quality Assurance

2. DECENTRALIZATION OF QUALITY ASSURANCE/MANAGEMENT

- How to organize

- Responsibilities

- Feedback/learning organization

3. QUALITY INDICATORS

How to measure:

- Quality of impact/development

- ... cooperation

- ... management

WORKING GROUP 1: SECTOR PROGRAMMES

Questions which the participants wished to discuss	Suggestions/answers provided by the group
NOTION OF SECTOR PROGRAMME	
Definition criteria for sectors?	
Sector Programme = National Programme?	
What is the difference between the OLD and the NEW Sector Programme Approach?	
What is the definition of a Sector Programme?	See Annex 3
Is there a common understanding what "programme" means?	See Annex 3
Common understanding behind specific programme?	See pages 7-8 of this report
What is the key feature distinguishing a programme from a project?	See Annex 3
OWNERSHIP	
Who is the owner of Sector Programmes?	(Private, public institutions in partner country)
ROLE OF DONORS	
How flexible are Donors in selecting aid modality in the face of varying degree of recipient capacity?	
How Donors select channels of aid: Bilateral, Multilateral and NGOs? Donors increasingly favour programming by theme. Clients usually programme their development budget by sector. Question: How to promote national ownership of externally derived priorities?	
Structural/organizational consequences of applying "programmatic" approach in TC?	(Teams are required bringing together the different expertise required - which are usually found in different organizational units)
PRACTICAL ASPECTS	
Number of planning documents within a programme: An issue or not?	(Not an issue)
How should timing considerations be handled in programme/project development?	(On the basis of the objectives tree derived through LFA/ZOPP/OOPP methods)
How to evaluate, within a programme approach, the degree of success/impact due to one's Agency contribution, over which the Agency can report to its Donors and Constituents?	(Evaluate against the programme and component project matrices)
How does one evaluate "capacity building"? What are the primary dimensions of c.b.?	(Normally at the level of purpose and outputs defined in the matrices)

A note on the discussions

The point of departure was the concept of development cooperation adopted by DANIDA (see Annex 1) aiming at the progressive implementation of its policy to move upstream away from project planning and implementation and towards the provision of budget support to nationally owned "sector" programmes - i.e. a move upstream by DANIDA, similar to other agencies. Sector programme support was intended to assist developing countries to become accountable and also responsible for quality. It was recognized that there would be less control than at present, but hoped there would be more sustainability.

The concept involves a policy dialogue with a government on various sectors for which a country may require external support. Thus DANIDA would assess the desirability to support a government's programme with a budget. To do this, it will have to assess the government's programme to achieve its policy objective.

However, this would seem to mean that if a government's proposals are in line with DANIDA policy - or any other development cooperation agency - DANIDA should want to assess the quality of the government's programme and projects to achieve their policy objective. That quality can only be determined on the basis of its relevance to the concerned target population groups who actually feel the problems and want to overcome them - i.e. to change/ improve their situation. Potential impact, sustainability, cost-effectiveness, responsibility, accountability and implementation capacity would have to be assessed.

The risks involved from the external development agency's viewpoint were clear:

- Measurement of quality could not take place only at the policy objective level: impact on target beneficiaries and the ability of local institutions to manage the provision of services themselves through the programme and its component projects will have to be also determined in an objectively verifiable manner;

- Management responsibilities at the national level may not be clearly defined;

- National authorities may not want or may not know how to use participatory methods for the formulation of their programmes in support of a policy objective.

The procedures adopted by NORAD following a very similar concept are useful to overcome these risks (see Annex 2).

In short, it would seem that:

- It should be possible to integrate the sector programme concept, the 3-matrix model and the UN programme approach to a certain extent (see overleaf);

- Participatory approaches would have to be used at the national level (see NORAD) to ensure that their policy objective is effectively supported by one or more programmes which are designed to meet the needs of people who want to improve their situation;

- The policy, strategy, programme and project level objectives can be derived from the objectives tree as visualized overleaf (provided by Institut für Projektplanung, Stuttgart). The objectives tree is obtained through the use of ZOPP/OOPP/LFA participatory methods.

