



# **UNITED NATIONS DEVELOPMENT PROGRAMME**

## **REPORT OF THE GOVERNING COUNCIL TWENTY-FOURTH SESSION**

**(13 June-1 July 1977)**

**ECONOMIC AND SOCIAL COUNCIL  
OFFICIAL RECORDS: SIXTY-THIRD SESSION**

**SUPPLEMENT No. 3A**

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#### NOTE

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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## INTRODUCTION

1. The Governing Council of the United Nations Development Programme (UNDP) held its twenty-fourth session at the Palais des Nations, Geneva, from 13 June to 1 July 1977.
2. The Budgetary and Finance Committee of the Council held 18 meetings between 9 and 27 June 1977, also at the Palais des Nations, to consider administrative, budgetary and financial matters.
3. The Council Committee on Technical Co-operation among Developing Countries held four meetings at the Palais des Nations, between 8 and 16 June 1977.
4. The present report was adopted by the Governing Council at its 590th and 591st meetings, on 1 July 1977, for submission to the Economic and Social Council at its sixty-third session, in accordance with paragraph 4 of General Assembly resolution 2029 (XX).

## I. ORGANIZATION OF THE SESSION

### Attendance

5. Members of the Governing Council represented at the session, States represented by observers, and organizations in the United Nations system and other intergovernmental bodies, as well as African liberation movements recognized by the Organization of African Unity represented at the session, are listed in annex I to the present report.

### Election of officers

6. The President informed the Council that the Second Vice-President would not be able to attend the session of the Council. In accordance with rule 12.2 of its rules of procedure, the Governing Council, at the opening of its twenty-fourth session, elected Mr. José Andres (Argentina) Second Vice-President by acclamation. Mr. José Ramón Sanchis Muñoz (Argentina) was elected Acting Chairman of the Committee on Technical Co-operation among Developing Countries.

### Agenda

7. At its 567th meeting, the Governing Council adopted the following agenda for its twenty-fourth session:

1. Opening of the session
2. Adoption of the agenda (DP/245, DP/246, DP/247, DP/248)
3. Annual report of the Administrator for 1976 (DP/254, DP/255, DP/255/ANNEX I, DP/255/ANNEX II, DP/268, DP/271, DP/275 and Add.1, DP/282)
4. Role and activities of UNDP (DP/261 and Add.1)
5. United Nations Sahelian Office (DP/252 and Corr.1)
6. United Nations Volunteers (DP/269)
7. United Nations Revolving Fund for Natural Resources Exploration (DP/249, DP/258)
8. United Nations Capital Development Fund (DP/251 (PARTS I and II))

9. Country and intercountry programming and projects (DP/270, DP/276, DP/PROJECTS/R.8 and Add.1 and 2, DP/GC/BOL/R.2, DP/GC/BOL/R.2/RECOMMENDATION, DP/GC/BOT/R.2, DP/GC/BOT/R.2/RECOMMENDATION, DP/GC/CAF/R.2, DP/GC/CAF/R.2/RECOMMENDATION, DP/GC/ECU/R.2, DP/GC/ECU/R.2/RECOMMENDATION, DP/GC/GBS/R.1, DP/GC/GBS/R.1/RECOMMENDATION, DP/GC/IVC/R.2, DP/GC/IVC/R.2/RECOMMENDATION, DP/GC/MAL/R.2, DP/GC/MAL/R.2/RECOMMENDATION, DP/GC/PAK/R.2, DP/GC/PAK/R.2/RECOMMENDATION, DP/GC/POL/R.2, DP/GC/POL/R.2/RECOMMENDATION, DP/GC/ROK/R.2, DP/GC/ROK/R.2/RECOMMENDATION, DP/GC/RWA/R.2, DP/GC/RWA/R.2/RECOMMENDATION and Corr.1, DP/GC/TUR/R.2, DP/GC/TUR/R.2/RECOMMENDATION, DP/GC/CMR/R.2, DP/GC/CMR/R.2/RECOMMENDATION, DP/GC/ZAM/R.2, DP/GC/ZAM/R.2/RECOMMENDATION)
10. Budgetary, administrative and financial matters
  - (a) Financial outlook for 1977-1981, with comprehensive report on financial activities during 1976 and other related matters (DP/266 and Corr.1 and Add.1 and 2)
  - (b) Recruitment and use and prospects of reducing the costs of UNDP-financed experts (DP/260)
  - (c) Agency overhead costs (DP/259 and Add.1 and Add.2, DP/277 and Add.1, DP/278 and Corr.1, DP/284)
  - (d) Administrative budget for 1978 (DP/273 and Corr.1 and DP/273/ANNEX and Corr.1, DP/279, DP/283)
  - (e) Custodianship of UNDP funds (DP/281)
  - (f) Interagency procurement services (DP/272)
  - (g) Sectoral support (DP/253)
  - (h) Other matters
11. United Nations Fund for Population Activities
  - (a) Report by the Executive Director on 1976 activities and the future programme (DP/250 and Corr.1, DP/250/ANNEX)
  - (b) Implementation of UNFPA projects (DP/267)
  - (c) Application of criteria for establishing priorities (DP/263 and Corr.1)
  - (d) Proposed projects and country agreements (DP/FPA/7 and Add.1)
  - (e) Infrastructure support for population posts in the organizations of the United Nations system (DP/257)
  - (f) Approval authority (DP/262)



(g) Budget estimates for the administrative and programme support services for the year 1978 (DP/264, DP/280)

(h) Other matters

12. Technical co-operation among developing countries (DP/274 and Add.1-3)
13. United Nations technical co-operation activities (DP/RP/18 and Corr.1)
14. Information on the regular and extrabudgetary programmes of technical co-operation in 1976 of the organizations in the United Nations system (DP/265, DP/265/ANNEX and Corr.1)
15. Other matters (DP/256)
16. Date and provisional agenda for the twenty-fifth session of the Governing Council
17. Draft report of the Governing Council to the sixty-third session of the Economic and Social Council

Summary records of meetings

8. The summary records of the meetings of the twenty-fourth session of the Governing Council were issued as documents DP/SR.567-591.

## II. OPENING STATEMENT BY THE ADMINISTRATOR

9. In his opening address to the Council, the Administrator referred to a number of issues which would be before the Council during the following weeks, but he primarily focused his attention on the annual report for 1976 and on document DP/261 relating to the role and activities of UNDP.

10. The Administrator stated that a number of programme trends and innovations were summarized in the annual report for 1976, the foreword of which, for the first time, set forth a tour d'horizon of the world development scene and the place of UNDP in that swiftly evolving picture. The contributions of the United Nations Volunteers, the United Nations Capital Development Fund, the United Nations Revolving Fund for Natural Resources Exploration and the Office for Projects Execution were also summarized in the context of the common UNDP administrative framework, which helped to compensate for the kind of fragmentation and proliferation that had come to beset the United Nations development system.

11. The Administrator pointed out that the raising and efficient management of funds could not be divorced from concerns expressed in previous Council sessions about the content and relevance of the Programme. The Administrator declared that the time had come to revert the attention of the Council to those broad policy issues which were traditionally its primary concern. Among them were three key questions on the role and activities of the organization, namely, the substantive role of UNDP, its role in funding technical co-operation, and its role in co-ordinating technical co-operation. In presenting those issues, there was no intention on the part of the Administration to acquire a new mandate for UNDP, to detract from functions normally the prerogative of other organizations in the United Nations system, or to interfere with the sovereign right of Governments to establish their own development priorities. Rather, the aim was to achieve, by more harmonious and concerted action, greater impact from the technical co-operation efforts in which UNDP, its agency partners and Governments were jointly engaged.

12. With regard to the substantive role of UNDP, the Administrator said that the first step UNDP had to take was in the direction of improved evaluation and the development of a functional institutional memory of its own past endeavours. In that regard three priority areas had been selected by UNDP where, in co-operation with Governments and agencies, it would undertake an evaluation of its technical co-operation activities. The Programme was also uniquely placed to assist in building bridges between global development priorities and policies at the national level, particularly in terms of harmonizing programmes providing for the basic needs and services of the poorer segments of the population. One example was the successful beginning which had been made by UNDP and other agencies under the Administrative Committee on Co-ordination (ACC) Task Force on Rural Development. If the Council wished, the wide network of field offices could take on an expanded "service function" in providing a framework, in particular through country programming, for other development inputs. Other areas in which UNDP could go forward, if the Council thought it appropriate, were assessing the aggregate technical co-operation needs of interested countries and even preparing annual world technical co-operation surveys along the lines of the capital assistance surveys already in existence.

13. With respect to Programme resources, the Administrator said that the problems were well known and that their resolution was critical to the Programme's functions and activities. In particular, there was a need for a clear definition of the funding role of UNDP within the United Nations system and for individual Governments to be consistent in applying the decisions taken on UNDP's funding role. The Administrator highlighted a number of problems relating to resources which specifically demanded attention, namely programming on the basis of a five-year cycle while contributions were pledged only annually; a deterioration in UNDP's relative position in the face of a proliferation of other multilateral funds; funding in terms of anticipated supply of technical co-operation rather than actual needs; and growing efforts among many Governments to concentrate available development resources on the poorest countries and the poorest people within developing countries.

14. The Administrator stressed that policy guidance was needed from the Council on those issues, both for the present and for the years ahead. The Council might wish to establish informal consultation machinery to achieve greater equity in resource gathering and there were precedents for setting norms for resource contributions in the multilateral system. He suggested that the Council might find it desirable to accept funds earmarked for particular types of activities in order, for example, to direct a larger volume of funds towards intercountry programming. It might be desirable to establish a ceiling for third-party financing arrangements to avoid overburdening the administrative resources of UNDP and hampering more integrated and co-ordinated programming efforts. He invited the Council's views on those and other such issues.

15. On the subject of UNDP's co-ordinating role, the Administrator recognized that each agency had its own perspective on priority needs and the best way of meeting them. The important point was to serve the broad interests of the developing countries, to respect the priorities they set and to knit together the efforts of the United Nations system towards those ends. The Administrator submitted that, through its network of field offices and its country programming system, UNDP was best suited to play an over-all co-ordinating role for technical co-operation within the United Nations system. What was needed was conceptual consolidation at all levels in the system. That would facilitate the harmonized effort required to assist developing countries themselves in the struggle to achieve self-reliance, to assist the most disadvantaged groups, and to establish a new international economic order.

16. The Administration was looking for broad indications of principle, rather than detailed answers from the Council on each of the three main issues raised - the substance of technical co-operation, resources for technical co-operation and the co-ordination of technical co-operation. The Administrator recognized that those issues were not only inextricably interlinked, but also very complex. Nevertheless, he assured the Council that the Programme, for its part, was ready and able to implement any decisions that the Council might take. It had completed the first development co-operation cycle and was moving into the second cycle with its finances stabilized. It was in the process of instituting an improved, system-wide financial and programme information network and it had made other managerial and administrative reforms. In that context, the Council was asked to consider the possibility of reducing its future meetings to one a year. Such a schedule could lead to a reduction of the Council's workload, more productive and thoughtful discussions, improved documentation and significant savings, both for the United Nations and for UNDP. The Council's attention was also directed to the

need for certain specific decisions regarding resource allocations to colonial countries and peoples and to newly independent countries, as well as with respect to the oft-discussed issue of overhead costs.

#### Tribute to the Deputy Administrator

17. The Administrator closed his remarks by paying a tribute to the Deputy Administrator, Mr. I. G. Patel, who was being recalled to assume an important post in his country's Government. The Administrator said that Mr. Patel, who was admired for his integrity, judgement and objectivity by all who knew him, had provided a repository of wisdom, knowledge and experience which had been drawn on both by members of the Council and by the staff of the administration. Mr. Patel would be enormously missed by all those who had had the privilege of working with him.

18. In ensuing meetings, members of the Council were unanimous in paying a tribute to Mr. Patel. His contribution to the Programme and his qualities, particularly his gentle manner, his logical approach to complex problems and his fairness, were widely acknowledged. While there was expression of regret at his departure, members were gratified that his services were not being lost to the developing world.

III. REPORT OF THE ADMINISTRATOR FOR 1976 AND INFORMATION ON  
THE REGULAR AND EXTRABUDGETARY PROGRAMMES OF TECHNICAL  
CO-OPERATION IN 1976 OF THE ORGANIZATIONS IN THE  
UNITED NATIONS SYSTEM

19. For its consideration of item 3 of the agenda, the Council had before it:

(a) The report of the Administrator for 1976 (DP/255, DP/255/ANNEX I, DP/255/ANNEX II);

(b) The report of the Joint Inspection Unit (JIU) on country programming (DP/254);

(c) The joint comments of the organizations and agencies in the United Nations system on the JIU report (DP/268);

(d) The comments of the United Nations Educational, Scientific and Cultural Organization (UNESCO) on the JIU report (DP/282);

(e) A report on assistance to the drought-stricken countries (DP/275 and Add.1);

(f) A report on assistance to colonial countries and peoples (DP/271).

A. REPORT OF THE ADMINISTRATOR FOR 1976

20. Simultaneously with its consideration of item 3, the Council discussed item 14 on its agenda for which it had for consideration a report by the Administrator containing information on the regular and extrabudgetary programmes of technical co-operation in 1976 of the organizations in the United Nations system (DP/265 and DP/265/ANNEX and Corr.1). The report on assistance to drought-stricken countries (DP/275 and Add.1) was considered in conjunction with the report of the Secretary-General on the activities of the United Nations Sahelian Office (DP/252 and Corr.1) and is reported in paragraphs 143 to 165 below. The discussion on the report on assistance to colonial countries and peoples (DP/271) is contained in paragraphs 218 to 273 since the subject was also discussed under agenda item 9.

21. The discussion on item 3 was opened by the Administrator in his introductory statement (see paras. 9-17 above).

Summary of discussion

22. Many members welcomed the Administrator's frank and challenging introduction to the work of the twenty-fourth session and agreed that the time was opportune for a wide-ranging discussion of fundamental programme and policy issues. Together with his foreword to the annual report, which placed the current state of technical co-operation in its wider, historical context, the Administrator's opening address established sound guidelines for the debate to follow. Several

members expressed the hope that the Administrator's personal foreword, in particular, would become a permanent feature of future annual reports, as a useful framework by which to judge the work of the entire Programme. The report itself was particularly significant because it came at the close of the first cycle, the beginning of the second, and at a time when UNDP was emerging from short-term financial difficulties. Therefore, a number of members expressed appreciation not only for the sober explanation of the difficulties encountered by the Programme in 1976, but also for the comprehensive, analytical review provided of the entire first cycle, and for the preview of second cycle activities already under way.

#### International context for technical co-operation

23. Several members noted the number of new development ideas and innovations which had emerged over the preceding five years and the leading conceptual role of the United Nations in giving them life. One member said that the over-all impact of the United Nations system on development none the less remained relatively modest. It was a situation demanding a redoubling of the efforts of the system. Other members noted that the relaxation of international tensions characterizing recent world events had created a climate for mutually advantageous economic co-operation - an ambience for decisions on vital economic problems in the interest of all the peoples of the world. One member said that the torrential historical trend in which countries wanted independence, nations wanted liberation and people wanted revolution was irresistible. The struggle of the third world countries for the establishment of a new international economic order was developing in depth.

24. That opened new perspectives for UNDP, other members said. The Programme had an active role to play in helping developing countries build self-reliance and in laying the foundation for the transition to a new, more just and equitable global economy. One member said that efforts to implement a new international economic order had so far not met with a favourable reaction from developed countries and indicated that, as a consequence, UNDP had a particularly heavy responsibility toward developing countries. Another member declared that the events of the last two decades had made it clear that few of mankind's problems could be solved without co-operation at a bilateral, multilateral and global level, aimed at introducing radical changes in international economic relations. UNDP, it was generally agreed, was a major technical co-operation force in all those international endeavours.

#### The first cycle

25. Most members expressed agreement with the Administrator that the first cycle of country programmes had proved a remarkable success. In quantitative terms the Programme had fielded some 10,000 experts a year, had provided over 28,000 training fellowships, almost \$238 million in project equipment and another \$188 million in subcontracted project work over the course of the cycle. It had met its Indicative Planning Figure (IPF) expenditure target for the period of some \$1.5 billion and had in addition generated more than \$19 billion in follow-up investment commitments. Beyond that, it was generally agreed that UNDP had also met the basic aims of the 1970 Consensus, 1/ namely greater programming coherence, more responsiveness to the needs of developing countries and a more integrated, forward-planned approach

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1/ See General Assembly resolution 2688 (XXV), annex.

to development. Various members were also struck by the complexity and diversity of the wide-ranging tasks which faced the Programme over those years, and the successful manner in which they were carried out. A number of members from developing countries expressed gratitude to UNDP for the assistance received by their countries over the period, and asked that their views be placed on record.