POLICY PLANNING PROCEDURE

Stakeholder Analysis

Development Priorities

Problem Analysis

Objectives Analysis

Alternatives Analysis

Planning Matrix

Policy

Strategy

Programmes

Projects

Projects outputs

Projects activities
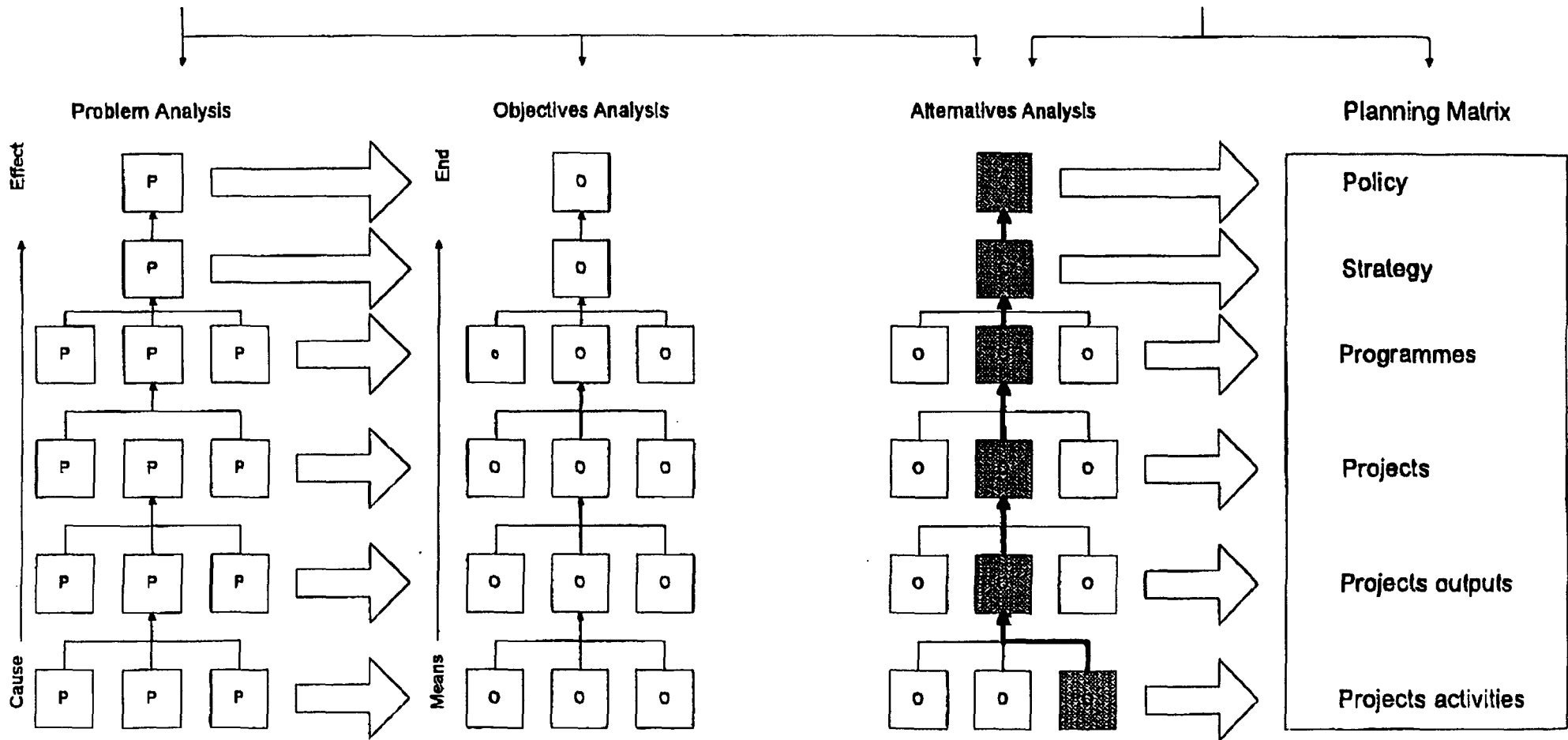
Legend

▓ Selected objectives   ↑ Contribution to higher level objectives

IP-MR05.vsp

Connection between Strategy, Programme and Project

Strategy

Strategy Goal
Strategy Purpose
Strategy Results
Strategy Activities

Programme

Programme Goal
Programme Purposes
Programme Results
Programme Activities

Projects

Project's Goals
Project's Purposes
Project's Results
Projects's Activities

PS-MR93.vsp
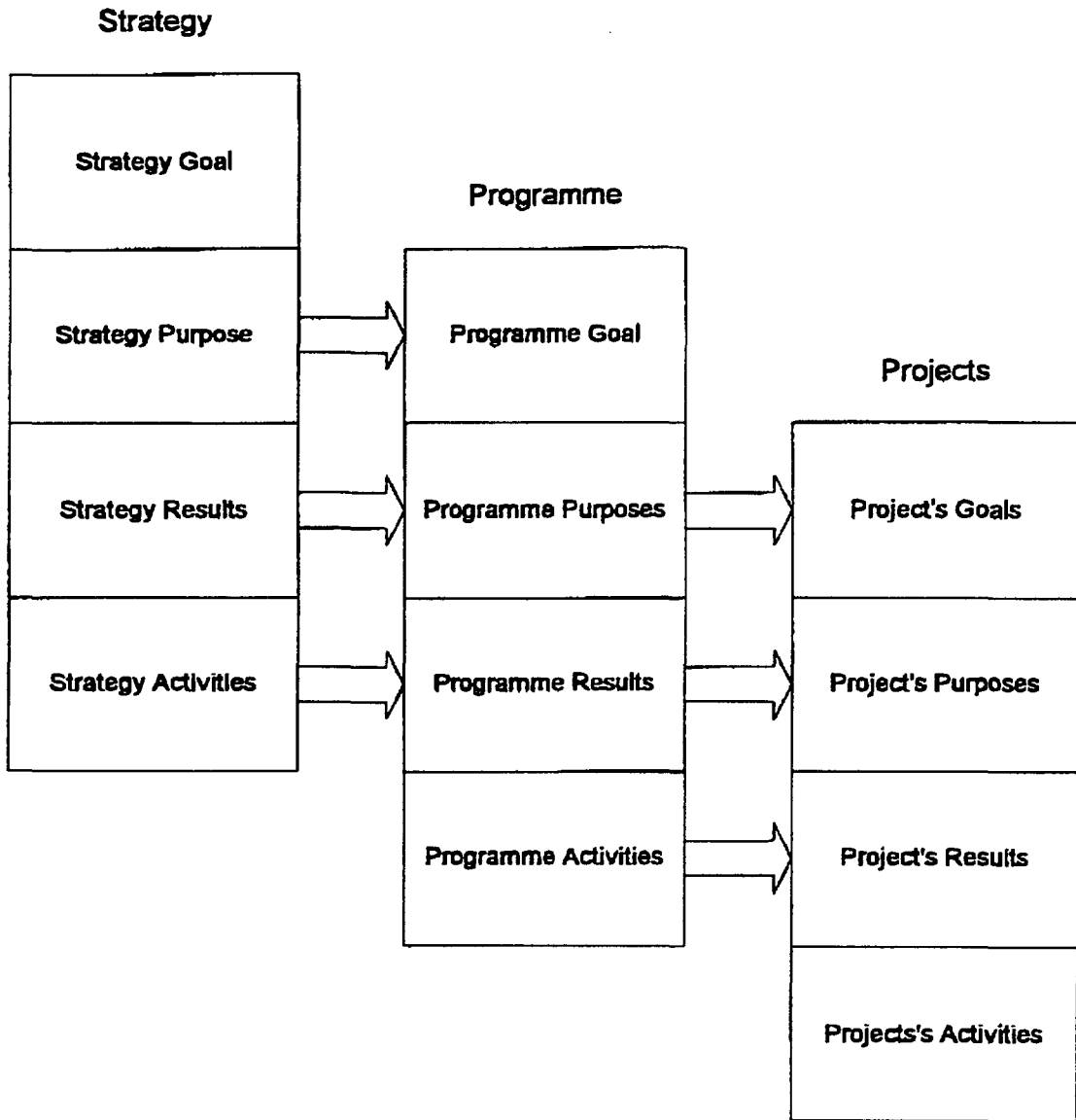
WORKING GROUP 2: DECENTRALIZATION OF QUALITY ASSURANCE/QUALITY MANAGEMENT

Questions which participants wished to discuss	Suggestions/answers provided by the group
Quality Assurance can include several issues. Is there a common understanding here, what is Quality Assurance?	QA is to describe "who is doing what" in specific processes "Quality": Totality of features of a service/product being appreciated by a client
"Quality Management": How to manage to satisfy the client?	Quality Assurance + Quality Management
QA-decentralization: How to ensure that staff take responsibility for Quality?	Clear standards Staff have understanding of (his/her) role & contribution expected to other processes Clarity - objectives & goals System reward & punishment Leadership Sufficient resources: Time - money - staff Holding staff accountable Setting clear expectations at the outset and holding staff responsible for meeting those expectations throughout in line with standards consistent with the purpose of the organization
Who is responsible for quality assurance?	Everybody for his/her own process + line management
Is the evaluation by target group necessary?	Yes - it is a necessary but not sufficient tool for feedback
What kind of institutional assessment tools are used by Donors (to assess recipients capacity)?	Participatory approaches (ZOPP/OOPP/LFA)
How Donor Agencies decide the extent of control over aid to recipient organizations (countries)?	

Questions which participants wished to discuss	*Suggestions/answers provided by the group*
How to balance local initiative with accountability?	Transparency Dual mode operating procedures providing for flexibility, with accountability, in crises Provide boundaries, limits, within which local initiatives are encouraged Provide guidelines or results to be achieved rather than process
Requirements at central level in order to decentralize?	Rules and routines for planning, decision, monitoring Empowerment of field office Control Reporting
What are the critical aspects of decentralization? (advantages/weaknesses)	Enhanced services to the client based on proximity Leaner organization structure More efficient delivery of primary and support service Demands of improving quality of personnel Too costly to fully staff local offices Local office may become too local Remoteness from where decisions take place
Are issues common to recipients and providers in decentralization of quality assurance?	Clear understanding of roles (client/server)
National capacity to do Management, Evaluation, Quality Assurance?	External agencies could support the building up of such capacities
What should be respective roles of centre and periphery (field) to guarantee objectivity?	Roles to be determined by quality system
How can we avoid "paper language"?	

A note on the discussions

The second working group's discussion followed from that on sector programmes - that is who bears responsibility for the overall quality of the programme and who provides the necessary support for ensuring that that quality is achieved.

The discussions in the Working Group centred on the specific questions raised by the participants - see Table on the previous page.

The Table reflects in fact the principles of quality management applied today at corporate or institutional levels. These were explained later in the Working Session when the quality system being developed at UNIDO was presented [see page 15].

Any quality system must reflect the organization's mission, policy, strategy and programme priorities. At all levels and for all processes, those responsible must ensure that quality standards are met and that performance is continuously improved. Quality assurance is a management function responsible for developing and ensuring that the quality system and the management thereof results in programmes that meet the requirements of the target beneficiaries and clients in recipient countries (see Annex 3).

The issue of decentralization of responsibility for quality assurance should therefore not arise if the overall quality system is successfully developed and maintained. However, the issue remains when there are separate management responsibilities for an external agency and for the client institution in the recipient country. In a perfect world, each partner organization should have a quality system.

The working group concluded that external agencies should support national efforts to improve their management of development cooperation received from abroad.

The group felt that in the context of development cooperation, the definition of quality should include the word "agreed" - that is, The "agreed" totality of features of a service or product satisfying the stated needs of a client, rather than the definition in ISO 9000 (see Annex 3).

Evaluation of results by an agency is a necessary but not a sufficient feedback to ensure client satisfaction and impact on development.

WORKING GROUP 3: QUALITY INDICATORS/HOW TO ASSESS THE QUALITY OF AGENCIES' SERVICE PROPOSALS

Questions which the participants wished to discuss	Answers/points discussed on each question
Who is measuring? Who is assessing?	Inherent tasks in a Quality Management System
PROJECT IDENTIFICATION, FORMULATION	
Can indicators be determined at the time of project/programme planning for the immediate and higher objective levels without being arbitrary? If so, how?	Indicators are not arbitrarily determined; they can be defined objectively when derived from participatory analysis using logframe/OOPP/ZOPP methods to define outputs + purpose with OVI (objectively verifiable indicators)
How to ensure real partnership with developing countries in quality assurance? Ownership: Question: Assessment of counterpart (staff)? How can we clearly measure involvement of partner through project cycle?	The same participatory methods facilitate the determination of management responsibility of each partner involved in the programme, supported by specific milestones These methods include the analysis of the human + financial capacity of client institutions
How to identify quality (achievement?) indicators that are sufficiently indicative and measurable?	Through participatory methods, ensure that indicators at this level are derived from analyses of existing situation
Quality indicators and success criteria in special fields?	Special fields (e.g. UNDCP drug demand reduction) can develop a "catalogue" of indicators as a point of reference when preparing a specific project proposal. These may include indirect indicators and even negative indicators Another example: Human Development Report provides reference indicators Methods of deriving indicators are common to all fields

Questions which the participants wished to discuss	*Answers/points discussed on each question*

EVALUATION

How to improve impact, not output, assessment?	Clarification: Impact of development agency's support project at purpose and goal levels can be assessed through logframe, ZOPP, OOPP if used from the beginning of the project cycle
Quality indicators = Performance rating?	Clarification: Quality indicators referred to in UNIDO draft submitted to participants referred to the quality of project proposals (i.e. ex ante);
How do quality indicators differ from usual measures of project performance (e.g. of outputs produced, impact achieved, etc.)?	i.e. how to assess the quality of an agency's project proposal
Duration of feedback loop on quality?	A system is required to ensure timely feedback from client + target beneficiaries (i.e. purpose + goal levels) Ex-post evaluations (one year after) are desirable to learn lessons
Does someone in this room think that (s)he has practical indicators for Development Cooperation?	

QUALITY IN DEVELOPMENT COOPERATION AGENCIES

What constitutes "quality" in development cooperation Agencies?	
What are the major components of productivity in development cooperation Agencies?	Discussed under additional item on UNIDO Quality System (performance measurement), in plenary on Friday, 15 March 1996, in the afternoon
How to involve top management in improvement process?	
Relation with individual performance assessment?	

For methods, see: NORAD (1994) Manual for Programme and Project Cycle Management
DANIDA (1995) Logical Framework Approach, 3 ed.
GTZ (1996) Project Cycle Management (PCM) and Objectives-Oriented Project Planning (ZOPP), 1 ed.
UNIDO (1996) Quality Management of Development Cooperation: Principles + Concepts
(1996) Quality Management of Development Cooperation: The Methods
(1996) Quality Management of Development Cooperation: How to Assess the Quality of Service Proposals

A note on the discussions

The discussions showed that there was often misunderstandings as to whether the questions were asked of the recipient's country's project or the "project" of the external agency supporting the former. Several agencies do not as yet make a clear distinction between "ownership"/ management responsibilities of the recipient country and that of the external agency. Furthermore, they do not apply the logframe to its full potential to clearly make this distinction and specifically identify the outputs and purpose of the responsibilities of party involved - with objectively verifiable indicators, their means of verification, and assumptions derived from an analysis of an existing problem situation and the identification of the objectives to be achieved.

The participatory approach helps to ensure that the objectives and the corresponding management responsibilities for their achievement are not arbitrary - as has so often been the case in all development cooperation during the past decades.

The UNIDO draft on **how to assess the quality of service proposals** of an external agency was the subject of a misunderstanding since it had been interpreted as an evaluation tool to measure the quality of services already rendered - rather than of a service to be rendered. The tool can be used to assess performance in developing service proposals and to identify main areas of difficulty (continuous improvement). It can only be applied by agencies which systematically adopt the "ownership" principles and the ZOPP/OOPP/LFA participatory methods. In this regard, it was noticed that several agencies had recently introduced PCM [Project Cycle Management] focusing on the participatory methods - but leaving aside the fact that the responsibilities of the local institution[s] and of the external agency must be determined simultaneously.

NEXT PAGE(S)
left BLANK

UNIDO PERFORMANCE MEASUREMENT/UNIDO QUALITY SYSTEM

UNIDO shared with the group its recent work on the development of a quality system which is a prerequisite for the introduction of quality management in the Organization and the measurement of its performance.

The purpose of the system is the organization's continuous improvement; its outputs are the self-assessment of its performance and the identification of areas for improvement. The concept is based on the European model for the self-assessment of corporate excellence - used by the European Foundation for Quality Management - and the logical framework [logframe, LFA], including the participatory methods of OOPP/ZOPP.

The concept presented was developed by a team of UNIDO staff within the framework of its on-going reform process; it had not yet been adopted by UNIDO and required further work to define critical internal processes and responsibilities.

The attached note - not distributed at the Working Session - describes the concept being elaborated (see Annex 4).

SUGGESTIONS FOR FURTHER WORK

1. **"UN in 2000" : A proposal - Management of change in development agencies**

- **UN in crisis:** The causes of this are many, but the most pressing challenges facing the UN are the reduction of financial support and the widespread perception among member states that the UN is inefficient and wasteful;

- **The "production" or organizational system is viewed as a black box:** That is, within which serious analysis does not take place;

- **Agreed need for improvement:** The time has come to agree on a system-wide effort to study and improve the UN "production" systems;

- **Improvement cannot be out-sourced:** The driving force for sustained organizational performance improvement must come from the serious efforts of staff members themselves;

- **UNIDO has accumulated valuable experience** in reforming its operations and intends to introduce continuous improvement systems. Other agencies have also or are planning the introduction of similar initiatives. There is a great potential for the mutual reinforcing collaboration and sharing of information among UN agencies;

- **UN in 2000:** It is proposed that a United Nations improvement network 2000 be established to promote a credible and internal improvement effort to achieve measurable progress in the UN bodies. The aim is the establishment of links among staff members of UN bodies who are involved in the introduction or application of improvement initiatives in their organizations;

- The participants in the Working Session (both UN and bilaterals) constitute de facto an embryo of committed staff who believe in continuous improvement. Towards this end, the Working Session participants could inter alia exchange information and experience through the World Wide Web between their annual (?) meetings;

- This could also lead towards the establishment of UN-wide quality award.

2.   Working session 1997

Proposals made during this year's session included:

- Change management within development agencies;

- More intensive exchange of information on efforts to increase measurable performance at the level of an external development cooperation agency;

- Complexity of the relationship client/owner;

- Potential topics to be explored some three months before the next session;

- Organization of regional meetings, e.g. in southern Africa;

- Involvement of people at the operational level in development cooperation in the next Working Session.