26. Other members noted with satisfaction the clear shift in delivery during the cycle toward countries at the lower end of the per capita gross national product (GNP) scale - a shift confirmed in the IPF allocation pattern established for the second cycle. Still others cited the gains made in the quality of programming through the elimination of the "pre-Consensus" first-come-first-served approach and the gearing of assistance to priority needs as determined by the countries themselves. One member recalled the initial resistance of many recipient Governments to too tightly assembled assistance packages, and noted with gratification how many such Governments came to appreciate the value of dealing with one focal point on matters of technical co-operation. By and large, members were impressed by the many examples currently extant of effective co-ordination at the country level, and one member urged more widespread use of donor roundtable conferences, in which his Government would be glad to participate. Still other managerial and programming changes - e.g., decentralization, the introduction of the concepts of technical co-operation among developing countries (TCDC) and new dimensions - were cited as measures of the success of the first cycle.

27. Other members and observers pointed out, however, that the Programme also suffered deficiencies over the period - lagging rates of implementation, the eroding effect of inflation on delivery and the inability of management to ensure balanced delivery from year to year, culminating in the liquidity crisis of 1975. Other members also expressed disappointment at the slow pace of implementing new dimensions, and at the meagre progress made in raising the share of developing countries in supplying Programme inputs. One member stated that the Programme was none the less to be commended for putting into effect the basic guidelines set by the Governing Council over the period. That was evident, he said, with respect to the Council's decision permitting overprogramming in the poorer countries. Over-expenditure against IPFs had in fact been common among those countries compared with the relatively richer ones. In that connexion, the member asked that the aggregate tables used in future reports include data on countries with a per capita GNP of \$200 or less, as well as those under \$350.

#### Country programming

28. It was the consensus of members that the country programming process had taken firm root during the first cycle and had proved a useful tool for development. It provided developing countries with a means of identifying and systematically structuring their total technical co-operation needs. It encouraged greater cohesion within the United Nations development system and a more effective use of the system's resources for development. It played a catalytic role in the administration of other inputs and generally helped to promote greater intersectoral co-operation and a more integrated approach at the country level.

29. One developing country observer noted that the UNDP-supported programme in his country had been hampered by the need to reserve a portion of the IPF for ongoing ad hoc projects, but none the less had the positive effect of establishing the principle of technical assistance planning on a long-term basis. Another

member stated that the programme in his country had recorded the highest operational level among recipient countries and had contributed valuably to that country's considerable development momentum over the period. Still another member praised the help being given in the building and strengthening of national planning machinery in a number of countries. Such units formed an important corner-stone in the effort to achieve greater co-ordination and complementarity in assistance and facilitated the selection of priorities and the attainment of strategic development goals.

30. Various members approved the emphasis on agriculture and rural development found in most country programmes, especially among the poorer countries. However, several members stressed the importance of acceleration in the industrial sector as an essential step in bridging the gap between developing and developed countries. In that connexion, one member inquired about various tables in the report, which raised certain questions regarding the share of industrial projects in total Programme expenditures over the cycle. The share for industry remained relatively stable at about 15 per cent of the total, he said, but other tables showed the share of projects executed by the United Nations Industrial Development Organization (UNIDO) rising from 4 to 8 per cent. He asked for some enlightenment in that regard.

31. A number of members singled out the evaluation of institution-building projects completed during the first cycle as a particularly useful and valuable exercise. It was the kind of in-depth survey which the Council needed to discuss, since institution building had been identified as a critical area for UNDP support in the context of new dimensions in technical co-operation. The survey of the 105 projects included in the report showed that UNDP had achieved satisfying results. The objectives of the projects were basically met; the great majority of the institutions survived after UNDP support stopped; their output often increased. The survey reflected well on the effectiveness of the Programme's work.

32. One member noted, however, that two to four years was a relatively short time period for judging the viability and endurance of such institutions. He noted, moreover, that the survey failed to indicate the length of time over which the institutions had received UNDP support. That could be an important factor in the survival rate. None the less, a similar in-depth study of regional institutions built or strengthened with UNDP support would prove especially useful, since developing countries could learn much about the co-operative development of such institutions provided jointly by their Governments after UNDP assistance ended. Such a study could compile useful information on an important aspect of TCDC.

33. Another member expressed the view that the report's survey should have gone further, analysing to what extent the institutions studied were contributing to the broader development objectives of the countries concerned. Such an "impact evaluation" should be made with respect to the study of agricultural support institutions under way.

#### The record in 1976

34. Turning to the record of the Programme in 1976, members were generally agreed that the year was one of special significance for UNDP, marking the end of the first cycle, a recovery from the Programme's short-term financial difficulties and a change in its top leadership. In many respects, most members indicated, 1976



was also the most difficult year of the cycle, for the Programme entered it facing a cash deficit of \$40 million and with no end in sight to the inflationary spiral which had so heavily undermined the Programme's resources. The Administrator and his staff were to be congratulated for their energetic efforts to set things right, and various members expressed their support for the actions taken to eliminate the deficit and end the year with a cash surplus.

35. A number of members referred, however, to the disruptive and deleterious effects on the continuity and orderly growth of country programmes stemming from those actions. Expenditures under IPFs and the Programme Reserve fell from \$400.7 million in 1975 to \$352.5 million in 1976, below the planned target of \$370 million which had been set by the Council itself. Many ongoing projects were curtailed and some were cancelled. As a result, Programme delivery in real terms was less in the last year of the cycle than it had been in the first.

36. In addition, the rate of net project approvals and revisions fell to its lowest point in the entire cycle, declining 60 per cent from \$433 million in 1975 to \$175 million in 1976. That was an ominous development in the view of some members. In particular, one wanted to know what was being done or planned to correct the situation. There was concern expressed that the second cycle might suffer from the same erratic pattern of delivery that had too much characterized the first.

37. One member said, in effect, that the price of overcoming the Programme's financial difficulties had been too high for the developing countries, whose progress was the Programme's main concern. He asked that such measures not be repeated in the future. Another member saw promise, however, in the generous additional contributions made by some countries and in the efforts of the Administration to reduce administrative costs and strengthen financial management. Still another found it encouraging that the most serious effects of the crisis were mitigated through the joint efforts of Governments, the specialized agencies and UNDP itself. It was the hope of another member that such efforts undertaken by UNDP and the agencies, in particular, could lay part of the foundation on which greater co-operation could be built. A tribute was paid to various bilateral agencies which had helped to pick up the costs of certain curtailed projects, to the Governments of many developing countries which did the same, and to multilateral agencies which also gave additional support. UNDP itself was praised for its efforts to integrate third-party funding into country programmes already under way or planned, and one member urged that such arrangements be continued in the future.

#### Delivery in 1976

38. The over-all decrease in field delivery in 1976 - in the provision of experts, equipment, subcontracts and training fellowships to the developing countries - was noted with concern by a number of members. One said the Council should devote its particular attention to the problem since it was likely that a reduced rate of delivery would continue for some years to come. Another member observed that equipment delivery registered the largest decrease of any component in 1976 - a fall of 16.1 per cent compared with 1975. That trend needed to be reversed, especially in the light of the conclusion of the Joint Inspection Unit (JIU) that equipment requirements seemed to have priority over expert services in countries with well-developed management capabilities. It was the hope of his delegation that, in future, equipment and training fellowships would be equally as prominent

components in the delivery of UNDP-supported technical co-operation as the provision of experts. Still another member urged that future delivery of Programme inputs be planned without excessive concern over the issue of annual expenditure targets. While a reflection of the Programme's financial difficulties, such annual targets were unhealthy for the substantive integrity of country programmes and for their harmony with national plans and priorities. That member and others urged that delivery be allowed to pick up momentum smoothly through the course of the second cycle.

39. As in previous sessions, the Council also discussed at some length the varied sources of supply of project components and their geographical distribution among countries. Many members expressed concern about the over-all drop in the share of inputs drawn from developing countries in 1976. That was not in accord with the spirit of new dimensions or TCDC. One member noted that the majority of experts were again drawn from three developed, Western countries, and that that fact impinged on the international character of the Programme. Another noted that, until 1976, some progress had been made towards a more equitable distribution of inputs by source of supplier, but that 1976 had seen a reversal of that trend. The same member reminded the Council that all developed countries had been asked to become "net suppliers" to the Programme, contributing more than they were receiving by way of shares in components. He stated that the Programme was not a "business" to be seen in terms of profit or loss to its suppliers.

40. Another member criticized the assumption that all countries had an equal chance in supplying components. That supposed equality in form only covered up inequality in fact. Having long suffered from oppression, developing countries lacked the personnel and technology required to compete equally. Yet the Programme was supposed to be contributing to their self-reliance. Other members again stressed that components provided by developing countries were often better adapted and more useful to other developing countries. At the same time, such components strengthened the self-help principle of TCDC. For those reasons, the acquisition of more inputs from developing countries was an important task for UNDP, the agencies and the developing countries themselves.

41. Other members criticized the fact that UNDP was making inadequate use of the experience of the socialist countries. Those countries had much to offer by way of expertise, equipment and training facilities, had long offered to make them readily available, and yet those services were under-utilized. In that connexion, one member complained that fellowship officials of the Food and Agriculture Organization of the United Nations (FAO) had refused to recognize language certificates issued by his Government's examination committee, despite the written guarantee of their validity. Such actions did not contribute to the spirit of co-operation and understanding normally to be expected.

42. Still other members expressed the hope that studies already under way would help to ensure greater equity in the distribution of components in the future. One member also stressed the need to ensure better quality experts, in line with a decision taken at the twenty-first session (E/5779, 2/ para. 193 x, (ix)) and also suggested that a preferential system might be adopted by the Programme for the selection of equally qualified experts from developing countries.

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2/ Official Records of the Economic and Social Council, Sixty-first Session, Supplement No. 2.

### Investment follow-up

43. Several members noted the sharp increase in investment follow-up commitments stemming directly or indirectly from UNDP-supported projects. They totalled almost \$4.6 billion for 1976, a 38 per cent gain over 1975. The increase was particularly commendable since pre-investment work was an important aspect of UNDP's over-all role and follow-up commitments were vital to the developing countries. One member expressed interest in learning about some of the criteria on which investment calculations were based. Another asked whether a separate table might not be provided in future listing the Executing Agencies from whose work the commitments had arisen, since it was evident that the World Bank and the regional banks played a large role in this activity, in addition to the efforts of UNDP.

### Programme resources

44. In view of the Programme's financial difficulties in 1976, many members expressed concern over the relatively small increase in contributions pledged during that year - 6.8 per cent, by one measure, over those pledged in 1975. The increase contrasted sharply with the Council's own recommendation of a 14 per cent a year increase for the second cycle and with an inflation rate running at approximately 8 per cent a year. That diminishing growth rate in resources would, of necessity, have to be reversed as soon as possible if the second cycle was to fulfil its planned technical co-operation goals and if UNDP was to continue as the principal United Nations organ for such co-operation.

45. As one member pointed out, moreover, the Programme's Operational Reserve would also have to be replenished in the amount of \$150 million over the next four years. It would be regrettable if the developing countries themselves were forced to further curtail their programmes to achieve that replenishment; the funds should come from additional voluntary contributions. In that connexion, several members cited the recent recommendations of the Conference on International Economic Co-operation to the effect that there should be a progressive and substantial increase in the real value of development assistance flows, including those of UNDP. In response, one donor member announced that it would shortly make available approximately \$8 million in additional contributions to the Programme's general resources. An observer from a recipient country also pointed out that his Government had achieved net contributor status in 1976, that it had recently decided to increase its voluntary contributions to the Programme at an annual rate of 15 per cent throughout the second cycle and that the convertible portion of that contribution would rise from 8.5 to 10 per cent.

46. On the general subject of contributions in non-convertible currencies, a number of views were also expressed. Despite various steps taken, it was said, UNDP's holdings of those currencies continued to grow from year to year. Intensified discussions were still going forward, but useful results were not yet fully apparent. One member stated categorically that future contributions to the Programme should be made in fully usable currencies, in line with UNDP's Financial Rules and Regulations. Another member announced that substantial progress had already been achieved in the utilization of its non-convertible currency contributions; an observer said his Government would soon make concrete proposals in the same regard. Various members made the point that there was really no such thing as a "non-convertible" currency, since all contributions were readily

convertible into the experts, equipment, training and subcontracted services required by developing countries. What was lacking, those members agreed, was only the will to utilize the contributions available. Various members urged renewed efforts in that regard.

#### Office for Projects Execution

47. Several points were raised with respect to that section of the annual report dealing with the work of UNDP's Office for Projects Execution (OPE). Several members welcomed the steps being taken to streamline the work of the Office and to transfer those activities in which it was only marginally involved to the appropriate agency. If efficiency were to be maintained, care was needed lest OPE stretch its resources beyond its capabilities. On the other hand, one member wondered why the report contained a section entitled "Defining OPE's Role". He questioned whether the Council had not done just that when OPE was instituted. Another member suggested that OPE's original criteria for project execution, as defined by the Governing Council, could have been included in the reports to give members a point of reference on its evolution. Moreover, the report could have provided an indication as to how the quality of OPE's project work, particularly in non-technical areas, was being guaranteed.

48. One member noted that in 1976 the number of outposted OPE co-ordinators had increased to three. His delegation would have appreciated mention of the criteria on which the allocation of such outpostings had been based. He wondered whether it was the size of the country's IPF, for example, the number of OPE-executed projects in the country, or some other criterion.

49. Another member said it was essential to ensure a continuous review of OPE's work and activities, lest it become increasingly involved in endeavours for which it was unsuited. Its work was best confined to subcontracting projects with a multidimensional input requirement. One member endorsed certain newly emerging functions of the Office, particularly its efforts to establish interagency procurement services and its work as co-ordinator and contracting agent for so-called multilateral or third-party funded projects. But another member said his delegation could not reconcile such a growing role for the Office with either the stipulations of the Consensus or the objective of greater coherence within the system.

#### Management and administration

50. Various members expressed appreciation of the Administrator's efforts, outlined in the report, to streamline and rationalize UNDP's organizational structure and to reduce administrative costs. Several members also noted with satisfaction the progress being made in setting up a financial and programme information system, linking the agencies, field offices and UNDP headquarters. The system, once in effect, should do much to assure greater financial control and improved programming efforts. Satisfaction was also expressed with the fact that the Programme's internationally recruited Professional staff numbered no more at the end of the first cycle than it had at the start - 567 in both instances. Other members praised the steps being taken to improve Programme evaluation and to decentralize operations further to the field level, including the authority given to resident representatives to approve projects costing up to \$400,000.

51. Various members said that much none the less remained to be done by way of administrative reform and managerial improvement. Suggestions covered a wide variety of issues. Several members reiterated the importance of reducing administrative costs, which rose from \$58 million in 1975 to \$63.2 million in 1976. The Programme required "lean and muscular" staff levels, in the words of one member. It should have clear-cut objectives and its delivery of services and resources should be easily traceable. Longer term funding, in that member's view, would depend on those management reforms. Another member criticized a continuing lack of control and efficiency in the Programme. There was no close co-ordination between the agencies and UNDP, leading to delays, overlapping and wasted resources. Still another member declared that reform of UNDP was an integral part of the struggle to replace the old with the new in international economic relations. Under the current situation, the big Powers controlled the distribution of seats on the Governing Council and the appointment of administrative officials. It was necessary to redistribute those seats, strengthen the power of the Council and give full play to the developing countries in appointing officials and in all matters related to assistance. An observer warned that, while decentralization of the Programme was essential, it should not lead to autarchy at the country level. Greater co-ordination among agencies, UNDP and respective government authorities should be the main goal. One member suggested that the projected growth of the Programme during the second cycle should allow for an unfreezing of recruitment - for careful lateral and vertical induction of fresh thinking and varied experience into the Programme.

52. One member stated that improved management was an essential pre-condition for the credibility UNDP needed in its relations with Governments and with other United Nations agencies. Management reforms should therefore be high on the list of priorities for the second cycle. Decentralization, for example, should be accompanied by regular monitoring and evaluation to maintain the Administrator's accountability. He asked what actions were being taken in that regard and stated that the structure of UNDP headquarters was another issue. Theoretically, that part of the organization should consist equally of planning, execution and evaluation. Currently, it was weighted toward execution, with some planning and little evaluation. A clearer distinction was required between staff and line functions. Moreover, the Programme should clarify its management philosophy, perhaps developing its management plans and budget into a logical system of management by objective. Also, the decision-making process needed tightening and clarification, along with the organization's rules and regulations.