ANNEXES

As part of the 1994 strategy for Danish development policy (A Developing World), bilateral Danish development assistance will be provided mainly as <u>Sector Programme Support (SPS)</u> to a limited number of sectors (2-4 sectors) in each cooperation country.

<u>A sector</u> is defined as a coherent set of activities which need to be looked at together to make a meaningful assessment, and which can be relevantly distinguished in terms of policies, institutions and finances.

Sectors can be economic sectors (agriculture, industry, transport etc.), but can also be cross-institutional and/or thematic (environment, indigenous people, local government) if the cooperation country has a relevant framework of institutions, policies etc.

The national endeavour which Danida can assist through **SPS** is an established or emerging set of policies, strategies, activity programmes or activity components. The starting point will usually be a dialogue focused on the sector policy framework, and not necessarily a (blueprint) "sector development plan". This national endeavour is in the following referred to as a <u>"national sector framework"</u>.

The SPS strategy has the following main features:

- relates directly to national sector policies
- focuses on broader scale capacity development
- relates or provides support to various levels in the sector
- enables partners to be fully accountable
- applies various modalities of support
- offers room for flexibility within an agreed set of objectives, areas of support, and procedures
- provides effective coordination
- provides scope for reduction of the number of external assumptions

The ultimate SPS may be envisaged as budget support financed by Danida and other donors to mutually agreed programmes, entirely carried out by the national authorities within a national policy and planning framework that is considered effective, accountable and consistent also with Danida's policy concerns.

The SPS is a dynamic, coherent and coherent framework of policies and strategies which will include specific support elements. These elements, _Sector Programme Components_, are support to specific, nationally managed components of the national sector framework, as illustrated in figure 1. Danida, thus, is not implementing the components in the national sector framework, but providing goods and services to these components.

Figure 1: Cooperation relations in the Sector Programme Support Concept

National Sector Framework

Desired Features:
Policy, strategies,
national funds and
on-going operations,
investments program,
support from various
donors. Ownership, commitment,
capability to implement
and to secure accountability.
Civil society participation.
Sound macroeconomic framework.
Gender-specific poverty
reduction policy,
democratic development,
environmental concern etc.

Components:

Policy development

Capacity development
(legal, human, managerial,
technical, organisational..)

Investment priorities

Annual operation & maintenance

Annual financial framework

etc.

Policy Dialogue
(possibly joint
with other donors)

Reviews and
adjustments
(possibly joint)

Adaptation of
Prog. Support
Components as
needed

Other Donor's Support

Other Donor's Support

Danida Sector Programme Support

Desired Features:
Policy, Danish funds,
relevant Danish resources.
country experience
and Danida capacity to
enter dialogue and
assist in programme
development

Programme Support
Components, e.g.:

Development of sector
policy and planning
capability

Support to capacity
development

Support to investment
projects

Budget support to sector

Support to civil society
participation

etc.

Figure 2: Stages and Documents in the Sector Programme Support Process

Stages in the SPS Process

Documents in the SPS Process

```
┌──────────────────────────┐
│  Identification          │
│   - dialogue             │
│   - analysis             │
│   - broad proposals      │
│   - initial process support │
└──────────────────────────┘
```

```
        ┌─────────────────────────┐
      ┌─│ (Pre-Appraisal Report)  │
    ┌─│ Technical Reports         │
  ┌─│ Process Action Plan         │
  │ Draft, incomplete             │
  │ Sector Support                │
  │ Document with annexed         │
  │ Project Documents             │
  └───────────────────────────────┘
```

```
┌──────────────────────────┐
│  Preparation             │
│   - dialogue             │
│   - in-depth analysis    │
│   - specific proposals   │
│   - continued support    │
└──────────────────────────┘
```

```
    ┌──────────────────────────┐
  ┌─│ Technical Reports        │
  │ Process Action Plan        │
  │ Draft Sector Programme     │
  │ Support Document, with     │
  │ annexed Component          │
  │ Descriptions               │
  └────────────────────────────┘
```

```
┌──────────────────────────┐
│  Appraisal               │
│   - critical assessment  │
│   of relevance, feasibility, │
│   accordance with policy │
│   concerns etc.          │
└──────────────────────────┘
```

```
  ┌──────────────────────────┐
  │ Appraisal Report         │
  │ Process Action Plan       │
  │ Draft Sector Programme    │
  │ Support Document, with    │
  │ annexed Component         │
  │ Descriptions              │
  └───────────────────────────┘
```

```
┌──────────────────────────┐
│  Approval                │
│   - approval of framework │
│   and specific components │
│   by relevant authority  │
└──────────────────────────┘
```

```
  ┌──────────────────────────────┐
  │ Government Agreement          │
  │ Approved SPS Document         │
  │  - incl. Component Descriptions │
  │ and Process Action Plan for   │
  │ review/revision of the SPSD   │
  └───────────────────────────────┘
```

```
┌──────────────────────────┐
│ Implementation and       │
│ monitoring               │
│   - emphasis on monitoring of │
│   both process and impact │
│   - reviews and adjustment │
│   - possibly evaluations │
└──────────────────────────┘
```

```
          ┌──────────────────────┐
        ┌─│ Evaluation Report    │
      ┌─│ Process Action Plans   │
    ┌─│ Progress Reports         │
  ┌─│ Review Reports             │
  │ Agreed Minutes,              │
  │ Addendums to SPSD            │
  │  - or revised                │
  │ SPS Document                 │
  └──────────────────────────────┘
```

```
┌──────────────────────────┐
│  Phasing Out             │
│   - planned and gradual  │
│   - collection of and reflection │
│   on lessons learned     │
└──────────────────────────┘
```

```
    ┌──────────────────────┐
  ┌─│ SPS Completion Report │
  │ Progress Reports        │
  │ Review Reports          │
  └─────────────────────────┘
```