53. Certain members expressed their dissatisfaction with the organizational arrangements regarding the existing Bureau for Europe, the Mediterranean and the Middle East. It was not a practical arrangement, since it brought under one roof countries with different political structures and at different stages of development. Since regional IPFs were calculated on the basis of the average for all countries concerned, the poorer countries in the region were adversely affected. Since the Arab countries of the region had much in common and already collaborated closely through such organizations as the Council of Arab Economic Unity, a separate bureau for those countries should be established in UNDP. It could encourage the self-reliance of the Arab States, draw on the experience and expertise of Arab institutes and gear projects more closely to the needs of the countries involved. One member stated his Government's strong objection to any change in the current number of UNDP Regional Bureaux.

## The second cycle

54. In addition to the increased concentration of UNDP resources among the poorest countries in the second cycle, various members also welcomed the over-all increase in global, regional and interregional programmes planned for the period. It was encouraging to note, as well, the improvements in both the content and the methodology of second cycle country programmes as compared to the first. One member expressed concern, however, that the imposition of annual expenditure ceilings stemming from the financial crisis would negate the country programming principle, and he urged a prompt return to medium-term planning.

55. One member said his delegation appreciated the efforts to establish global development priorities, but he cautioned that such efforts should be directed toward positive short- or medium-term results for the developing countries. In that connexion, another member noted that the Administrator, at the Council's twenty-third session, had listed five criteria for selecting activities for the global programme. Unfortunately, that member said, there were some projects included in the global programme which did not meet those criteria. Projects which failed to promote self-reliance were in the interest, not of developing countries, but of the bit Powers, he said.

## New dimensions

56. Many members expressed the hope that the new dimensions concepts which had gained a slow start in the first cycle because of financial constraints, would be fully and speedily implemented in the second cycle. That was particularly urgent, in one member's view, because of obstacles in the way of establishing a new international economic order. Other members expressed appreciation for the progress recorded in the report for implementing various aspects of new dimensions to date.

57. Several members urged speedy implementation of the concept of government execution, in particular. One member lamented the fact that in 1976 that concept had not moved beyond the proposal stage. Another member said the concept posed no threat to the role of the Executing Agencies, since their expertise would remain available. Still another member declared that direct execution by Governments was an essential means of attaining self-reliance, and must not be further delayed.

58. With respect to another aspect of new dimensions, one member asked assurance that special care would be taken in pursuing so-called high risk projects and inquired whether any special monitoring and evaluation procedures had been set in that regard. Another member emphasized the high priority his Government placed on enhancing the role of women in development. He therefore supported a role for UNDP as a clearing house for the exchange of practical information on that important matter.

## Technical co-operation among developing countries

59. Many members and observers commented on the role of TCDC, both as an important aspect of new dimensions and as a vital component of the work of the entire United Nations development system. It was stressed that UNDP, with its experience and structure, was best placed to continue the promotion of that concept.

In the view of some members, TCDC was a key to self-reliance, doubly beneficial to the developing countries which practised it. It was especially relevant in providing the most appropriate technology, because of the complementarity of conditions and experience involved. It was a principal method by which the unexploited resources and potentials of developing countries could be mobilized and used in furthering their development.

60. Many members mentioned the United Nations Conference for Technical Co-operation among Developing Countries to be held in Buenos Aires in 1978. One member mentioned the regional conference on TCDC held in Kuwait shortly before the Council's session and referred to the Kuwait Declaration on Technical Co-operation among Developing Countries issued during the Conference.

61. One member expressed concern that, in terms of field-level implementation, TCDC was still subject to interpretation and that at least one UNDP Regional Representative's interpretation did not coincide with the consensus of Governments. Another member cited with dismay the serious discrepancy between the policy objectives of TCDC as adopted by the United Nations system and the day-to-day actions undertaken - or not undertaken - in response. It appeared to him as if TCDC were the sole responsibility of UNDP or even of the Special Unit on TCDC within UNDP and was elsewhere ignored. Many members urged even greater attention to that concept during the second cycle. 3/

#### Observations of the Administrator

62. In his response to the discussions on items 3 and 4 of the agenda, 4/ the Administrator covered certain points raised in the debate on the annual report. He said the Programme would attempt to respond to the concern expressed by one member regarding the impact evaluation of certain UNDP-financed projects, although there were numerous complexities involved. He noted the interest of some members with respect to organizational arrangements designed to promote greater co-operation among the Arab States. He said that further details on the matter of a new Bureau within UNDP would be forthcoming at a later stage in the proceedings.

63. With respect to the activities of the Office for Projects Execution (OPE), the Administrator said he fully shared the views of members that caution should prevail in demarcating its work. He noted that there was an evident need for the type of activities carried out by OPE in order to meet requirements which could not be readily met otherwise and mentioned that many Governments had expressed satisfaction with OPE's services. However, OPE was an auxiliary service and would remain so. Instructions were already being issued providing for prior consultation with the appropriate agency on all projects intended for execution by OPE and for a written statement to be prepared on the reasons for the selection of OPE as executing agent.

#### Decision of the Governing Council

64. Subsequently and following the consideration of item 9 of the agenda, the representative of Kuwait introduced a draft decision on the coverage of the

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3/ For additional discussions regarding TCDC, see paras. 499-524 of the present report.

4/ See also paras. 130-138 of the present report.



Regional Bureaux. At its 587th meeting, on 28 June 1977, the Governing Council adopted the following decision.

The Governing Council,

Recalling its consensus of 1970 as well as its further decision taken at the eleventh session relating to "the establishment of ... four Regional Bureaux, on the understanding that additional Regional Bureaux may be established when appropriate in order to meet the needs of the various geographical areas", 5/

Noting the proposal made on behalf of the Arab States to modify the present Regional Bureau coverage for these countries as well as the views expressed on this matter during the twenty-fourth session of the Governing Council,

Believing that such a modification would contribute to strengthening the role and activities of UNDP, as envisaged, inter alia, in the report of the Administrator (DP/261),

1. Agrees to the establishment of a new Regional Bureau to achieve these purposes;
2. Requests the Administrator to consult with the countries directly concerned with a view to determining the membership and the exact coverage of this Regional Bureau;
3. Notes the Administrator's intention to consult further with the countries directly concerned regarding appropriate arrangements in view of the establishment of the new Regional Bureau, to continue to provide support through an appropriate unit at UNDP headquarters for UNDP activities in countries included in the existing Bureau for Europe, the Mediterranean and the Middle East, but not covered by the new Bureau, and to ensure the effective implementation of the programme of co-operation among all Mediterranean countries as envisaged in the document submitted at the twenty-third session of the Council; 6/
4. Requests the Administrator, following his consultations with the Governments directly concerned, to report for the information of the members of the Council, as soon as possible and before the twenty-fifth session, on the detailed arrangements made regarding the establishment of the Regional Bureau and other arrangements, as appropriate, to service other countries hitherto within BEMME but not in the new Bureau, including information on UNDP staffing requirements for country coverage as well as regional IPF distribution; and
5. Notes that the above-mentioned arrangements can be accommodated in terms of staffing requirements within the budget estimates for 1978 presented by the Administrator to the Council at its twenty-fourth session.

65. Following the adoption of the decision, one member expressed particular appreciation for the Council's decision, which he described as an historic move. Two other members joined in expressing appreciation for the adoption of the decision. Another member expressed the view that it would have been preferable if, in accordance with the tradition of the Council, the text had referred to consultations with all members of the Council rather than to consultations with the countries directly concerned.

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5/ See Official Records of the Economic and Social Council, Fifty-first Session, Supplement No. 6, para. 52.3 (a).

6/ DP/218.



B. JOINT INSPECTION UNIT REPORT ON COUNTRY PROGRAMMING

66. At the invitation of the Council, the Chairman of the Joint Inspection Unit (JIU) introduced the report on country programming which had been prepared by JIU (DP/254) and the comments of UNDP and the agencies on the report (DP/268 and DP/282).

67. The Chairman pointed out that the problems which those documents addressed were not unrelated to those discussed in document DP/261 on the role and activities of UNDP. Although there had been progress in the approach to country programming in the first cycle, United Nations system preparations for the second cycle had been inadequate and the main finding of the JIU report was that much remained to be done. In particular, he pointed to the lack of intellectual preparation by the United Nations system, the absence of a unified approach to development by the United Nations system and the uncertainty about the place of United Nations system technical co-operation in total aid requirements. There were no effective regulations on country programming and no intellectual inputs to the process by the United Nations system since the system was dominated by administrators rather than economists. Furthermore, there was bureaucratic rivalry between UNDP and the agencies and a lack of true co-operation.

68. Briefly listing the recommendations contained on pages 28 and 29 of the JIU report, the Chairman pointed out that the general tenor of the report was that the United Nations system should be organized more efficiently at the country level in order to provide Governments with the instruments required for country programming.

69. The Chairman stated that the joint comments of the organizations and agencies in the United Nations system contained in document DP/268 amounted to a complete rejection of the recommendations contained in the JIU report. Document DP/268 was a synthesis of the views of the agencies and did not reflect the positive reaction of certain agencies to a number of the recommendations.

70. The Chairman identified two possible justifications for that rejection. Firstly, it was suggested that the JIU interpretation of the concept of country programming differed from that of UNDP and the Governing Council. However, the Chairman suggested that there was no such difference and he stated that paragraph 53 of document DP/261 on the role and activities of UNDP provided a definition of country programming which JIU fully endorsed. The Chairman said that the second reason for the rejection of JIU's recommendations was that the proposals were considered unnecessary, difficult to apply, ponderous or premature. He countered that argument by indicating what was required to implement a number of the recommendations and averred that implementation of those recommendations would be neither redundant nor difficult.

71. With regard to agency representation in the field, the Chairman explained that the JIU recommendations on that point did not imply the creation of new posts, but rather that one of the existing agency staff in a country should be assigned the task of representing the agency. The lack of a United Nations representative was a particularly serious problem, largely because it meant that the country was deprived of the opportunity of supplementing local teams with high-level economists who could provide the link for a flow of ideas between headquarters and the field in matters relating to economic planning.

72. The Chairman also referred to the JIU recommendation that an economic and social committee should be established in each country and to the comments by UNDP and the agencies on the proposal. Those bodies suggested that such arrangements were already in existence in many instances and that they should not be made too formalistic. The Chairman commented that existing meetings of that type normally concerned themselves with administrative rather than substantive issues and he expressed concern that the formal creation of a "think-tank" designed to mobilize the knowledge of United Nations system experts in a country should be regarded as intervention in that country's domestic affairs. In his view, the absence of such a "think-tank" would result in the loss of much of the knowledge derived from United Nations system technical assistance, and hence also in the loss of its important intellectual contribution.

73. The Chairman concluded by asking the Council to reflect carefully on the JIU recommendations.

#### Summary of discussion

74. Members addressing themselves to the subject generally welcomed the JIU report. They expressed their appreciation for the thoroughness and thought-provoking nature of the report and for the introductory statement by one of the Inspectors. Some members commented that there seemed to be broad agreement between JIU on the one hand and UNDP and the agencies on the other. A number of members stated that they did not share the view expressed by the Chairman of JIU that the comments by UNDP and the agencies were a complete rejection of the JIU recommendations. Moreover, several members expressed themselves in agreement with the views of UNDP and the agencies contained in document DP/268.

75. Most of the discussion focused on the nine main recommendations contained in the report, with a wide range of views being expressed on the different issues involved. A number of members noted that some of those issues, most particularly those relating to co-ordination and collaboration between UNDP and the agencies, were pertinent not only to the discussion on the role and activities of UNDP, 7/ but also to the proceedings in the Ad Hoc Committee on the Restructuring of the Economic and Social Sectors of the United Nations System.

76. Several members commented on the statement by JIU that there was a bureaucratic rivalry and a certain lack of trust between UNDP and the agencies, particularly at the country level. A number of members noted the recent efforts that had been made by UNDP and the agencies to improve working relationships. One member suggested that, since the report was finalized in October 1976, JIU's poor opinion of UNDP-agency relations might have been overtaken by those developments. That member also pointed out that relations at the field level depended to a large extent on personal relationships and that the regulation of UNDP-agency relations, as proposed by JIU, would not necessarily result in any improvement in the situation. One member suggested that UNDP could promote co-operation further by being more flexible on the question of financing agency field representatives while another member pointed to document DP/268 as an example of the ways in which UNDP and the agencies could and did work together. Several members pointed out that it was the developing countries which suffered most from any difficulties between UNDP and the agencies, particularly if such difficulties manifested themselves at the field level.

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7/ See paras. 90-139 of the present report.

77. One member stated that, since the ultimate objective was to assist the developing countries to achieve self-reliance, recipient Governments should be more heavily involved in co-ordination at the country level and that that was indeed a government responsibility. Efforts should therefore be directed towards strengthening the Governments' capability for such co-ordination and the same member suggested that co-ordination on the government side would serve to discipline the co-ordination between UNDP and the agencies. Other members, however, supported the view that the offices of UNDP resident representatives should act as the co-ordinators of the United Nations system at the national level.

78. A variety of views was expressed about the JIU recommendations that the United Nations system should formulate regulations for the preparation of sectoral studies and should establish both a Standing Committee and an Economic and Social Committee in each country. Some members favoured one or more of those proposals on the grounds that such arrangements would increase the intellectual input of the United Nations system into the development process of the country and thereby enhance the quality and relevance of the Programme. Other members expressed the fear that such arrangements might duplicate ongoing efforts, most particularly those of recipient Governments. In that connexion, several members emphasized that recipient Governments should retain the responsibility for introducing arrangements of the types being proposed by JIU. A number of members voiced the opinion that broad guidelines which allowed a flexible and pragmatic approach to problems would be preferable to the detailed regulations which JIU seemed to be proposing in a number of instances.

79. Those members who explicitly addressed the issue were generally opposed to resident representatives being appointed by the Secretary-General, unless such appointments were made on the basis of recommendations by the Administrator. Members also felt that, contrary to the JIU recommendation, there was little need to revise the Consensus at that juncture since it was flexible enough to be able to accommodate changing requirements. On the other hand, members were generally in favour of the JIU recommendation that all United Nations organizations represented in each country should be located in the same building.

80. Members also referred to the JIU report during the discussion of agenda items 4 and 9. The decision adopted by the Council under agenda item 4 included reference to the JIU report. 8/

#### Observations of the Administration

81. In his remarks following the discussion of agenda items 3 and 4, the Administrator expressed regret that the joint comments of organizations and agencies in the United Nations system (DP/268) had left JIU with the impression that those comments represented a rejection of the report's recommendations. Both UNDP and the agencies considered the report a valuable analysis which had provoked further thinking on the issues raised. However, such a joint document had to be tailored to reflect the comments of 11 separate organizations, and the Administrator counted it an achievement in interagency co-operation that the Council had before it one response rather than 11. Both UNDP and the agencies recognized the necessity of improving country programming, even if they were unable to accept all the

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8/ See para. 139.4 (a), of the present report.

recommendations of JIU in their entirety, and he noted that a number of members had also expressed reservations on some of them. However, he pointed out that many of the points raised had been major preoccupations of the system for some time. The fact that they had not always been resolved to the satisfaction of all concerned or that ready solutions were not immediately available was a reflection of the complexity of the issues rather than either a lack of interest in tackling them or a rejection of the recommendations of JIU. He agreed with members who had expressed concern about the indications in the JIU report of rivalry among different members of the United Nations system, but pointed out that the report had been written before the intensive series of UNDP/agency meetings held late in 1976. Since then, significant progress had been made and it was beginning to show tangible results.

C. INFORMATION ON THE REGULAR AND EXTRABUDGETARY  
PROGRAMMES OF TECHNICAL CO-OPERATION IN 1976  
OF THE ORGANIZATIONS IN THE UNITED NATIONS  
SYSTEM

82. Under item 14 of its agenda, the Governing Council had before it a report by the Administrator (DP/265) which contained statistical information on the expenditure volume and sectoral and geographical distribution of technical assistance activities carried out by United Nations system organizations in 1976 and funded by other than UNDP resources. A brief description of the characteristics of the various funding channels was given as well. The report also provided a review of those expenditures over the period 1973-1976, and, in addition, summarized information and views submitted by other organizations on recent actions taken or considered desirable to secure greater co-operation and co-ordination between technical co-operation activities financed by UNDP and the operational activities of the agencies financed from other sources.