OVERALL POLICY FOR PROGRAMME CYCLE MANAGEMENT

This manual is limited to the management of specific programmes. Overall planning at the policy and country level will be dealt with in another manual.
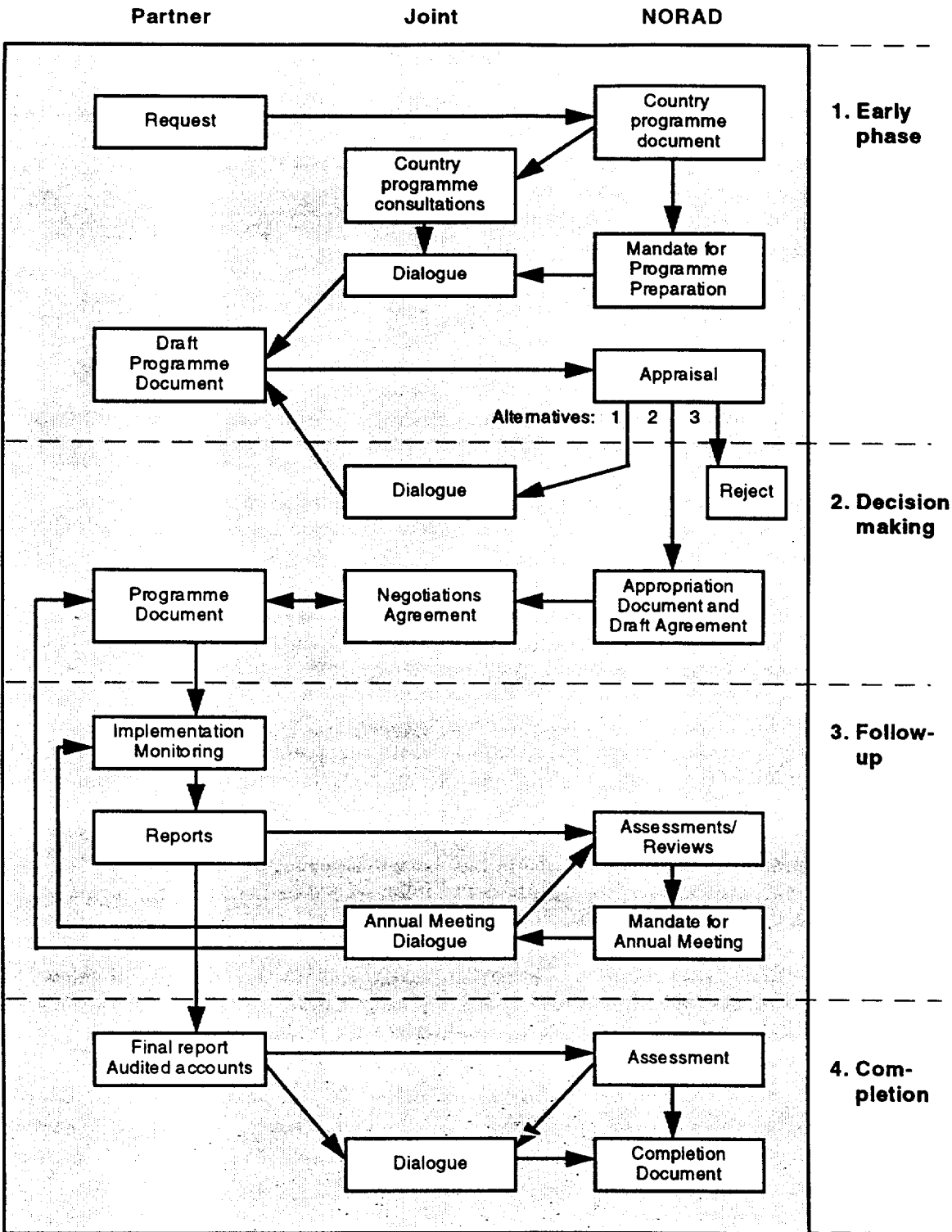
The programme cycle is depicted in Figure 0.2. NORAD's role is illustrated on the right.

A main principle in NORAD's present policy for development co-operation is that of active dialogue to ensure that realistic principles and conditions are agreed to for the implementation of a programme, and subsequently adhered to. With reference to the programme cycle, the following aspects are highlighted:

- Detailed planning, implementation and reporting is the responsibility of the Partner Country and Partner Country institutions.

- In the early phase NORAD is to concentrate on conveying basic principles for support, and on appraisal of the Partner's proposals and plans. Involvement in detailed planning should be avoided.

- During the decision-making phase NORAD shall ensure that adequate and realistic requirements for reporting and documentation by the Partner are laid down in the Agreement.

- In the follow-up phase NORAD shall ensure that the quality of information received from the Partner is acceptable and appropriate to the requirements of auditing and control, in accordance with the Agreement.

- In the event of the Partner failing to produce the required information or complying with the agreement, NORAD should respond firmly in line with procedures laid down in the agreement, and take the necessary measures to rectify the situation.

- The lines of responsibility within NORAD are decentralised and the responsibility pertaining to appraisal and follow-up of individual programmes is vested in the Field Offices (REP).

Each step in NORAD's role vis-à-vis the programme cycle is described in detail below. This includes principles, procedures and division of responsibilities within the organisation. Standardised formats for documents are appended as Annexes.

Fig 0.2. The programme cycle. Division of responsibilities [1].

Partner	Joint	NORAD	
Request		Country programme document	**1. Early phase**
	Country programme consultations		
	Dialogue	Mandate for Programme Preparation	
Draft Programme Document		Appraisal	
		Alternatives: 1 2 3	
	Dialogue	Reject	**2. Decision making**
Programme Document	Negotiations Agreement	Appropriation Document and Draft Agreement	
Implementation Monitoring			**3. Follow-up**
Reports		Assessments/ Reviews	
	Annual Meeting Dialogue	Mandate for Annual Meeting	
Final report Audited accounts		Assessment	**4. Completion**
	Dialogue	Completion Document	

1) This is a general model. Minor adjustments may be necessary in specific cases.

BASIC TERMS, DEFINITIONS AND QUALITY STANDARDS

Introduction

This compilation of Basic Terms and Definitions as well as Quality Standards (QSt) represents the first step of a long-term process of implementing Quality Policy in UNIDO.

The overall intentions and direction of UNIDO as regards quality are expressed through the policy statement by the Director-General (GC.5/23).

The creation and maintenance of quality in UNIDO is dependent upon a systematic approach to quality management aimed at ensuring that the needs of UNIDO's clients are known, understood, and met. Therefore the participatory PCM/OOPP methodology has been introduced at UNIDO.

The achievement of quality necessitates a commitment to quality principles at all levels in UNIDO and a continual review and improvement of the established system of quality management based on feedback of the clients perception of the service provided.

The quality standards described here are applied to all services provided by UNIDO.

BASIC TERMS AND DEFINITIONS
(internationally accepted, ISO 9004, and adapted to the needs of UNIDO)

Quality: The totality of features and characteristics of a product or a service that bear on its ability to satisfy stated or implied needs.

Quality policy: The overall quality intentions and direction of an organization as regards quality, as formally expressed by top management.

Quality management: That aspect of the overall management function that determines and implements the quality policy.

Quality system: The organizational structure, responsibilities, procedures, processes and resources for implementing quality management.

Quality plan: A document setting out the specific quality practices, resources and sequence of activities relevant to a particular product, service, contract or project.

Quality assurance: All those planned and systematic actions necessary to provide adequate confidence that a product or service will satisfy given requirements for quality.

Quality control: The operational techniques and activities that are used to fulfil requirements of quality.

Quality audit: A systematic and independent examination to determine whether quality activities and related results comply with planned arrangements and whether these arrangements are implemented effectively and are suitable to achieve objectives.

Quality surveillance: The continuing monitoring and verification of the status of procedures, methods, conditions, processes, products and services, and analysis of records in relation to stated references to ensure that specified requirements for quality are being met.

Quality system review: A formal evaluation by top management of the status and adequacy of the quality system in relation to quality policy and new objectives resulting from changing circumstances.

Quality spiral: Conceptual model of interacting activities that influence the quality of a product or service in the various stages ranging from the identification of needs to the assessment of whether these needs have been satisfied.

Traceability: The ability to trace the history, application or location of an item or activity, or similar items or activities, by means of recorded identification.

Product[1]:   The result of activities or processes (tangible product such as a publication or equipment or material provided).

Service: The results (intangible products such as advice, training, information promotion) generated by activities at the interface between the supplier (UNIDO) and the client(s) and by supplier (UNIDO) internal activities, to meet (UNIDO) internal customer needs.

Note: Delivery or use of tangible product may form part of the service delivery.

Organization: A company, corporation, firm, enterprise or association, or part thereof, whether incorporated or not, public or private, that has its own function(s) and administration.
Note: **service organization** is also used to denote **supplier.**

Supplier: An organization that provides a product or service to a client or customer.

Sub-contractor: A supplier to the service organization in a contractual situation.

Client: An external direct recipient of a product or service.

Customer: An internal direct recipient of a product or service.

---

[1]   The terms product and service are identical with the terms output used in OOPP.

BASIC TERMS AND DEFINITIONS RELATED TO
UNIDO TECHNICAL COOPERATION

Development: The transition (process of change) from a defined unsatisfactory situation to a more satisfactory situation autonomously and deliberately undertaken and managed by people, groups, organizations and/or government bodies concerned with or affected by this situation.

Development cooperation: The structured and defined system of services supporting development.

Technical cooperation: The specifically structured and defined system of services supporting development by mobilizing and transferring skills and knowledge aiming at improved conditions for the use of skills and knowledge in order to improve capacity capability and efficiency of people through permanent or non-permanent local organization(s).

Institution: see organization.

Beneficiary: The person taking part in development being supported by development cooperation as the end user of provided services.

Implementing organization, institution, agency: The local permanent or non-permanent organization implementing a project/programme within the framework of development cooperation.

External supporting organization: The external (foreign/international) organization supporting the implementing organization.

Note: In extraordinary specific cases the external supporting organization may substitute the implementing organization.

Project: A bundle of socially, locally, objectively and timely limited measures implemented to achieve *ex ante* defined objectives.

Programme: A bundle of socially, locally, objectively and timely limited measures jointly implemented by more than one organization, each being responsible to produce defined outputs to achieve common *ex ante* defined objectives.

Programme (integrated): A set of integrated services forming a comprehensive support to the achievement of an overall goal within the framework of development cooperation.

Situation: A verifiably defined limited segment of social life.

Participant: People, groups, organizations and/or government bodies concerned with or affected by a given situation.

Problem: An existing condition forming part of a given situation negatively perceived by a participant.

Objective: A positive future condition such as an output, purpose (immediate objective), goal (development objective) to be achieved by a project/programme.

Output: A purpose-oriented product or service.

Purpose: A positive future situation of beneficiaries supported by a project/programme/service.

Goal: An overriding development objective giving reason why a purpose is socially accepted.

Assumption: A condition that must exist if the project/programme/service is to succeed but which is not under the direct control of the project/programme/service management.

Indicator: A precise verifiable and measurable description of an objective or an important feature of an objective in terms of substance, quantity, quality, time and location.

Means of verification: A source of data necessary to verify the achievement of an objective.

Input: A resource such as personnel, equipment, material and in some specific cases finance needed to produce an output.

Activity: An act or a sequence of acts carried out to produce an output.

Strategy: The logical linkage of activities, inputs, assumptions and outputs giving evidence how the project/programme/service will achieve its purpose.

Programme/project/service planning matrix: A system of 23 boxes providing a one-page summary.

WHY	the project purpose is to be aimed for	**GOAL**
WHAT	the project is intended to accomplish	**PURPOSE**
WHAT	the project aims to produce	**OUTPUTS**
HOW	the project intends to produce the outputs	**ACTIVITIES**
WHAT	external conditions are important for achievement of the objectives	**ASSUMPTIONS**
HOW	achievement of objectives and state of external conditions can be measured	**INDICATORS**
WHERE	necessary data to monitor and evaluate the project can be found	**MEANS OF VERIFICATION**
WHAT	the project will cost	**INPUTS/COSTS**

Project/Programme/Service proposal: A set of documents giving a comprehensive overview on the client's project/programme the mandate related justification for UNIDO's intervention and the UNIDO's service to be provided.

Participation: The active involvement of parties concerned with or affected by a given situation in the identification, formulation and/or evaluation of a project/programme or a service dealing with that situation.

QUALITY STANDARDS FOR UNIDO TECHNICAL COOPERATION

The following Quality Standards highlight specific features and characteristics of UNIDO services that bear on its ability to satisfy participatory identified needs of UNIDO clients and UNIDO internal customers.

Transparency: The clarity and traceability of all activities, processes, procedures, relations and statements with regard to content and responsibility.

Accountability: The personal responsibility for activities, processes, procedures, relations and statements in accordance with defined roles and functions.

Note: The responsible person may act as a member of a team or a committee representing an organization or part of it. The responsibility will remain with the individual person according to his/her job description.

Relevance: The direct verifiable means-end relation of an activity and/or a process and/or an objective to a higher level objective and/or the direct verifiable linkage of a purpose to a problem or a set of problems.

Note: The operationalized aspects of relevance with regard to various levels of the development cooperation and various levels of the client's project/programme and the UNIDO service can be found in the attachment to this Annex.

Demand orientation/Client orientation/Customer orientation: That specific aspect of relevance to felt needs clearly stated by the beneficiaries themselves. That feature of an activity, process, project/ programme output or service that bears on its ability to satisfy needs felt by the beneficiaries.

Cost-effectiveness: The ratio of cost of inputs to purpose (impact).

Sustainability: The *ex-ante* defined and/or actual period where the achieved purpose (improved situation of the beneficiaries) of a project/programme or a service can be maintained by the beneficiaries on their own.

Note: The operationalized aspects of sustainability with regard to the client's project/programme and the UNIDO service can be found in the attachment to this Annex.

Poverty alleviation: That feature of a project/programme purpose that improves satisfaction of basic needs such as food, clothing, housing, health and education.

Gender orientation: That feature of the totality of project/programme outputs aiming at equal chances for men and women.

Note: In most situations particular benefits for women are required.

Environmental compatibility: That feature of a process that natural resources used or destroyed by implementing this process can be counterbalanced by the renewal capacity of nature without damaging living conditions.

UNIDO Performance Measurement [1] - DRAFT

The purpose of measuring UNIDO performance is the continuous improvement of the organization. Performance measurement is a means to identify areas for improvement and to support consistency of direction and consensus on what needs to be done by all staff sharing the same conceptual base.

UNIDO performance will be measured in terms of the following **result criteria**:

(i) **External**	(ii) **Internal**
- Client satisfaction (including recipients of UNIDO services, and donors). - Impact on development.	- UNIDO financial situation. - Staff satisfaction.

The following factors **(enabling factors)** affect the above 4 result criteria and will also have to be measured:

- Leadership by management;

- UNIDO policy, priorities, and the strategies within each priority;

- Staff management;

- Resource management;

- Processes applied within the organization.

The application of these criteria

At the centre of UNIDO performance is the delivery of its services to clients in recipient countries, using the logical framework approach (LFA). See diagram on page 3 visualising the following interrelationships between result and enabling factors.

---

[1] *This paper draws on the model for the self-assessment of organizational excellence adopted for the European Quality Award by the European Foundation for Quality Management (EFQM) in Brussels.*

Teams set up within the components of UNIDO's priority themes are responsible for the identification, formulation and implementation of UNIDO services. The quality[2] of these services, in terms of their relevance, efficiency, effectiveness, and sustainability / impact, is measured by the degree of client satisfaction achieved and the impact on the country's development objectives - that is, on the above-mentioned two external result criteria.

The Teams' performance depends on the support from the 5 enabling factors and the two internal results criteria.