83. The Council also had before it document DP/265/ANNEX and Corr.1 which contained the questionnaire addressed to the agencies as well as their replies, either in the form of answers to the questions or in the form of summary statements which some agencies felt were better suited to describe the nature of their technical assistance activities.

84. Referring to the analysis of the statistical data and the information submitted by the agencies, the Administrator, in his report, informed the Council that there was considerable scope for further refinement and improvement in the reporting and assessing of technical co-operation provided through the United Nations system. Five main improvements in the reporting procedure were deemed desirable, and the suggestion was put forth that, should the Council wish to continue pursuing the study, the Administrator was prepared to undertake further work in that area along the lines described.

85. With regard to the co-ordination of United Nations system operational activities financed by UNDP with those financed from other sources, the Administrator reported that, though a number of suggestions had been made for more effective co-ordination in the future, the general view of the agencies was that no major changes in the current arrangements were required. The country programming procedure, in particular, was regarded as facilitating both greater complementarity between UNDP and other sources of assistance and a better exchange of information. Some agencies, it was reported, raised the possibility of extending the process of country programming, and others called for greater agency participation in the preparation of the country programmes themselves.

### Summary of discussion

86. Members addressing themselves specifically to documents DP/265 and DP/265/ANNEX and Corr.1 were unanimous in their expressions of appreciation for the detailed and comprehensive nature of the information contained in the documents. Those members endorsed the view that the importance of the study indicated that further work could usefully be undertaken by UNDP in that area as outlined in paragraphs 37 and 38 of the Administrator's report, with one member cautioning against duplicating similar work being carried out elsewhere, e.g. by the Development Assistance Committee of the Organisation for Economic Co-operation and Development. The relevance of the information both to the discussion on the role and activities of UNDP and to the broader deliberations of the General Assembly Ad Hoc Committee on the Restructuring of the Economic and Social Sectors of the United Nations System was emphasized.

87. One member singled out the new table 5, which identified the sources other than UNDP of contributions for extrabudgetary technical assistance activities of the agencies, as being particularly useful. However, that member took exception to the importance which the report attached to global co-ordination, stating that it was at the country level that the most important co-ordination took place, and that relatively simple measures could ensure a more effective, co-ordinated effort. In that connexion, it was suggested that a separate chapter in future UNDP country programmes should deal with multilateral development assistance financed from sources other than UNDP in order to help realize the sought-after co-ordinated balance of United Nations system activities. The same member also stated that her Government looked forward to receiving further information on the outcome of the current discussions between UNICEF, UNFPA, WFP and UNDP referred to in paragraph 44 of the report.

88. Another member, referring to the reported over-all agency view that country programming facilitated greater complementarity between UNDP and other sources of assistance, endorsed the suggestion that the agencies should become more closely involved in country programming exercises at an earlier stage as recommended in the JIU report. He also expressed support for the idea in paragraph 36 of the Administrator's report that, though a complex network of relations existed at the field level between United Nations system activities and bilateral programmes of technical co-operation, much remained to be done in the area of co-ordination in order to ensure a more effective and efficient international effort.

### Decision of the Governing Council

89. At its 590th meeting, on 1 July 1977, the Governing Council took note of the annual report of the Administrator for 1976, the report of the Administrator on UNDP assistance to colonial countries and peoples and information on the regular and extrabudgetary programmes of technical co-operation in 1976 of the organizations in the United Nations system as well as the views expressed by members and observers during the discussion of those reports.

#### IV. ROLE AND ACTIVITIES OF UNDP

90. For its consideration of item 4, the Council had before it documents DP/261 and Add.1. Document DP/261 contained an examination of conceptual issues relevant to the nature and direction of the Programme, including the quality and content of the Programme, resources for the Programme and the role of UNDP in the co-ordination of technical assistance. Document DP/261/Add.1 contained the comments of one of the agencies on the main document.

91. The Administrator addressed much of his opening statement 9/ to the issues being discussed under the item and consequently consideration of the item moved directly into discussion.

92. Members welcomed the Administrator's straightforward and challenging delineation of the issues involved in defining UNDP's role and activities at that point in the evolution of the Programme. Many members pointed to the interlinkages among the three principal areas which were outlined in document DP/261, namely UNDP's substantive role, its funding role and its role in improving co-ordination and coherence in the United Nations system as a whole.

93. Members agreed that the issues raised would require thought and discussion over subsequent sessions of the Governing Council, and noted that what was asked of the Council at the current session was the opening of a constructive dialogue on UNDP's role and activities. Some members stated that document DP/261 had not been received until very late and suggested that the Council should not be in a hurry to reach decisions on it. Many members noted the point, which was made in DP/261 as well as in the Administrator's opening statement, that the Council at the current session would seek to give broad guidelines rather than specific decisions on each of the concerns outlined. None the less it was stressed that the Administrator had asked for clear guidance on the three basic issues mentioned above, as well as an indication of those longer-term options which should be further examined for presentation to the Council at subsequent sessions.

94. Most members took note of paragraph 3 of DP/261 which indicated that the dialogue on UNDP's role and activities was not intended either to suggest fundamental rethinking of the 1970 Consensus or to pre-empt the eventual findings of the Ad Hoc Committee on the Restructuring of the Economic and Social Sectors of the United Nations System. There was virtually unanimous agreement that the Consensus remained the valid corner-stone for future UNDP activity and many members noted that it contained sufficient flexibility to allow for interpretation to meet changing requirements. One member mentioned that the time might be ripe to make slight revisions aimed at strengthening the role of the resident representative and at expanding the country programming procedure. While a few members indicated that a dialogue of the type which was taking place might more suitably be carried out after the Ad Hoc Committee on the Restructuring had completed its findings, many other members felt that such a dialogue on UNDP's role and activities might best serve that Committee by clarifying certain outstanding issues.

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9/ See paras. 9-18 of the present report.

## A. SUBSTANTIVE ROLE

### Priorities for the Programme

95. A number of members emphasized that the principal substantive role which UNDP should exercise was in focusing assistance on the poorest strata of the world's population. They stressed the importance of programmes designed to meet minimum needs, to distribute the benefits of development on an equitable basis, and to ensure that opportunities were provided to the poorest groups within recipient countries, both in rural and urban areas. One member noted that that approach involved fundamental economic rights of the populations concerned and that his Government found unacceptable the "trickle-down" theory of closing the gap between rich and poor within countries. He noted that there was an emerging international consensus pointing to certain minimum levels of food, shelter, health care, education and employment. Other members, pointing out the redistribution towards the poorest among the developing countries which took place in the allocation of IPFs for the second cycle, indicated that additional concentration on the poorest should be the objective of the third development cycle. By that time, they indicated, recipient countries at the upper end of the GNP scale would have moved to net contributor status.

96. Many members stressed that developing countries pursuing progressive policies designed to meet the basic needs of their people should receive the active support of the international community, and some indicated that UNDP's central funding role would have to be evaluated in the context of its ability to implement those types of programmes and projects. Some members pointed out that concentration in those activities should give UNDP a more definitive profile for its programme of technical assistance. Another member emphasized the need for recipient countries themselves to accord high priority among their country programme objectives to the participation of their entire populations in the development process. He called attention to the report of the Director-General of the International Labour Organisation (ILO) to the ILO Conference which mentioned that a Government which felt that its country's interests were best served by policies substantially different from those adopted by the United Nations system should perhaps not rely entirely on the United Nations system for the implementation of those policies.

97. A number of members pointed out that the sovereign right of Governments to determine their own priorities and objectives was a corner-stone of the Consensus. They emphasized the point that UNDP country programmes should not be used as a means for implementing objectives which had been formulated and adopted outside the individual circumstances of the country. In that context, a number of members stressed that UNDP's technical co-operation programmes must be placed in the perspective of countries' total attack on poverty - much of which was supported by their own development resources as well as by capital aid flows. In any case, one member pointed out, it was primarily owing to the persistence and leadership in developing countries that there had occurred a growing understanding of the nature of poverty and how it could best be attacked. UNDP technical co-operation which was strictly tied, for example, to the redress of poverty, might have an impact which was reduced to that of an insignificant additive in relation to the massive attacks on poverty which many developing countries mounted under a variety of means of funding. In many countries technical co-operation was used to bridge gaps in technology and a number of members emphasized that to impose directives on the use of United Nations technical co-operation would not only interfere with the sovereign rights of Governments to choose their own development paths, but also might result



in waste as Governments sought the most efficient way of allocating totality of scarce resources available.

98. A large number of members spoke on the necessity for expediting the creation of a new international economic order. Several members placed the proposals in the framework of the relevant resolutions adopted at the sixth and seventh special sessions of the General Assembly, and one member noted that, since the adoption of those resolutions, numerous developing countries had been demanding the reorientation of UNDP's work in accordance with the principles for the establishment of a new international economic order. In that context a number of members noted the necessity of transferring accumulated knowledge and experience to developing countries and stressed UNDP's role in the transfer and adaptation of technology as well as the role it could play in helping developing countries to participate to a greater extent in sharing the world's resources. One agency representative particularly stressed that, as a part of the shift to substantive support envisaged in document DP/261, UNDP should give much greater priority to the role of technical co-operation in the new international economic order. A second agency representative emphasized the need to define the role and nature of technical co-operation so as to be supportive of the resolutions on the new international economic order. One member expressed reservations on any attempt to give UNDP a special role in the creation of a new international economic order and another pointed out that, by promoting such an order, UNDP would transgress the bounds of its framework since that related to operational measures.

99. Several members, as well as several agency representatives, emphasized that UNDP's substantive role should concentrate on activities which would make it qualitatively different from other programmes. Many members noted in particular the role which UNDP should be playing in harmonizing the various strategies which the United Nations system had recently promulgated. In that context, it was mentioned that UNDP was particularly well-placed to provide the kind of conceptual consolidation and leadership outlined in document DP/261. One member particularly took up the point that UNDP should not limit its technical co-operation by concentrating on those activities which it did best. Such an orientation, he felt, would make UNDP relevant only to certain groups of countries whose technical co-operation needs were those on which UNDP had chosen to concentrate.

100. The Director-General of one agency, speaking on behalf of his own and two other agencies, agreed with the necessity of improving the substance of the technical co-operation provided by the United Nations system. He pointed out that the role of the agencies went beyond transforming money into skills, and indicated that he was aware that the Administrator also shared that view. He cited in particular recent conferences on health, food, employment and other priority concerns which were designed to promote the creation of a new international economic order. The representative of another agency made clear that the primary role of UNDP was not only to raise funds for technical co-operation but also to ensure their intelligent use by making a substantive input into the management of those funds. He stressed that development had to be tackled within the framework of specific economic sectors and cautioned against addressing multisectoral development in such a fashion that it would turn UNDP into a development agency.

#### Evaluation and assessment of over-all technical co-operation needs

101. A number of members supported the proposal in document DP/261 for further improvement of the existing evaluation mechanism. Such evaluation should be



carried out by UNDP and the Executing Agencies to provide a continuous feedback of findings and conclusions and a re-injection of experience into new programmes and projects. Several members pointed out that such in-depth evaluation would help both UNDP and the agencies in discharging their accountability for the quality of technical co-operation. Others particularly welcomed the advantages which an improved evaluation mechanism could have in building up interrelationships between global, regional and country programmes.

102. The Director-General of one agency, speaking on behalf of his own and two other agencies, supported the provisions in document DP/261 on evaluation with the proviso that UNDP and the specialized agencies should co-operate in such an endeavour. He cautioned against using evaluation to prepare new concepts which, he said, could be overly ambitious and lead to technocratic approaches. The development process could in fact not be appraised independently of the social groups directly interested.

103. Several members called attention to the selection of transfer and adaptation of technology as one of the priority themes for evaluation in 1977. In their opinion, UNDP should be placing increasing emphasis on technology transfer as one aspect of the creation of a new international economic order. One agency urged prior consultation and close co-ordination of any UNDP activities in that field, emphasizing that that area was among the responsibilities assigned to his agency by an intergovernmental consensus resolution. A number of members endorsed the selection of rural development as an evaluation theme, mentioning in particular its relevance in many countries to providing for the minimum needs of the poorest segments of the population. One observer gave details of the recent mission on rural development to his country which was made under the auspices of the ACC Task Force on Integrated Rural Development.

104. It was noted by members that such evaluation functions could be utilized to build up a repository of information on substantive programme experiences relevant to future activities. They pointed out that such a system would need to be decentralized in the sense that the specialized agencies would participate with their specialized technical knowledge and UNDP would provide the synthesis from a multidisciplinary point of view. One member underscored that the process of development was one of trial and error and it was therefore desirable for an institution such as UNDP to build up an institutional memory. Other points of view expressed were, inter alia, that the creation of such a repository should not create a new bureaucracy; that it might not yield benefits in the short or medium term; and that the creation of such a system would be difficult without making incursions into the sectoral activities of the agencies. One agency representative in supporting the proposal giving increased emphasis to evaluation as well as the proposal for a more comprehensive institutional memory thought that an excellent starting point would be the systematic treatment of technical and terminal reports, as recommended by a recent interagency working group. Several agencies felt that the operation of a high-level consultancy service was an activity better suited to the United Nations and the agencies and the representative of one agency mentioned that a high-level advisory service was provided under his agency's regular programme.

105. Members varied on the degree to which they thought that Governments might be encouraged to regard the expertise available in their country under United Nations auspices as a total resource. Some members supported the proposal and one member pointed out that regarding expertise in the country as a total resource should be extended to include experts provided from non-United Nations sources. One member,

as well as several agency representatives, felt that, in view of their high degree of specialization, experts should devote their time fully to project activities.

106. Several members supported the concept of assessing over-all technical co-operation requirements and took note of the fact that some experience had already been collected in that area. One member pointed out that the establishment of a new international economic order had raised new demands and that the requirements for technical co-operation were changing. Several other members felt that an attempt to evaluate the over-all need for technical co-operation might be over-ambitious.

#### B. RESOURCES FOR UNDP

107. In the light of the indication that UNDP's relative share in multilateral funding was being eroded, in part as a consequence of the proliferation of funds for special purposes, considerable discussion of document DP/261 centred around the question of what UNDP's funding role should be in the United Nations system. Many members called the Council's attention to the fact that the Consensus had confirmed the central funding role of UNDP and that UNDP provided an objective and valuable means of channelling voluntary resources for the system as a whole. Some members stressed that UNDP should remain the central funding organization in order that the IPF system and country programming procedure could continue to ensure an objective distribution of available resources among recipient countries in line with agreed criteria. They pointed out that, in a polycentric system, the objective allocation of multilateral technical co-operation funds was endangered and the right of the recipient Government freely to determine the use of such resources was interfered with. Several other members drew attention to the linkages between UNDP's central funding role and its substantive and co-ordinating roles and indicated that they felt that it was difficult to fulfil the latter two roles unless a central, or at least primary, funding role were guaranteed for UNDP. A few members pointed out that if UNDP could not fulfil a particular substantive role, which in their judgement was to meet the needs of the poorest, then it would no longer be realistic to assume a central funding role for UNDP in the future.

#### Multiyear commitments and negotiated burden sharing

108. Members were almost unanimous in addressing the need to reconcile multiyear programming commitments with annual contributions to the Programme. A number of members indicated that their Governments were prepared to make multiyear pledges if the proper institutional framework were made available by UNDP. Several agencies also supported the proposal that resources should be pledged to UNDP on a multiyear basis. There was a small number of members who felt that multiyear pledging would be difficult for their Governments for reasons internal to their own legislative bodies.

109. A number of members spoke strongly in favour of the Administrator's suggestion to establish informal arrangements for negotiating a more equitable sharing of the burden of funding UNDP. These members pointed out that several precedents for negotiated sharing of resource responsibilities already existed in the multilateral system. Two members felt that there might be some incompatibility between the voluntary nature of contributions and such informal consultations.

### Cost sharing and third-party funding

110. Responding to the invitation of the Administrator in his opening statement to define the Council's position on third-party funding and cost sharing, members generally supported these arrangements on the grounds that they would provide a means of securing additional resources for UNDP. Several members suggested that UNDP should increasingly accept such funds, provided their management was not permitted to overburden the administrative budget. In that context, it was suggested that all expenditures incurred in handling such additional resources should be paid directly by the interested countries. One member drew a distinction between cost-sharing arrangements and those of third-party funding and pointed out the possibility that third-party funding might impinge upon a country's right to determine its own priorities. He suggested two guidelines: that third-party funding arrangements should be submitted to the Council prior to implementation, and that only donor countries which have carried their fair share of contributions to the general resources of UNDP should be allowed to make such arrangements through UNDP.