To lay the basis for the measurement of the 5 enabling factors, the concerned organizational units will define the outputs with the corresponding indicators required for them to contribute to the purpose to be achieved:

- Optimal leadership by management concerning UNIDO's mission, priorities and policy;

- Priorities and component strategies developed and communicated to staff and potential clients;

- Staff satisfied and allocated in line with UNIDO mission, policy and priorities;

- Resources available to the organization are used optimally by staff;

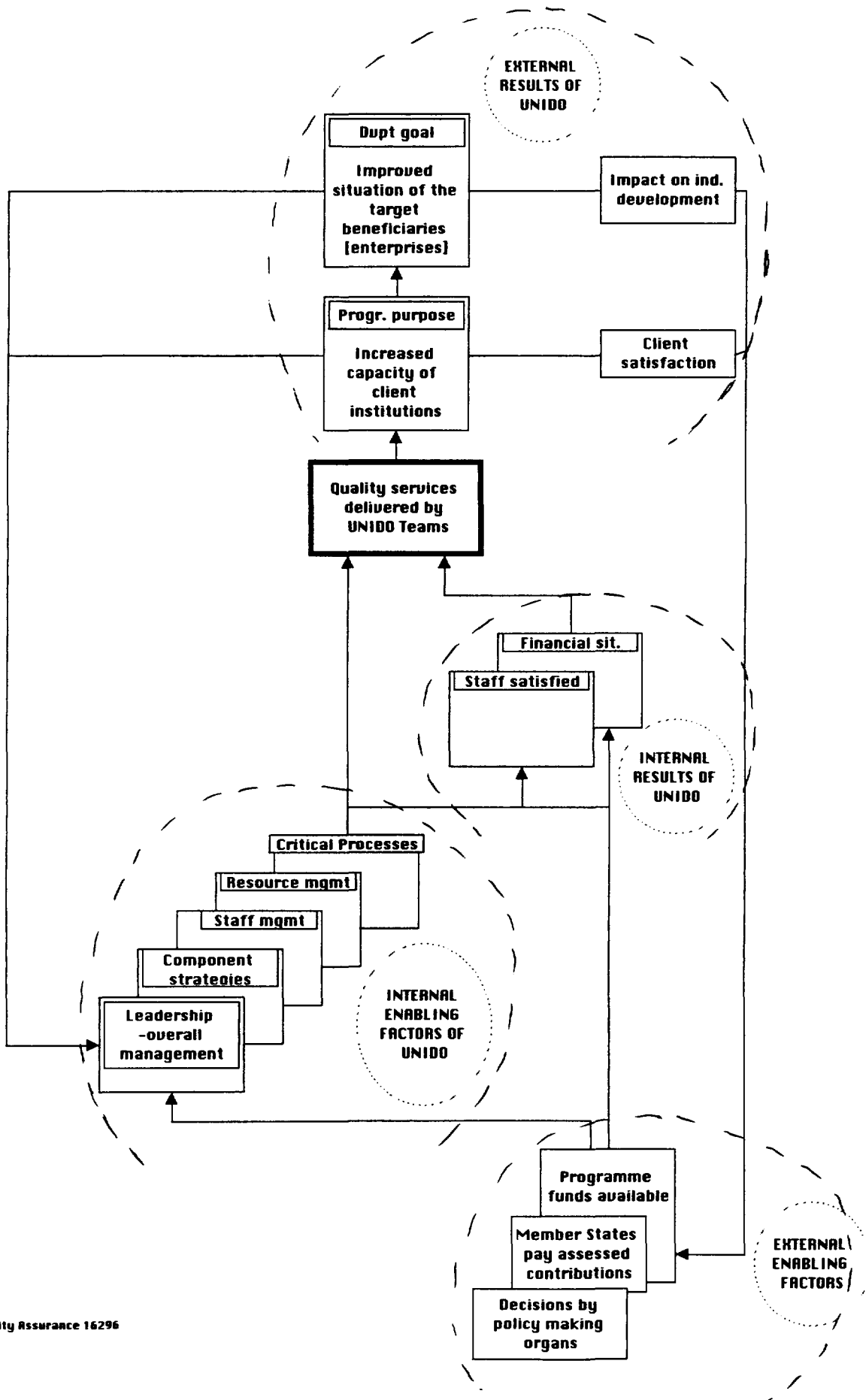- Critical processes support the work of teams.

They will also identify the factors external to their control which may prevent them from producing the planned outputs. External factors may include, for example, the payment by member States of their assessed contributions to UNIDO, and the availability of programme / project funds, the decisions taken by UNIDO's policy-making organs.

The notion of "internal customer" is therefore of paramount importance as each organizational unit will be either providing or receiving a service from another one. Continuous improvement to UNIDO performance will be made to a considerable extent through staff's better understanding of its capacity as "suppliers" and its needs as "customers" within the organization.

The diagram overleaf visualises the interrelationships described above.

---

[2] see DG.B/xxx for the definition of the UNIDO quality criteria, the "Assessment of the quality of UNIDO service proposals" and accompanying quality indicators scoring sheet.

UNIDO   QUALITY SYSTEM - PERFORMANCE   MEASUREMENT

EXTERNAL RESULTS OF UNIDO

Dupt goal

Improved situation of the target beneficiaries [enterprises]

Impact on ind. development

Progr. purpose

Increased capacity of client institutions

Client satisfaction

Quality services delivered by UNIDO Teams

Financial sit.

Staff satisfied

INTERNAL RESULTS OF UNIDO

Critical Processes

Resource mgmt

Staff mgmt

Component strategies

Leadership -overall management

INTERNAL ENABLING FACTORS OF UNIDO

Programme funds available

Member States pay assessed contributions

EXTERNAL ENABLING FACTORS

Decisions by policy making organs

I. INDICATORS FOR RESULT CRITERIA

The following paragraphs describe the indicators for the above result criteria and enabling factors.

External results

1. *Client satisfaction:*

The clients' perception of UNIDO services, and UNIDO's client relationships; the extent to which UNIDO has been successful in satisfying clients' needs and expectations in terms of services' relevance, efficiency, effectiveness and sustainability / impact.

2. *Impact on development:*

The extent to which UNIDO services contribute to the achievement of the development objectives of programmes and projects at the level of the target beneficiaries defined with quantitative and qualitative indicators.

Internal results

1. *Staff satisfaction:*

The extent to which the organization has been successful in satisfying the needs and expectations of its staff. Performance measurement here relates to staff's perception of various factors related to staff motivation, satisfaction, staff involvement. These factors should cover: opportunity to achieve, recognition, empowerment, career development, re-training, communication, relationships with supervisors.

2. *The financial situation of UNIDO:*

II. INDICATORS FOR ENABLING FACTORS

1. Leadership by management: PMC, MCCM, PPRC, MDs, Branch Heads

The extent to which these committees and staff have a shared vision and inspire, drive and reflect UNIDO's commitment to the continuous improvement of its performance: their visible involvement in leading; recognition of improvement efforts by individuals and teams; providing appropriate resources and assistance; establishing good relations with clients in developing countries, donors and member States of UNIDO; participating outside UNIDO in professional bodies, publication of articles; in listening and understanding clients' needs.

2. Priorities and component strategies (DG, PMC, Component Coordinators, SPO, QA)

This relates to the mission of UNIDO (its raison d'être) and the extent to which its policies and priorities (what it does) are derived from and reflect that mission statement[3]; the extent to which mission, policies and priorities are shared by UNIDO stakeholders: member States (including donor countries), its clients in recipient countries, and UNIDO staff. How policies and priorities are based on information which is relevant and comprehensive and are implemented throughout the Organization, i.e. cascaded and implemented through all UNIDO processes, how policies and priorities are internalized and communicated outside the organization, how they are regularly improved and up-dated; how principles of technical cooperation and quality criteria for services (in terms of relevance, efficiency, effectiveness and sustainability) are measured and complied with.

3. Staff management (Personnel Services, Supervisors, Staff)

The extent to which human resource planning is aligned to UNIDO policies and priorities; fairness in terms of employment; encouragement of optimum staff performance and commitment; how skills of staff are preserved and developed through recruitment, training, career development; how staff, component groups, teams and organizational units agree on outputs and objectives of their work and evaluate performance; how the involvement of all staff in continuous improvement is promoted and how staff is empowered to take appropriate action; how effective top-down, bottom-up and lateral communication is achieved.

---

[3] "We provide services to our member States and exist solely based on the quality and importance of these services.

As service providers, we need to continuously improve, reviewing everything we do to ensure that our organization adapts to changing needs." -- Director General.

4. *Resource management (Division of Administration ....)*

Financial resources: How financial strategy (allocation of financial resources and their management) supports policies and priorities, and how it is reviewed/up-dated; how financial indicators are used as a basis for improvement.

Information resources: How information available at UNIDO support UNIDO policy and strategies and are managed for improvement; how accessible and appropriate is it to staff; its cost.

Supplies, materials: How supplies and materials are in line with organizational (staff) requirements; sources of supply; arrangements / agreements with suppliers; the costs involved.

Technology: How information technologies and others can be used to improve staff and their performance; development of necessary staff skills; the costs involved.

5. *Processes (PMC, SPO, Team Leaders, Organizational units)*

How UNIDO systematically manages, reviews and improves its critical processes; how innovation for process improvement is estimated; how the value-added by each step in a process is evaluated / measured; how process changes are implemented.

Critical processes are those which have a direct impact on the result criteria, for example: Service Cycle Management, field representation, project personnel, financial management of technical cooperation, procurement, evaluation and its feedback.

LIST OF DOCUMENTS

Documentation provided by UNIDO

Quality Management of Development Cooperation (16 February 1996)

Draft Quality Indicators for the assessment of project proposals (21 February 1996)

Draft Quality Management of Development Cooperation: the Methods (15 March 1996)

Documentation provided by participants

GTZ: Managing the Implementation of German Technical Cooperation Activities -
            A Statement of Principles by the Directorate-General of GTZ

            Project Cycle Management (PCM) and Objectives-Oriented Project Planning
            (ZOPP) - Guidelines

DANIDA: Logical Framework Approach - A Flexible Tool for Participatory
            Development, 3rd edition, September 1995

NORAD: Manual for programme and project cycle management, 17 March 1994

FASID: Background leaflet

            The present situation of PCM in Japan, 14 March 1996

            Project Ownership and Sustainability, Case Studies of Technical Cooperation
            Projects in Thailand, March 1995

            FASID 1995, Annual Report

ODA: Format for typical programme aid submission

            Format for typical project submission for projects over 250,000 pounds sterling

            Project reporting, monitoring and reviews

UNDP: Building a New UNDP, A Strategic Planning Framework

             Strategic Management in UNDP

             UNDP Evaluation Findings in 1994

ILO
International
Training
Centre: Training for Development Cooperation in the UN system (folder)

Scanteam
International: Evaluation systems when aid policies are changing, Knut Samset, Kim Forss
               and Basil Cracknell, Project Appraisal, volume 9, number 1, March 1994

               Can evaluation help an organization to learn, Kim Forss, Basil Cracknell and
               Knut Samset, Evaluation Review, vol. 18, No. 5, October 1994

LIST OF PARTICIPANTS

1. **Ms. Claire Mendouze**, Deputy Head, Evaluation Unit, DG VIII/A/6, European Commission, Rue de la Loi, 200, B-1049 Brussels, Belgium
   Telephone: (+32-2) 299 11 11   Telefax: (+32-2) 299 29 12

2. **Mr. Christian Seufert**, Head, 042 Quality Assurance Section, Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH, Dag-Hammarskjöld Weg 1-2, D-6236 Eschborn 1 bei Frankfurt/Main, Germany
   Telephone: 0049/6196/79-1716   Telefax: 0049/6196/79-6109

3. **Mr. Michael Grüner**, Senior Management Adviser, Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH, 1, Orange Grove Drive, Highland, Harare, Zimbabwe
   Telephone: 00263-4-700923   Telefax: 00263-4-495628

4. **Mr. Piers de Raveschoot**, Senior Adviser, Evaluation and Quality Assurance, International Trade Centre, Palais des Nations,CH-1211 Geneva 10, Switzerland
   Telephone: (4122) 7300111   Telefax: (4122) 7300575

5. **Mr. Wolfgang Buch**, Counsellor, Permanent Mission of Germany to UNIDO,
   Wagramer Strasse 14, A-1220 Vienna
   Telephone: 0043 1 23 15 710   Telefax: 0043 1 23 1571-6

6. **Ms. Brigitte Dekrout**, Director, Audit and Evaluation, Department for Development Cooperation, Federal Ministry for Foreign Affairs of the Republic of Austria, Minoritenplatz, A-1014 Vienna
   Telephone: (0043 1) 5311/ext. 4463   Telefax: (0043 1) 535 45 30

7. **Mr. Klaus Winkel**, Head, Evaluation, Research and Documentation Department, DANIDA, 2 Asiatisk Plads, DK 1148 Copenhagen K, Denmark
   Telephone: (+45) 3392 0000   Telefax: (+45) 3392 0493

8. **Mr. Knut Samset**, Managing Director, Scanteam International AS, Kirkeveien 79 B, 0364 Oslo, Norway
   Telephone: (+47) 22 60 50 80   Telefax: (+47) 22 60 37 15

9. **Mr. Rolf Sørum**, Quality Assurance Coordinator, Norwegian Agency for Development Cooperation (NORAD), P.B. 8034 Dep., 0030 Oslo, Norway
   Telephone: +47 22 31 44 00   Telefax: +47 22 31 44 01

10. **Mr. Chee S. Lee**, Deputy Head, Technical Assistance Secretariat, Office of the Managing Director, International Monetary Fund, Washington, D.C. 20431, USA
    Telefax: 001 202 62 37 106

11. **Mr. Zahir Jamal**, Senior Strategic Analyst, OESP, UNDP One United Nations Plaza, New York, NY 10017, USA
    Telephone: 001 212 906 5000   Telefax: 001 212 906 5001

12. **Mr. Peter E. Wichmand**, Programme Development Officer, UN System Training Programmes, International Training Centre of the ILO, I-10127 Turin, Italy
    Telephone: +39 11 69361   Telefax: +39 11 6638842, 3102529

13. **Mr. Michael Rudenauer,** Institut für Projektplanung GmbH **(IP),** Stuttgarter Strasse 48,
70469 Stuttgart, Germany
Telephone: 0049 711 81 30 09   Telefax: 0049 711 85 29 59

14. **Ms. Flavia M. Pansieri,** Acting Chief, Policy, Planning and Evaluation Section,
Office for External Relations, Strategy Planning and Evaluation, United Nations International Drug
Control Programme (UNDCP), Vienna
Telephone: 0043 1 213450   Telefax: 0043 1 21345-5866

15. **Mr. Lars Pedersen,** Evaluation Officer, Planning and Evaluation Section,
Office for External Relations, Strategy Planning and Evaluation, United Nations International Drug
Control Programme (UNDCP), Vienna
Telephone: 0043 1 213450   Telefax: 0043 1 21345-5866

16. **Mr. Naonobu Minato,** Deputy Director, Department of Planning and Program
Foundation for Advanced Studies on International Development **(FASID),**
42, Ichigaya-Honmuracho, Shinjuku-ku, Tokyo 162, Japan
Telephone: (03) 3226-7102   Telefax: (03) 3226-7360

Moderator: *Mr. Helmut Blaufuss, Impact Consult, Hainerweg 9, D-63071 Offenbach/Main,
Germany*

UNIDO

Quality Assurance Unit

1.   Mr. Alexandre de Faria
2.   Mr. Hans Heep
3.   Ms. Susan Boutle
4.   Mr. Timo Leppänen

Evaluation Branch

5.   Mr. Jaroslav Navratil
6.   Mr. Alistair Nolan

Programme and Project Review Committee Secretariat

7.   Mr. William Holaday

Internal Audit

8.   Mr. Saburo Takizawa

Industrial Sectors and Environment Division

9.   Mr. Albertus van Burik

Industrial Statistics Branch
10.   Mr. Steve Wilson

General Management

11.   Mr. Evert Kok