111. It was foreseen that some "middle income" countries would be rapidly moving into the category of net contributor status and that many other countries whose financial situations permitted would be absorbing an increasing amount of their own assistance through various forms of cost sharing. However, there was general agreement that developing countries in the middle and higher income levels would continue to require UNDP assistance, albeit sometimes of a somewhat different type and sometimes funded outside the IPF. One member stressed, however, that he, as well as members representing certain other countries in his region, opposed any "freeze" on IPFs for middle-income countries.

### Proliferation of special funds and technical co-operation under agency regular budgets

112. Several members were convinced that relying to a greater extent on UNDP as the main United Nations fund for technical co-operation would considerably increase the value in real terms of the assistance provided by the United Nations system. They emphasized that proliferation of funds did not in fact add to the total volume of technical co-operation resources flowing through the United Nations system. Other members took the position that given the proliferation of special funds and the enlargement of the technical co-operation budgets of the agencies, it would be unrealistic to envisage a totally centralized funding system at that stage. Most agency representatives did not share the concern expressed in document DP/261 over polycentric funding and considered it desirable to have the flexibility of other funding channels. Various agency representatives pointed out that funding was used for activities which UNDP could not finance; that earmarking resources for particular countries did not undermine the IPF system; and that earmarking resources for particular sectors did not limit the freedom of countries to determine their own priorities.

113. However, nearly all members were opposed to the proliferation of special funds throughout the system and shared the view that any further proliferation should be monitored and, as far as possible, discouraged by the United Nations system and by Member Governments. Several members pointed out that, where new channels of financing were called for, they should be channelled through UNDP in order to retain coherence. They also stated that the establishment of any new funds should be limited to cases falling clearly outside UNDP's very wide mandate.

114. With regard to technical co-operation through agency regular budgets, many members indicated that the growing use of the assessed budgets of the specialized agencies for technical co-operation was undesirable. They urged, therefore, that Member States strengthen UNDP's co-ordinating role by assuring UNDP's financial viability and limiting the amount of technical co-operation financed through the budgets of the agencies. The possibility of duplication and lack of coherence was mentioned, as well as the distortion of the equitable allocation of resources among countries according to need. One reason several members noted for the growth in the contributions to agencies for technical co-operation was a desire on the part of donors to finance projects and programmes which corresponded specifically to their particular philosophy of development co-operation. One member mentioned the possibility of establishing in UNDP a reserve for special requirements which might arise from needs which were identified by agencies but could not be accommodated within IPF constraints. It was felt that that would enable the Programme to operate with a greater margin of flexibility and would reduce demands for new special purposes funds. Several members indicated that the more readily UNDP devoted itself to key themes in development, in particular through global and interregional projects, the less reason there would be for establishing special funds or for increases in agency regular budgets. Several members felt that irrespective of the means by which separate funds were channelled, they should be acceptable so long as it was recognized that all the varied contributions formed part of an integrated and co-ordinated approach for providing assistance to developing countries.

#### C. THE ROLE OF UNDP IN CO-ORDINATION

115. Members were virtually unanimous in the opinion that the Government in each recipient country should have responsibility for co-ordinating the technical co-operation which they received. In that context, several members called attention to paragraph 109 of document DP/261 which stated explicitly that co-ordination of technical co-operation at the country level was the prerogative of the Government. Members noted the increasing capacity in nearly all recipient countries actively to co-ordinate external assistance and to direct assistance toward those sectors and priorities where it could have the greatest impact. One member noted that, in some of the developing countries where planning organizations and procedures were not as highly developed, UNDP could usefully bridge those gaps by providing assistance in planning. Several members underscored the usefulness of UNDP assistance in the elaboration of national development plans. Other members stressed strongly that the development of such plans should be left exclusively to Governments themselves.

116. With regard to technical co-operation provided by the United Nations family, many members urged that UNDP should play a central co-ordinating role. It would make it more simple, some members pointed out, for assistance from the United Nations system as a whole to be obtained in a more systematic manner. However, a co-ordinating role, one member noted, would have to be acceptable to the other units in the United Nations development system if it were to be effective, and that might require strengthening UNDP's mandate, improving its management and increasing the funds available to it.

117. Several members considered that the role of the Inter-Agency Consultative Board (IACB) should be strengthened and its views and conclusions, including minority views one member stressed, should be submitted regularly to the Council. One agency noted that ACC should have the over-all responsibility for increasing

coherence in the United Nations system and stressed the importance of interagency consultations within ACC on the issues of co-ordination of over-all technical co-operation activities and the organization of consortia on technical co-operation. One member thought that coherence at that level could best be assured through a new sub-committee of ACC under the direction of the Secretary-General. The Director-General of one agency, speaking on behalf of his own and two other agencies, noted that document DP/261 should mark the beginning of a dialogue between UNDP and the agencies. He pointed out that co-ordination was crucial and emphasized the importance of IACB consultations.

118. Many members stressed the catalytic effect which UNDP's co-ordinating role could provide and emphasized that such a role was assigned in the Consensus. They did not view UNDP solely as a financing body and felt that UNDP could effectively harmonize the various inputs from the United Nations system without infringing upon the responsibilities of the specialized agencies, particularly in the light of the increasingly decisive role to be played by Governments in decisions of priorities and implementation. Several members went on to point out that that role should be exercised not only administratively, but also conceptually. They strongly endorsed the Administrator's view in document DP/261 that UNDP's co-ordinating role should take the form of conceptual consolidation. Formalistic administrative co-ordination, cautioned one member, was not enough. A major step in the direction of conceptual consolidation would be the system-wide acceptance of country programming.

119. Several members were of the opinion that a central co-ordinating role was unnecessary because co-ordination of technical co-operation was the exclusive prerogative of the Government. They noted that Governments also drew heavily upon the expertise of the specialized agencies and feared that a centralized co-ordinating role might diminish the role of the specialized agencies. In that context, some members also noted the absence of a consensus in the United Nations system as a whole and one member suggested that the appropriate forum for a definition of the relative roles of UNDP and the specialized agencies was the Ad Hoc Committee on the Restructuring of the Economic and Social Sectors of the United Nations System rather than the Council, since the decisions of the Council would not be binding on members of the United Nations system other than UNDP. Other members were of the opinion that decisions reached at the twenty-fourth and subsequent sessions of the Council would be of assistance to the Ad Hoc Committee in the difficult task ahead.

#### Co-ordination at the country level

120. Many members stressed that co-ordination of United Nations technical co-operation at the country level should be under the leadership of a single United Nations system representative and pointed out that such a role was assigned to the resident representative in the Consensus. They urged that the role of the resident representative be strengthened and several members pointed out that, in its work to date, the Ad Hoc Committee on the Restructuring had repeatedly emphasized the primus inter pares role of the resident representative at the field level. In order to unify the system under a single representative, some members suggested that such a representative should be appointed in consultation with IACB. Other members called attention to the recommendations of the Joint Inspection Unit 10/ that resident representatives should represent the entire system at the

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10/ See DP/261, and paras. 66-81 of the present report.

country level and suggested that they might therefore be appointed by the Secretary-General on the recommendation of the Administrator. One member, while pointing out that the underlying principles of the Consensus remain valid, expressed the opinion that the time might have come to evolve the Consensus somewhat further with regard to the role of the resident representative and the scope of the country programming procedure.

121. Several members felt that recent efforts by some agencies to upgrade their field level representation did not serve a useful purpose in so far as it emphasized the separate status of such representatives from the rest of the United Nations system. One member stated that, because of the high level of administrative costs of the United Nations system, his Government was strongly opposed to the assignment of senior officials of specialized agencies in each country. One member pointed out that when five or six United Nations system representatives in a country flew United Nations flags with different inscriptions and maintained individual premises, it created in the minds of people in developing countries an impression of divergency rather than of an institution promoting harmony and unity. The representative of one agency indicated that the Council of his agency had recently discussed relations with UNDP and had reached the conclusion that the working relationship between that agency and UNDP concerning programming and execution at the country level was very close. He noted that there had been agreement between the Director-General of his agency and the Administrator about the respective roles of the representatives of his agency and the resident representatives of UNDP. The Director-General of another agency, speaking on behalf of his own and two other agencies, stressed that the resident representative had the central role in providing the services of the United Nations to Governments, but that he needed the support of the specialized agencies.

122. Several members emphasized that every reasonable effort should be made to achieve maximum use of common premises and common support services. Not only would that provide the opportunity for increased informal consultation among the various representatives in the country, but it should also be one means of effecting decreases in overhead costs at the country level. One member emphasized the importance of avoiding costly conferences attended by resident representatives and other high-ranking officials in places other than the region concerned.

123. Some members recommended that the Administrator should examine the means by which UNDP resident representatives, to the extent desired by host Governments, could continue to improve co-ordination of United Nations field activities with those of bilateral agencies. One member welcomed the initiative taken in several countries, particularly in Africa, where round-table conferences had been organized to bring together all sources of technical co-operation inputs and to define the totality of technical co-operation needs of those developing countries. In that context, it was noted that there was a particular need to identify possible sources of capital financing at an early stage in country programming because of the necessity of ensuring follow-up investment for feasibility studies or pre-investment surveys. The representative of one agency, speaking also on behalf of two regional development banks, cautioned against any measures which might place UNDP between the capital funding institutions and Governments, which were the executors of technical assistance financed under loan arrangements.

#### Extension of the country programme to other sources of development co-operation

124. Several members referred to the issue of conceptual consolidation in their



discussions of co-ordination at the field level. They foresaw an increasingly substantive role for the resident representative in harmonizing the various development concepts which had been defined in individual agency forums and which were expected to be reflected to an increasing extent in country programmes for the second cycle. The extension of the country programming procedure to other facets of the United Nations system would be an important means by which the various development concepts, particularly those of a multisectoral character, could be harmonized.

125. A number of members spoke in favour of extending the country programme to all other sources of United Nations technical co-operation. It was emphasized that, with the approval of the recipient Government, country programming should become the basic unit of the entire United Nations development system. It was considered a worthy goal that all projects and programmes - whether funded by UNDP or by the agencies - should be integrated into the country programme. One member pointed out that if the country programming procedure were to be extended to all United Nations technical co-operation inputs, a large number of the objections to polycentric funding would be removed. Another member emphasized that the final co-ordinating authority of the recipient Government would be enhanced if such joint interdisciplinary programming were achieved by the United Nations system as a whole. He noted that a year earlier, in the Council, his Government already had urged the comprehensive programming of all United Nations development assistance, including that of the World Bank group and of the specialized agencies, and eventually also including that of bilateral donors. He noted the readiness of his own Government to submit its bilateral programme to such co-ordination under the leadership of each national Government. Another member drew the attention of the Council to the fact that several United Nations programmes had already expressed willingness to integrate their programmes of technical co-operation within the country programme.

126. One agency representative indicated that his agency lent its full support to the extension of the country programming process to the various agencies' programmes and later to non-United Nations sources, so long as such an approach was aimed at harmonizing all available inputs and ensuring that they were used in accordance with recognized objectives. The representative of one United Nations programme pointed out that her programme had long supported the resident representative as the leader of the team at the country level, and that her agency welcomed joint programming provided the necessary flexibility was retained in the apportionment of resources and the development of projects.

127. As regards the extension of country programming to non-United Nations sources of development co-operation, several members pointed out that in document DP/261 that decision had correctly been left to the recipient countries. One member, while declaring that such a role could be useful in certain countries with special circumstances, underscored strongly that the initiative had to come from those countries. Another member urged utmost caution in the extension of country programming to sources outside the United Nations system in that it could constitute the hiring of UNDP to implement priorities determined by donor Governments.

#### Headquarters co-ordination

128. Several members supported the proposal for a UNDP/Agency Task Force at UNDP headquarters on an experimental basis, in order to ensure that the views of the specialized agencies were readily available to UNDP. The Director-General of one agency, speaking on behalf of his own and two other agencies, endorsed the setting

up of such a Task Force and expressed his appreciation for the initiatives taken by the Administrator to improve co-ordination at the headquarters level. One agency representative expressed reservations about the usefulness of the Task Force. Another agency representative stressed that the Administrator had made a herculean effort to foster partnership with the agencies and welcomed the Administrator's initiative whereby OPE would consult agencies before projects were awarded and reasons would be given in writing for any projects which were awarded to OPE for execution.

129. Several members noted with appreciation the Memorandum of Understanding which, as indicated in document DP/261, was under preparation among UNDP, UNFPA, UNICEF and WFP. They felt that such a Memorandum would go far towards encouraging conceptual consolidation while simultaneously co-ordinating programming and procedures at the headquarters and field levels.

#### Observations of the Administration

130. The Administrator expressed his appreciation for the careful analysis and thoughtful comments made by members of the Council of the documents before them under agenda items 3, 4 and 14, and thanked the Government of the Netherlands for its additional contribution to the Programme of approximately \$8 million. He expressed his gratitude to his colleagues from the specialized agencies for their frank and constructive contribution to the discussion, noting that their participation was essential in order for the Council to deliberate in full knowledge of all viewpoints.

131. Many varied opinions had been expressed by members of the Council and, while no final decisions were foreseen at the current session on the many important issues raised in document DP/261, the Administrator said that he nevertheless detected a gradually emerging consensus on certain points. He stressed that the proposals in document DP/261 were premised on a system of full partnership with the specialized agencies and on the complementarity of their respective roles and that that premise underlay all his efforts to establish binding links of understanding and co-operation with the agencies. In fact, document DP/261 had been intended as a response to the concern expressed by many agencies, during the frank discussions held at the end of 1976, for more collective work on the substance of the Programme. The text had been revised substantially to reflect agency comments to the extent that their diversity would permit and, considering the short time available, he felt that few documents presented to the governing bodies of the United Nations system had been subjected to the same degree of consultation. The Administrator therefore welcomed the statement of the Director-General of one agency who also spoke for the Directors-General of two other agencies and who had said that his analysis of the situation broadly conformed with that of the Administrator. While the document focused principally on technical co-operation, UNDP recognized fully that the role of the specialized agencies went beyond technical co-operation and document DP/261 reflected that by incorporating a phrase used by the Director-General in commenting on the preliminary draft. The Administrator pointed out that, since UNDP's function was not only to raise money but also to effect social and economic development, the Programme needed no excuses for considering itself as a development agency, as had been suggested by one agency representative. He welcomed the view expressed by many members that UNDP had a substantive role to be carried out in co-operation, not in competition, with the agencies.

132. The Administrator noted that many members, both from developed and developing



countries, had stressed the need to give preference to the poorer among the developing countries and to ensure that benefits reached the most disadvantaged segments of the population, a concern which was inherent in the humanistic approach of the Programme described in document DP/261. He believed that those concerns could be met without detriment to either the universality of the Programme or the principle of national sovereignty. As one member had pointed out, there was no conflict between national priorities and policies aimed at social equity and alleviating poverty, and many developing countries had been emphasizing the importance of such policies long before those objectives were so widely recognized in international forums.

133. The Administrator noted that it had been suggested that, if development policies and priorities in country programmes differed substantially from the principles enunciated by the United Nations system, the Governments concerned should not expect to rely on the United Nations system for assistance in implementing such policies. Such an approach was not only incompatible with the 1970 Consensus, but also undermined the concept of the new international economic order. Nations differed not so much in their commitment to the eradication of poverty as in their perception of how to fulfil that commitment. UNDP should concentrate on exploring at the country level how best to tackle the complex problems of mass poverty and unemployment. Already the new country programmes were showing much greater emphasis on those aspects. UNDP was also collaborating actively in the ACC exercise on integrated rural development, and, if the Council so desired, more details on those activities could be presented at the next session.

134. The Administrator believed that the proposals for a more comprehensive system of evaluation, cross-fertilization and feedback of experience and ideas, and for the development of an institutional memory, responded to the Council's earlier expressed concerns for information on the quality and relevance of the Programme. He reassured several members that such a system would not lead to unadaptable or set models but should rather stimulate the spread of innovative ideas, avoid the repetition of costly mistakes, and separate those elements which were exportable and those which required modification to suit the particular requirements of each country. While recognizing the complexities of the task, he hoped to be able to respond to the concern of one member for evaluation of the impact of UNDP-financed technical co-operation. The Administrator noted that three themes for evaluation for the current year had been selected in areas in which the specialized agencies had shown particular interest, and UNDP would work closely with the agencies on those evaluations. He assured one member who had expressed reservations about UNDP becoming a repository of knowledge for the whole system that that proposal referred only to experience of technical co-operation. He noted that the proposal should not create any new bureaucracy, nor should it result in any substantial extra cost, since much could be achieved by redeploying existing human resources, particularly as a result of limiting the Council's sessions to one each year. However, he reminded the Council that no provision had ever been made in the budget for evaluation, despite the Council's continuing concern with that subject. The "service function" could also be exercised by using existing capacity, and he hoped that it could be agreed to extend the country programming system to other inputs, wherever the Governments concerned so wished.

135. Several members and representatives of specialized agencies had referred to the suggestion that an interagency task force should be established at UNDP headquarters and the Administrator assured members that he would pursue it during the forthcoming session of ACC. As for co-ordination at the country level, the

Administrator noted the consensus in the Council that such co-ordination was the prerogative of Governments, as was clearly stated in paragraph 109 of document DP/261. However, the responsibility of Governments could be facilitated by harmonious and consistent policies and practices from each of the components of the United Nations system and that would require concerted action at country, regional and headquarters levels. He noted the many suggestions which had been put forward on that subject and urged that the guidelines which the Council eventually would adopt would make fullest use of the UNDP field office network and enhance the role of the resident representative in accordance with the Consensus. He underscored the importance of appointing outstanding individuals as resident representatives, noting that he was upgrading standards wherever necessary.

136. The discussion on resources had been particularly encouraging in making progress towards a sounder funding basis for UNDP, the Administrator said. Many delegations had indicated their willingness to undertake multiyear funding, and a number had expressed interest in informal discussions designed to lead to more equitable sharing of the provision of resources for the Programme. He hoped to receive directives from the Council enabling the Administration to explore those possibilities further.

137. He had noted that many members had specifically stated that UNDP should continue to be either the central or the primary source of funds for technical co-operation in the United Nations system. Others had noted that, while the clock could not be turned back, they hoped that the proliferation of special purpose funds could be checked. He hoped that the final answer would reinforce UNDP in fulfilling its appointed role, and that UNDP would have access to special purpose funds or funds-in-trust in addition to its basic resources in order to respond better to some common global and regional concerns.

138. The Administrator stressed that the Council had embarked on a dialogue on the quality of the Programme which would be pursued at the Council's next session, in headquarters and the field offices of UNDP and in all dealings with Governments and partner agencies. All of those efforts would be greatly helped by the guidance of the Governing Council.

#### Decision of the Governing Council

139. Following consultations in an informal working group of the whole, a draft decision on the item was put before the Council for its consideration. At its 590th meeting, on 1 July 1977, the Governing Council adopted the following decision.

#### The Governing Council,

Taking note of the report of the Administrator on the role and activities of UNDP (DP/261) and of the observations made by members of the Council during the consideration of that item and noting also the observations made by the agencies in the Council's deliberations,

Noting with appreciation the extensive efforts of the Administrator to associate the Participating and Executing Agencies in the discussion of UNDP's role and activities,

Recalling the decisions taken by the General Assembly at its sixth and seventh special sessions calling for the establishment of a new international economic order,

Taking note that Governments, in national and international forums, have reiterated their commitment to accelerate the social and economic development of developing countries in order to eliminate injustice and inequality which afflict vast sections of humanity,

Emphasizing the need to expedite the implementation of the new dimensions as defined at its twentieth session as well as promoting TCDC,

Underscoring the importance of obtaining the resources necessary to meet the requirements of the IPTs for the second cycle,

Re-emphasizing that it is imperative that the resources of the Programme should be utilized for the maximum and efficient delivery of technical co-operation services,

Reiterating the concern expressed at its twenty-second session about improving headquarters and field co-operation and co-ordination within the United Nations system, including the role of the resident representative in accordance with the Consensus of 1970, and taking note in particular of the decisions of that session on the quality and relevance of the Programme,

Reiterating also the need to ensure an integrated and interdisciplinary approach to operational activities, particularly in the field,

Recognizing the need for continued development and strengthening of UNDP in order to improve the work of the Programme,

1. Reaffirms the validity of the Consensus of 1970;
2. Reiterates the sovereign right of Governments to determine their development priorities and objectives;
3. Adopts the following:
  - (a) Multilateral technical co-operation should be directed clearly and exclusively towards the goal of national and collective self-reliance of the developing countries;
  - (b) Technical assistance programmes of UNDP should be increasingly oriented to bring about tangible transfers of technology, skills and know-how to the developing countries;
  - (c) The conceptual goals of new dimensions and TCDC should be translated into operational and concrete programmes covering the range of priorities established by the developing countries;
  - (d) The Administrator should take all necessary measures to introduce more flexibility in UNDP to enhance its dynamism and effectiveness and to make the scope of activities and working methods of the Programme more responsive to the changing needs and priorities emerging from new economic conditions of the developing countries;
  - (e) UNDP and the specialized agencies should together explore, in active consultation with both donor and recipient Governments, how the United Nations

system can most effectively assist the developing countries in meeting their development priorities and objectives for technical co-operation, bearing in mind the need for increasing assistance for their priority programmes for the benefit of the poorer sectors;

(f) As the central funding body for technical co-operation in the United Nations system, UNDP should continue to mobilize resources for technical co-operation and manage them efficiently to respond effectively to the development priorities and objectives of the developing countries;

(g) In order to maximize the effectiveness of the technical co-operation operations of the United Nations system, the Administrator should, in full co-operation with the Participating and Executing Agencies, further develop existing functions of planning, appraisal and evaluation of operations of this kind carried out under UNDP programmes, to consolidate them into a comprehensive system of analysis and feedback, so as to ensure the optimal use of resources and a flexible system of programme management suited to each particular circumstance;

(h) The Administrator, in consultation with the Executing Agencies, particularly through IACB and its subsidiary organs, should continue to explore the possibility of harmonized financial, budgetary, personnel and planning procedures for the United Nations development system;

(i) Without prejudice to the universality of the Programme and its relevance to the needs of all developing countries, UNDP and the specialized agencies should continue their efforts to meet the special requirements of the least developed countries and the newly independent countries;

(j) UNDP should aim at further strengthening the universal character of the Programme by utilizing the experience and capacities of the greatest possible number of countries, in particular the developing countries, for technical co-operation in all its fields and geographical areas;

4. Invites the Administrator to continue discussions with the Executing Agencies with a view to improving substantive co-ordination of technical co-operation on the basis of the Consensus of 1970, and by means of:

(a) Progressive improvement of the country and intercountry programming process including, in particular, the implementation phase, for this purpose studying further the recommendations of the report of the Joint Inspection Unit in the light of the comments of members of the Council, the UNDP Administrator and Executing Agencies on this subject;

(b) Further improvement of co-ordination at the field level, with a view to strengthening the impact of the co-operation provided by the United Nations system in support of the development efforts of the developing countries taking into account the role of the resident representative as leading partner within the United Nations system at the country level as stipulated in the Consensus of 1970, endorsed by General Assembly resolution 2688 (XXV) of 11 December 1970;

(c) Where Governments so desire, in accordance with the Consensus of 1970, the expansion of the country programming framework;

5. Appeals to all Governments:

(a) To increase their voluntary contribution to the maximum, with a view to achieving and, if possible, even exceeding the over-all growth rate of 14 per cent on which the IPFs for the second cycle are predicated;

(b) To consider the possibility of giving indications of contributions over a multiyear period;

(c) To contribute to maintaining the coherence of the United Nations system by avoiding the creation of new technical co-operation funds within the United Nations system if such co-operation can be adequately undertaken by UNDP and, wherever feasible, by putting such existing funds within the framework of the United Nations Development Programme;

(d) To bear in mind the need for coherence in the United Nations development system as stated in General Assembly resolutions 2688 (XXV) and 31/171 of 21 December 1976 in their participation in the specialized agencies of the United Nations, including also their governing bodies;

(e) To provide that any additional resources which accrue to the programme over and above the projected resources for the second cycle should, by decision of the Governing Council in each case, be allocated either to the programme reserve to be used prudently for special and extraordinary purposes above IPF levels or, if required, to the operational reserve to protect against financial difficulties in the future; this should be without prejudice to the decision to be taken on the expert variance account deficit during the mid-term review;

6. Requests the Administrator:

(a) To invite, for informal discussions, interested Governments with a view to equitable sharing of the responsibility for providing resources for the Programme and to achieving, if possible, a multiyear financial basis for the programme, for planning purposes bearing in mind the voluntary nature of the programme resources, and the over-all flow of real resources for development assistance;

(b) To accept additional contributions for cost sharing and third-party cost sharing within given limits, prescribed in accordance with the relevant paragraphs of the report of the Budgetary and Finance Committee to the Council at its twenty-fourth session;

(c) To encourage the recipient Governments which are in a position to do so to achieve net contributor status by either increasing their contributions or forgoing their IPFs;

(d) To make every effort possible to reduce the administrative costs of the Programme, thereby making additional resources available for programmes and projects in the developing countries;

7. Requests the Administrator, taking into account the foregoing considerations, to prepare a report for the next session of the Council for further consideration of the role and activities of the United Nations Development Programme;

8. Invites the Economic and Social Council at its sixty-third session to give due consideration to this decision.

140. Following the adoption of the decision, a number of members made statements regarding the decision and their understanding of it. Some of these members stated that not all their views had been accepted during the drafting of the decision, but that they had joined the consensus in a spirit of compromise. One member expressed the view that the decision was well balanced and stated that it was the determination of members to increase the Programme's effectiveness that had resulted in the consensus. Another member stated that he had joined the consensus on the understanding that the decision would lead to a continuing and fruitful dialogue on the subjects which had been discussed during the debate.

141. One member stated that, while not being opposed to the wording of the decision, his Government could not accept some of the provisions of the Consensus of 1970 to which paragraph 1 of the decision referred. Another member indicated that the understanding of his Government on the central funding role of UNDP referred to in paragraph 3 (f) of the decision was that it should be seen only within the conceptual framework of the country programming exercise and that it should not be interpreted to mean that UNDP was the only technical co-operation funding body nor to mean that it was mandatory for all United Nations system inputs to be channelled through, or co-ordinated by, UNDP. Another member stated that that delegation's understanding of paragraph 3 (f) was as indicated in the French version of the text (which used the words "en tant qu'organisme central") rather than in the English version. The same member expressed a reservation about the use of the word "responsibility" in paragraph 6 (a). That member pointed out that contributions to the Programme were voluntary and indicated that while the Government of that delegation agreed that the Administrator should promote an exchange of views on the equitable sharing of the burden of financing the Programme it was not prepared to participate in informal discussions aimed at fixing contributions to the Programme. Referring to the same paragraph, another member stated that the total aid flow from countries belonging to the Organization of Petroleum Exporting Countries amounted to 3 per cent of their gross national product, while his own country's assistance to other developing countries was 8 per cent of its gross national product.

142. Another member referred to the question of coherence in the United Nations system. He reminded the Council of his observations at the twenty-second session of the Council and drew the Council's attention to that part of the report on the twenty-second session of the Council which reflected the views of several members in response to his own observation. 11/ Referring to paragraph 7 of the decision, another member stated that his Government understood that paragraph as in no way constraining the options and considerations available to the Administrator in preparing the report referred to in that paragraph.

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11/ See Official Records of the Economic and Social Council, Sixty-first Session, Supplement No. 2A, para. 155.

V. UNITED NATIONS SAHELIAN OFFICE AND ASSISTANCE TO DROUGHT-STRICKEN AREAS OF AFRICA AND ADJACENT AREAS

143. Under item 5 of its agenda, the Council had before it a report by the Secretary-General on the implementation of the medium-term and long-term recovery and rehabilitation programme in the Sudano-Sahelian region (DP/252 and Corr.1). Simultaneously with its consideration of the item, the Council considered document DP/275 and Add.1, which contained a systematic review of the assistance provided by UNDP, the United Nations system and other organizations to the drought-stricken areas of Africa and adjacent areas, as well as an assessment of the situation in those countries since 1975.

144. During the discussion, some members expressed the preference that the two reports (DP/252 and Corr.1 and DP/275) be presented as one unified document. In response to that, it was pointed out that document DP/275 was part of the Administrator's report on the drought problem in Africa, while document DP/252 and Corr.1 was a report of the Secretary-General on the work of the United Nations Sahelian Office in compliance with the relevant General Assembly and Economic and Social Council resolutions, including General Assembly resolution 31/180 of 21 December 1976.

A. UNITED NATIONS SAHELIAN OFFICE

145. The Director of the United Nations Sahelian Office (UNSO) introduced document DP/252 and Corr.1 which provided information on the work of UNSO in connexion with the rehabilitation and development programme of the Permanent Inter-State Committee on Drought Control in the Sahel (CILSS) and its member States - Cape Verde, Chad, the Gambia, Mali, Mauritania, the Niger, Senegal and the Upper Volta.

146. In his presentation, the Director described the objectives of the Office, its accomplishments in the mobilization of resources and the implementation of priority projects related to the objectives and the working relationships and methods of UNSO. The accomplishments included the activation of all 52 priority projects for which the CILSS had requested UNSO to mobilize resources and the financing of 44 of those projects, implementation of which was also under way. In addition, the original CILSS request for assistance had grown to 90 priority projects with an over-all cost of \$442 million, of which \$247 million had been assured, either bilaterally, multilaterally or by the United Nations Trust Fund for Sudano-Sahelian Activities, established by the Secretary-General for that purpose. Of the \$247 million, the Trust Fund was providing \$44 million for 27 priority projects executed by the relevant specialized agencies of the United Nations under the supervision of UNDP and with the over-all co-ordination of UNSO.

147. With regard to working relationships and methods, the Director emphasized a number of points. Among them was the maintenance of essential contacts with three groups: the CILSS and its member States, the donor community and the organizations in the United Nations system. In using Trust Fund financing, UNSO strived to encourage the flow of additional resources by the use of seed money,



by participating in joint financing, and by covering local and recurrent costs, as desirable. UNSO required detailed and comprehensive project documentation to facilitate full collaboration by all parties concerned and the preparation of follow-up reports to donors. The Director pointed out that the mechanism offered by UNSO had resulted in some excellent examples of multilateral co-operation. Project implementation was often expedited by arranging, as feasible, for simultaneous rather than sequential action. The Director stated that close and continuous collaboration on project planning and implementation with CILSS and its member States was of absolute importance to UNSO operations.

148. UNSO's main guiding principles in carrying out its mandate were to achieve optimal involvement of CILSS and its member States in the design and implementation of priority projects, to report comprehensively to donors on the disposition of their contributions to the Trust Fund, to co-ordinate fully with the United Nations system and other interested parties concerned with the rehabilitation and development of the Sahelian region, and to exercise prudence in the management of the Trust Fund.

149. The Director of UNSO concluded by reaffirming the continuing role of his Office in assisting CILSS and its member States in the rehabilitation and development of the Sudano-Sahelian region.

#### Summary of discussion

150. Referring to document DP/252 and Corr.1 and the statement of the Director of UNSO, members of the Council expressed appreciation for the comprehensiveness and the clarity of both the report and the complementary statement. Repeated recognition was also given to the achievements of UNSO in assisting the Sahelian countries. Several members urged that UNSO expand its work to include the development of an infrastructure which would allow the Sahelian countries to sustain their own growth in the future.

151. A number of members emphasized the great value of the mechanisms and procedures of UNSO in serving as an intermediary to bring together sources of assistance and the recipient countries. They strongly favoured the continuation of UNSO as a catalyst and expeditor of programme planning and project implementation, in collaboration with CILSS and its member States.

152. In favourably citing UNSO's working methods, a number of representatives expressed appreciation for the flexibility of the United Nations Trust Fund for Sudano-Sahelian Activities which served to encourage the flow of additional resources into the Sahel. One member stressed the point of UNSO's effective working methods by stating that UNDP should keep the UNSO model in mind when it became more involved in special funding operations in the future.

153. Some members noted favourably the efforts of the Club des amis du Sahel to direct attention to the continuing needs of the Sahel and to assist the Sahelian countries in the elaboration of a development strategy and the implementation of projects. Comment was made on the need to do more work on a coherent development strategy, including the establishment of priorities.

154. Representatives of the Sahelian countries stated that their respective



Governments were most appreciative of the efforts and achievements of UNSO in its role of assisting the Sahelian countries in their rehabilitation and development programme. They expressed their gratitude for the strong interest of the Secretary-General and the Administrator and asked that that support be continued. They also requested the international community to continue and increase its assistance either bilaterally or through UNSO.

#### B. ASSISTANCE TO DROUGHT-STRICKEN AREAS OF AFRICA AND ADJACENT AREAS

155. The Assistant Administrator and Regional Director for Africa presented document DP/275 and Add.1 and directed his remarks to certain points therein.

156. The Assistant Administrator stated that, although the effects of drought over-all in the hardest-hit countries in the Sahel, Ethiopia and Somalia had diminished somewhat, they had not disappeared. In fact, new pockets of drought had developed in countries such as Ethiopia. However, because of preparedness measures previously taken, it was proving relatively easy to organize assistance to the drought-stricken areas. The drought continued to adversely affect the economies of the countries concerned, as testified by a major shortage of cereals and by the fielding of evaluation missions on food needs in those countries. In addition to Ethiopia, Somalia and the countries of the Sahel, the Assistant Administrator stated that a number of other African countries were experiencing great difficulties because of drought. Paragraphs 110 to 128 of document DP/275 covered the situation in 11 such countries.

157. The Assistant Administrator stressed the difficulty of cataloguing the aid received by the various African countries in connexion with the medium and long-term programmes related to the drought situation. The reason for the difficulty was that that information had to be provided by the recipient countries, and it proved not to be comprehensive. Furthermore, it was very often difficult to distinguish between emergency relief assistance and medium and long-term aid.

158. The Assistant Administrator called attention to UNDP-assisted programmes of lake and river basin development in the Sahel which would contribute significantly to the solution of drought-related problems in that part of Africa. The support given to the programme by Canada, France and the United States, which had joined forces with UNDP in multi-donor ventures, had served to give it further momentum. The Assistant Administrator had been asked to present the programme at the second meeting of the Club des amis du Sahel in Ottawa.

159. The Assistant Administrator concluded his presentation by making reference to the very close co-operation between UNSO and UNDP. Under the modalities of their collaborative effort, UNSO mobilized resources and UNDP assisted UNSO in assessing, implementing and monitoring projects, using the expertise of the Executing Agencies and applying flexible approaches to those activities. He pointed out that the UNSO mechanisms provided a possibility for participation in rehabilitation and development projects for donors who could not or did not wish to implement projects they were funding. Such donors, working through UNSO, could make use of the full range of United Nations machinery under UNDP supervision. The Assistant Administrator noted in that respect that UNDP resident representatives in the Sahelian countries were equally as concerned with UNSO projects in their countries of responsibility as they were with projects financed by UNDP.

### Summary of discussion

160. A few members acknowledged the remark contained in document DP/275 that the report did not fully comply with the request made by the Council at its twenty-second session for a comprehensive picture of the situation. In particular, some members stated that the report did not fully reflect the extent of the assistance which their Governments had rendered to the drought-stricken regions. None the less, document DP/275, considered in juxtaposition to document DP/252 and Corr.1 was deemed to offer a highly informative statement of assistance activities in connexion with the drought in Africa. The suggestion was made that future reports on the subject should attempt to close the information gaps noted in document DP/275.

161. A number of representatives gave an account of the assistance provided by their respective Governments in various drought-stricken countries.

### Observations of the Administration

162. Responding to the remarks about the insufficiency of some information provided in document DP/275, the Assistant Administrator stated that the Administration was caught between using data provided by recipient Governments and trying to collect information from all sources. For the next report, information would be sought from recipient as well as from donor countries.

163. Replying to a question about the quality of the strategy prepared by the Club des amis du Sahel, the Assistant Administrator indicated that the second meeting of the Club endorsed the strategy although it was felt that the strategy should be refined. Additional work was expected to be undertaken with a view to addressing such issues as intersectoral coherence, the energy shortage, the role of women, and modalities of implementation of the strategy. Some of the teams established by the Club Working Group should also complete their work.

### Decisions of the Governing Council

164. At its 580th meeting, on 24 June 1977, the Governing Council took note of the report of the Administrator on assistance to drought-stricken countries in Africa and adjacent areas, as well as of the views expressed during the discussion of the report.

165. At its 584th meeting, on 27 June 1977, the Governing Council adopted the following decision.

#### The Governing Council,

Recalling the relevant resolutions of the General Assembly and the Economic and Social Council, particularly General Assembly resolutions 3253 (XXIX) of 4 December 1974, 3512 (XXX) of 15 December 1975 and 31/180 of 21 December 1976 and Economic and Social Council resolution 1918 (LVIII) of 5 May 1975,

Considering that the nature and scope of the needs of the countries of the Sudano-Sahelian region make it necessary for the international community to continue

and to strengthen its solidarity action to support the recovery efforts and economic development of those countries,

Noting with satisfaction the important role played by the United Nations Sahelian Office in helping to combat the effects of the drought and to implement the medium-term and long-term recovery and rehabilitation programme adopted by the States members of the Permanent Inter-State Committee on Drought Control in the Sahel,

Expressing appreciation for the results of the efforts of the United Nations Sahelian Office to mobilize the necessary resources to finance priority projects identified by the Permanent Inter-State Committee on Drought Control in the Sahel and its member States,

Having examined the report of the Secretary-General on the implementation of the medium-term and long-term recovery and rehabilitation programme in the Sudano-Sahelian region (DP/252 and Corr. 1),

1. Takes note with satisfaction of the report of the Secretary-General on the efforts made to implement the medium-term and long-term recovery and rehabilitation programme in the Sudano-Sahelian region;

2. Congratulates the Administrator on the accomplishments of the United Nations Sahelian Office and its work methods;

3. Expresses its profound gratitude to the Governments, United Nations bodies, intergovernmental organizations, private organizations and individuals that have contributed to the implementation of the medium-term and long-term recovery and rehabilitation programme drawn up by the States members of the Permanent Inter-State Committee on Drought Control in the Sahel;

4. Urges all Governments, United Nations bodies, intergovernmental organizations, private organizations and individuals to continue to respond favourably either bilaterally or through the United Nations Sahelian Office or any other intermediary, to the requests made by the Permanent Inter-State Committee and by the Governments of the Sudano-Sahelian countries;

5. Requests the United Nations Sahelian Office to continue its close co-operation with the Permanent Inter-State Committee and its efforts to ensure co-operation and co-ordination between the United Nations programmes and bodies with a view to the implementation of medium-term and long-term assistance programmes;

6. Also requests the Administrator to continue to report to the Governing Council on the implementation of the rehabilitation and development programme in the Sudano-Sahelian region.

## VI. UNITED NATIONS VOLUNTEERS

166. Under item 6 of its agenda, the Council considered a report of the Administrator on the United Nations Volunteers (DP/269).

167. In his introductory statement, the Administrator stated that he was deeply interested in the activities of the United Nations Volunteers. He recognized that there might not be sufficient awareness about the concept of the Volunteers in UNDP, executing agencies and among Governments. He stated that the Volunteers presented a potential for a significant extra measure of assistance to developing countries, particularly to the neediest. Apart from providing assistance at low cost, the Volunteers fulfilled broader objectives in an efficient way. Least developed countries and newly independent countries were the major recipients of the Volunteers' assistance while the Volunteers programme gave real expression to the concept of technical co-operation among developing countries (TCDC) as evidenced by the fact that 60 per cent of total volunteers came from developing countries. Noting that 30 per cent of volunteers were women, he said that, because of its special nature, the Volunteers programme was highly successful in integrating women in development projects. Commenting on the recent resolutions by the General Assembly endorsing formally the Volunteers' participation in the field of youth and domestic development services, the Administrator said that it was especially important to help developing countries build their own programmes for youth training and self-operated development machinery.

168. The Administrator expressed particular concern about the financial viability of the Volunteers programme. He emphasized that the recommendations in his report were designed to give the Volunteers programme breathing space for a further period until a major part of its costs could be shifted to indicative planning figures (IPFs) at a later stage. By that time, the programme would have consolidated its activities and gained broader acceptance among Governments. He urged Governments to increase their contributions to the Special Voluntary Fund.

169. In conclusion, the Administrator announced that the Co-ordinator, Mr. John Gordon, would be leaving his post to take up new responsibilities in the field as a UNDP Resident Representative and commended him for his contribution. He named Mr. Hikmat Nabulsi as the successor to the Co-ordinator's post as from 1 July 1977.

170. In elaborating on the Administrator's introductory remarks, the Co-ordinator referred to General Assembly resolutions 31/131 and 31/166 on the Volunteers' role in the field of youth and domestic development services. He described the precise nature of activities in that field and reported on major developments and programmes which were initiated under the Volunteers programme.

171. Commenting on document DP/269, the Co-ordinator said that the findings were based on questionnaires. They proved that the vast majority of UNDP resident representatives, chief technical advisers of projects and executing agencies with experience of United Nations Volunteers were most pleased with the performance of Volunteers while the Volunteers themselves felt that their jobs were both useful

and satisfying. However, certain difficulties were also brought to light in the operations of the programme, arising mainly from unsatisfactory placements, unsuitable assignments and slow recruitment and clearance procedures.

172. On the question of financial arrangements, the Co-ordinator noted that the decision of the Council at its twenty-second session to shift the funding of Volunteers to the IPFs of the least developed countries by 1979 had resulted in a standstill in the numerical growth of the Volunteers. Certain new project approaches were introduced to ease the funding problem, but it was found that the strain on the IPFs of many of the least developed countries into 1979 and 1980 was underestimated. It was clear that, if the programme was to be maintained and expanded, bridging arrangements would need to be extended to cover a larger period. Responses to the questionnaires had indicated that, although the Volunteers were attractive on the cost side when compared to experts, they could not compete with bilateral volunteers or associate experts who were provided at no charge to the IPF. It was for that reason that the Administrator had made specific recommendations in paragraph 76 (e) of the evaluation report to gain more time and overcome the current difficulties. He considered it essential that the programme received that minimum guarantee of financing if it was to realize its potential and maximize the impact of its placement of qualified young people in the least developed countries.

#### Summary of discussion

173. Members speaking on the item commended the report by the Administrator for providing an objective assessment of the United Nations Volunteer programme operations. It was noted that the report had effectively clarified both the positive and negative aspects surrounding the operations of the programme.

174. There was broad satisfaction that certain of the basic goals set out for the programme were being met. Some members noted that the report confirmed the viability of the programme, despite the difficulties experienced by it, and thus deserved the full support of the Council. In that connexion, it was stated that after a relatively short existence, the programme was well on its way to providing an important new source of manpower for development projects by providing young, technically qualified persons of many nationalities willing to serve and share their experience and expertise with others.

175. Several members commented favourably on the findings of the report relating to the high level of professional qualifications of the Volunteers and the useful contribution rendered by them in meeting development objectives. It was observed that the qualifications which United Nations Volunteers brought were not just technical but also included a high level of commitment, enthusiasm and flexibility. Based on the first-hand experience of his country as host to the largest number of United Nations Volunteers serving in any country, one member said that they were impressed with the accomplishments of those committed young technicians. Their dedication and willingness to work at the grass-roots level had set a fine example, while they had also been effective in filling the gaps faced by his country in middle- and intermediate-level manpower.

176. Among other developments, members expressed particular support for the growing

number of qualified and experienced Volunteers recruited from developing countries. In that context, it was observed that the Volunteers programme was one of the few which offered possibilities for younger qualified persons in developing countries to participate in the development activities of other developing countries. The large proportion of Volunteers from developing countries provided one of the best examples of TCDC at a practical level. The programme's concentration of placements in the least developed countries was also seen by some members as a positive factor. A few members remarked that equally noteworthy were the successful placement of United Nations Volunteers in essential development sectors and the broad range of projects in which they were involved.

177. One member stated that his Government favoured expanding the size, scope and contribution of the programme for the over-all benefit of multilateral technical assistance programmes. The Volunteers programme should be seen as an effective and relatively inexpensive resource for the accomplishment of development programmes. He added that, if properly chosen and effectively prepared, the United Nations Volunteers could fulfil many of the needs for which highly paid senior experts were being recruited.

178. Noting that the scale of operations of the Volunteers programme had not reached the original expectations or the Governing Council targets, another member suggested that the programme's highest priority should be to overcome difficulties, so that the developing countries could have the benefits of a much larger number of volunteers. On the other hand, however, one member claimed that a rapid increase in the number of United Nations Volunteers would prove fatal and counter-productive if at the same time the quality of the Volunteers themselves, their backstopping and their placement were not maintained. He stated that if the Volunteers maintained high quality in delivery, there would be no need to worry about any reluctance on the part of Governments of developing countries to request their assistance, even if it had financial implications.

179. There was a divergence of opinion in the discussions on the modality for financing the Volunteers' in-country costs. Several members were able to support the Administrator's recommendation for the funding of Volunteers in the least developed countries from the Special Measures Fund, as well as through a special allocation of \$1 million from UNDP resources for the second cycle and by the continuing use of the Special Voluntary Fund. In support of these proposals, two members noted that the decision taken at the twenty-second session of the Council to utilize IPFs for in-country costs had restricted the growth of the programme in their countries. Any decision to absorb volunteer costs from their limited IPFs involved a difficult choice for them, resulting in sacrificing one project for another.

180. Certain other members, while favouring the principle of IPF funding in the long run, supported the Administrator's recommendation as a temporary solution to overcome the difficulties facing the programme. One member expressed the hope, however, that Governments would simultaneously accept the utilization of IPFs for a steadily rising number of Volunteers. Another member was able to accept an allocation of \$1 million during the second cycle, as well as the use of the Special Voluntary Fund until 1982, but expressed certain reservations about reliance upon the Special Measures Fund which, in his view, was not designed to sustain long-term operations.

181. Certain members expressed stronger misgivings about reversing the Council's

earlier decision to phase the financing of in-country costs on to IPFs by the end of 1978. They maintained that, for the proper integration of United Nations Volunteers into the UNDP system, it was essential that in-country costs be charged to IPFs in the same way as other integral inputs. It was claimed that support of Volunteers' activities from extraneous and separate sources would set it apart from normal programming and would thereby perpetuate United Nations Volunteers as additions to technical assistance rather than as an essential and integrated element in the transfer of technology. It was also stated by one member that the principle of IPF funding was important for the purposes of ensuring the genuine support of the recipient countries - that they see the Volunteers as a valuable and worth-while use of the development assistance funds which were placed at their disposal.

182. While accepting financing from the [Special Measures Fund] and the Special Voluntary Fund, some members expressed hesitation at accepting the proposal of earmarking \$1 million for each of the years 1978-1981. Another member had similar reservations about the allocation of \$1 million, as well as the use of the Special Voluntary Fund for meeting in-country costs in the least developed countries. He believed that the resources of the Fund, which were not likely to increase substantially, should be utilized to finance recruitment costs of candidates from developing countries - in keeping with the Fund's original purpose - and to fund youth and domestic development service activities. Yet another member proposed that the funds available from UNDP resources should be progressively reduced so that \$1 million would be provided for each of the years 1978 and 1979 declining to 50 per cent of that level in 1980 and to 25 per cent in 1981, following which no further funds would be provided. The same decreasing formula would apply to the use of the Special Voluntary Fund which would be available for financing for the second cycle.

183. On the question of recruitment, some members expressed the hope that some of the difficulties mentioned in the report would be surmounted in the future. They experienced particular problems regarding the late distribution of the vacancy reports, which were sometimes out of date upon receipt, the late reaction to nominations and the delays in the clearance of candidates, factors which caused the loss and withdrawal of candidates.

184. Some members observed that the role of United Nations Volunteers in the United Nations technical assistance system had not been resolved satisfactorily. That ambiguity was especially apparent in the comparisons between United Nations Volunteers and associate experts. Some members expressed the hope that the problems of competition between associate experts and Volunteers would also be examined in the context of the in-depth study on the role of experts in development assistance to be undertaken by the Joint Inspection Unit. 12/

185. One member suggested that additional information on the extent of Volunteer placements in grass-roots level activity would be most welcome in future.

186. One member announced that his Government would be donating, subject to Parliamentary approval, a sum of DM 300,000 to the Special Voluntary Fund as a supporting measure.

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12/ See paras. 312-323 of the present report.



### Observations of the Administration

187. The Assistant Administrator, Bureau for Special Services, informed the Council that no disagreement could be detected over the ends being sought, namely a dynamic and vital United Nations Volunteers programme funded as fully as possible from IPFs. Differences in views had arisen solely with regard to the means for assuring the financial stability of the programme in the interim period between the present time and the end of the current development cycle. Consultations had led to the development of a plan which the Administrator, in spite of the many uncertainties surrounding the programme, was able to accept as a basis for action. The Administration would enter into active consultations immediately with all parties concerned - including Governments, specialized agencies, and resident representatives - with a view to encouraging the maximum possible funding of Volunteers from IPFs. Since the Council annually considered the status of the programme in depth, it would be possible to monitor progress regularly and to consider any necessary adjustments in a timely way.

### Decision of the Governing Council

188. At its 589th meeting, on 30 June 1977, the Governing Council adopted the following decision.

#### The Governing Council,

Taking note of the Administrator's report on United Nations Volunteers (DP/269) and of paragraphs 94 to 98 of the Administrator's annual report (DP/255), and the comments thereon by members of the Council,

Recognizing the importance of employing the most suitable personnel for the achievement of specific objectives as well as the need to make maximum effective use of all resources in order to enhance the assistance available to developing countries,

Convinced that the use of Volunteers can add a valuable extra dimension to development projects,

Realizing that the long-term advantages of Volunteers may not be fully appreciated by all recipient countries,

Recalling its decision at its twenty-second session concerning the future financing of all volunteer in-country costs from country IPFs,

Recognizing, nevertheless, that financing outside the scope of country IPFs may be required for a limited period of time to maintain the viability of the programme in the least developed and newly independent countries,

1. Calls upon the Administrator to increase efforts to publicize the value of volunteer contributions and to explain to prospective recipient countries the technical, practical and economic advantages of their involvement in country projects;

2. Urges the Administrator to integrate Volunteers to the fullest extent practical in the formulation of country projects, bearing in mind the desirability of careful selection of candidates and the appropriateness of individual assignments;



3. Reaffirms its decision at its twenty-second session that all volunteer in-country costs should be financed from country IPFs;

4. Further decides that this shall take full effect from 1 January 1982;

5. Requests the Administrator to encourage the funding of the Volunteers programme increasingly from country IPFs;

6. Approves, as a practical means of moving toward such financing without jeopardy to the continued growth of the programme:

(a) The inclusion of in-country costs for Volunteers in projects funded from the Special Measures Fund for the least developed countries, if so requested by the recipient country concerned;

(b) The utilization from regular UNDP resources up to \$1 million in 1978, \$750,000 in 1979, \$500,000 in 1980 and \$250,000 in 1981 for the funding of in-country volunteer costs in the least developed and newly independent countries;

(c) The continued use until 1 January 1982 of the Special Voluntary Fund at a declining rate and without jeopardy to its specified purposes, to meet in-country costs of Volunteers in the least developed and newly independent countries;

7. Calls upon the Administrator, consistent with the needs and requests of developing countries, to enhance the scope and enlarge the size of the United Nations Volunteers programme through imaginative employment of this source of technical expertise;

8. Appeals to Governments to take into account the growing number and widening scope of the United Nations Volunteers activities and, consequently, to consider contributing, or increasing their contribution, as the case may be, to the United Nations Volunteers Special Voluntary Fund.

VII. UNITED NATIONS REVOLVING FUND FOR NATURAL RESOURCES  
EXPLORATION

189. For its discussion of item 7 of the agenda, the Council had before it the following documents:

(a) The report of the Administrator on the United Nations Revolving Fund for Natural Resources Exploration (DP/249);

(b) The report concerning feasibility studies by the Fund (DP/258).

Introduction by the Director

190. In his introductory remarks to the Council on item 7, the Administrator stressed his personal interest in and support for the work of the United Nations Revolving Fund for Natural Resources Exploration which was ably led by its Director and his staff. Despite their concerted efforts, however, it was not possible to be satisfied with the Fund's progress to date. The Fund's role lacked widespread understanding among Governments. Its operations were hampered by seasonal problems and by operating procedures wholly different from those of UNDP. None the less, he was hopeful that Governments would both continue to support the Fund and avail themselves of its capabilities. Operating with resources totalling \$18 million, the Fund had four approved projects under way and eight more in the pipeline.

191. The Director of the Fund then explained that document DP/249 had been submitted, as required, to the Committee on Natural Resources of the Economic and Social Council and that, for its next meeting, the Committee had requested a fuller analytical and more technically oriented report and assessment of the Fund's operations. Although the Administrator was not recommending approval of any new projects at the current session, there was mounting activity at the pre-project stage. None the less, the growth of the Fund's work was being hampered by inadequate understanding of the Fund's role at the field level, particularly among countries which did not participate in the Fund's establishment. Extensive efforts had been made to brief Governments and UNDP field offices on the services of the Fund but, because of the complexities involved in mineral resource exploration, a dialogue with Governments had been difficult to maintain.

192. The Director went on to say that some progress was being made. Since the preparation of document DP/249, one project for the exploration of copper and gold in Panama and another for the exploration of base and precious metals in Argentina had been elaborated. In addition, detailed evaluatory missions had been undertaken in Cyprus, Egypt, Liberia, Panama and the Upper Volta. Initial appraisal missions were also completed in Afghanistan, Yemen and Greece; and in Madagascar and Uruguay. IAEA was co-operating with the Fund. A project in Ecuador, approved by the Council at its twenty-second session, was approaching a point of planned completion of the "minimum work" period, and thereafter its future would have to be assessed and decided. Technical details could not be disclosed, but progress in underground work actually exceeded expectations, thanks mainly to the efforts of locally recruited

expertise. That was not to say that many detailed problems had not arisen. There had been procedural difficulties with respect to equipment procurement and worse-than-expected underground rock conditions had been encountered, calling for flexibility and urgent action. The slumping of the ground around tunnel entrances had required emergency measures. Such difficulties were none the less overcome, and the project progressed as scheduled. He informed the Council that the Government of Ecuador was satisfied with the work of the Fund and was making inquiries for a second project in the country.

193. A second project was due for scheduled implementation in the Sudan, where harsh geographical and logistical conditions could cause more problems than actual exploration itself. The Director was confident that with government and UNDP field office support, those difficulties could be overcome. As more such experience was gained, procedures would be adjusted to suit conditions.

194. The Director stressed that exploration for natural resources was an exceedingly high risk venture. Of 1,000 properties examined and 78 explored among these by a major mining company over 40 years, only seven proved profitable enough to return investments. In one country, \$30 million in exploration expenditures were required to find one producing mine. Those were some of the reasons underlying the Fund's establishment. No other organization had either objectives or mandates similar to the Fund. Exploration at its own risk with expectation of future income based on production by third parties was indeed a unique concept.

195. Another unique aspect of the Fund was that its work was confined to exploration, while most other organizations in the field proceeded to further stages of development. It was for that reason that the paper on feasibility studies had been prepared, though it concluded that the Fund should first concentrate on operational experience and the fulfilment of its basic principles before proceeding to other services. None the less, resource development had to be considered as an integrated whole, and exploration policy could not be decided in isolation of the financial and institutional arrangements, mine development, plant construction, product marketing and so forth which comprised the whole picture. In that sense, to be more effective the Fund would have to define its place properly in the world-wide resources development system.

196. There were other factors limiting operations. In some countries, the first requirement was for a regional geological survey, but since the Fund could only engage in exploration per se such surveys could not be undertaken. In other countries promising areas had been conceded to mining organizations, and project agreements were proving difficult to negotiate because of the complicated, interlocked concessional rights. The Administration would now begin a full analysis of its experience in all those matters with the aim of improving the basic rules of the Fund, designed to make it a more useful and universal tool for collective risk taking by developing countries.

#### Summary of discussion

197. Various members expressed appreciation for the Director's statement and spoke of their confidence in the Fund's management and progress to date. Several made renewed pledges of financial support.

198. It was agreed that the basic aims of the Fund were sound, that its principle of collective risk taking was uniquely beneficial and that the potential existed to make the Fund a major instrument in promoting self-reliance in developing countries. Some members noted with satisfaction the signs of growing interest in the Fund among developing country Governments. One member said that, while he would have appreciated some new project proposals at the session, he was none the less impressed with the mounting volume of pre-project activity. The large number of pre-project studies undertaken in the Fund's first two years had benefited the countries concerned even when project proposals were not forthcoming. Another member praised the work of the Fund in the face of its wholly new and revolutionary character. He was not concerned or depressed by the slow evolution of its initial operations, since that had been expected. Time was required to give the Fund a perspective on its activities and problems and to prove its mandate. The important point was that good judgement had been exercised to date and progress was apparent.

199. Some members expressed concern about various factors inhibiting the Fund's work. The Fund was having difficulties in making its operations attractive. Its existing guidelines might be restricting, and in one member's view they should be under continuous review. Another member noted that contributions to the Fund were now accumulating, indicating that the Fund was not gaining full receptivity among developing countries. Out of 82 developing countries contacted, another pointed out, only four projects had emerged, although eight more were in the pipeline.

200. Several members expressed particular concern over a lack of interest in the Fund among potential beneficiaries. There were two reasons for that, as one member saw it: first, conditions for the Fund's replenishment were rather harsh; second, the Fund itself had to exercise extreme caution in evaluating projects because of its limited resource base. What was required, another member said, was greater flexibility in the Fund's terms of reference. A broader base of financial support would also help. One member suggested that when the Fund actually began to be replenished as originally conceived, its success would spread quickly to other countries.

201. One member said the Council should itself make a greater effort to help the Fund overcome its problems. Careful consideration of any basic changes in its operating modalities were required. It would be premature to redefine the Fund's role now; but his delegation would welcome an exploratory study by the secretariat, to be considered at the twenty-fifth session. The study should include, among other things, the possibility of conducting feasibility studies in some exceptional cases, the question of greater flexibility on replenishment terms and, more generally, ways and means of better fitting the Fund into the world-wide resource development system.

202. Several members spoke in support of that suggestion. Some made the point that it was premature to expand the Fund's role at that time, until it had better consolidated its operations and current mandate. One member asked that the proposed study also cover an analysis of the threshold of resources and operations beyond which only feasibility studies as well as exploration for non-mineral resources might be undertaken. The same member also requested an analysis of

efforts made and contemplated to tap technical capabilities in developing countries for Fund-supported projects. Another member said his delegation was cool to any revision of the Fund's terms of reference as proposed, since in any case they were required to be reviewed in June 1979.

#### Observations of the Administration

203. Responding to the discussion, the Fund's Director said he had been encouraged by the statements made and the pledges of continuing financial support. The suggestions and guidance offered would be borne in mind in the Fund's future work. He was determined to push projects through the pipeline and obtain more project approvals. He thanked members for their support.

#### Decision of the Governing Council

204. At its 586th meeting, on 28 June 1977, the Governing Council took note of the reports by the Administrator on the United Nations Revolving Fund for Natural Resources Exploration and of the views expressed during the discussion of item 7.

### VIII. UNITED NATIONS CAPITAL DEVELOPMENT FUND

205. Under item 8 of its agenda, the Council had before it for consideration the annual report of the United Nations Capital Development Fund for 1976 (DP/251, parts I and II). Part I of the report dealt with the new approaches to international capital assistance practised by the Fund, as well as its operations and administration. It also included annexes on the status of contributions to the Fund, its financial statements and procurement procedures. Part II provided data on approved and proposed projects and also contained a project implementation report.

206. Introducing the item, the Administrator expressed his personal interest in the operation of that special activity under the aegis of UNDP, and drew the Council's attention to the Fund's remarkable growth over the preceding few years. Total pledges were approaching the \$50 million mark, the Council was informed, with \$15 million being pledged in the preceding year alone. The Administrator said that he took great satisfaction from the fact that the Fund was designed to meet the basic needs of the poorest segments of populations in the developing countries. He expressed his confidence that the Fund's resources would continue to be put to use promptly and fully each year, so that donors could rest assured that their contributions would be well utilized.

207. The Executive Secretary of the Fund, in introducing the annual report for 1976, gave a brief overview of the Fund's unique role in development operations. Although created some 10 years earlier, the Fund had only two full years of operational activity behind it, the Council was reminded. Referring to one of the most basic problems of the development process, namely that of having the poorest people benefit from any economic progress achieved, the Executive Secretary said that the Fund was responding to the problem and had found ways of reaching the poor quickly and in a manner they understood. He said, further, that the benefits realized from the Fund's activities were felt directly.

208. UNDP's extensive field establishment was identified by the Executive Secretary as one of the Fund's basic strengths. It allowed for many small-scale activities to be developed, implemented and monitored on the spot. A number of successful operations were referred to. Although no operational failures had been recorded as yet, the Executive Secretary reported, these could be expected since the Fund worked in the most difficult areas of some of the poorest countries. He acknowledged, however, that one of the Fund's weaknesses was its failure to impress others with its ability to provide a special kind of expertise and support.

209. Highlighting some of the data contained in the annual report, the Executive Secretary informed members that in its second full year of operations the Fund was supporting 61 projects in 23 countries at a cost of \$44.5 million, as compared with 28 projects in 12 countries at a cost of \$20 million in 1975. He said also that the Fund was now being supported by contributions from 62 Governments of which 57 were those of developing countries. He alluded to that as a kind of operational example of the TCDC concept. The Executive Secretary reported that there were almost no outstanding pledges and, further, that arrangements had been made to make use of non-convertible currencies.

210. The Fund had experienced much co-operation with other organizations and institutions such as the World Bank, the Asian Development Bank and the Arab Fund, and was also linked to several bilateral programmes. The Fund's rate of disbursement of 44 per cent was regarded as satisfactory since it was comparable with those of larger, longer-established institutions, and six to seven years ahead of many similar organizations. The Executive Secretary concluded his remarks by emphasizing that, statistics notwithstanding, the crucial test for the Fund was the effect of its activities on the people to whom it provided assistance. One of the Fund's most important aspects, the Executive Secretary said, was its monitoring procedures through which it attempted to assess the actual benefits realized by the people in any given area of the Fund's activities.

#### Summary of discussion

211. Without exception, members of the Council addressing themselves to the subject expressed their satisfaction with the progress achieved by the Fund, and warmly endorsed both its aims and the operational methods it had adopted. Particular note was taken of the encouraging growth in the Fund's resources and of the fact that the bulk of its supporters were the developing countries themselves. Many members expressed the hope that the initial success of the Fund's operations would encourage more Governments, particularly those of the developed countries, to contribute to the Fund in the near future. Several members announced that, based on the Fund's activities to date, their Governments intended to continue their support. One member urged that a greater effort be made to explain persuasively the Fund's unique role in the development process for the purpose of stimulating greater financial support. Another member stated that, though the contribution of his Government was small, he was pleased that it was being fully utilized.

212. Two members described some of the Fund's activities in their respective countries and expressed their full support for continued operations of a similar nature. Virtually all members emphasized the importance they attached to the orientation of the Fund for the benefit of the poorest segments of populations, and several voiced their satisfaction with the number of activities undertaken jointly with other agencies and organizations. Several members referred to such specific activities as support for low-cost housing, for rural water supply and for small-scale industry as being of particular value and interest. One member singled out the principle of non-intervention in the internal affairs of host countries for special commendation.

213. One member expressed some concern over the seemingly slow rate of disbursements and wondered whether improvement in that aspect of the Fund's operation could be foreseen. He also expressed the view that, with many of the Fund's projects undertaken over the preceding two years nearing completion, more attention could be given to evaluation of results. Another member queried whether more staff would be required if the Fund grew to the point of being able to commit as much as \$50 million annually and whether that would have a pronounced effect on the administrative cost ratio. She also questioned why the procurement procedures had to be so detailed as to require five different types of procedure and how it was decided which procedure was to be followed in each given case.

### Observations of the Administration

214. The Executive Secretary of the Fund expressed his appreciation for the statements of support and encouragement made during the discussion and pledged that the Fund would continue to operate in the most efficacious and beneficial way possible. Referring to some of the specific points raised, he said that the Fund had disbursed \$5.8 million in 1976 as compared to \$305,000 in 1975. The 1976 disbursement ratio of 44 per cent compared favourably with that of other institutions with more years in operation. Regarding detailed implementation reviews in future reports, the Executive Secretary stated that these would certainly be included as more projects were completed, especially since the Fund regarded the quantitative measurement of benefits directly and immediately realized by the poor through Fund assistance as an integral part of its work. In that connexion, he mentioned that a procedure based on key monitoring indicators would be employed.

215. The Executive Secretary also stated that larger resources would require more staff, but that the overhead costs would not go beyond 2 per cent since the UNDP field establishment could easily support the work of several large financial institutions. The different kinds of procurement procedures were required because of the widely differing kinds of purchasing done which in turn was determined by the nature of the project undertaken.

216. The Executive Secretary emphasized that, since the Fund operated in areas of extremely low capital intensiveness, the effects of capital inputs were very high. A \$1 million input, for example, into a capital-intensive project such as a steel mill or telecommunications centre would have relatively little impact. A Fund input of the same magnitude into a typically poor area in a poor country could provide potable water for 60,000 to 70,000 people and basic health services for 500,000 people on a continuing basis. It could also provide a 100-kilogram sack of maize annually to 50,000 people.

### Decision of the Governing Council

217. At its 586th meeting, on 28 June 1977, the Governing Council took note of the report by the Administrator on the United Nations Capital Development Fund and of the views expressed during the discussion of item 8.



## IX. COUNTRY AND INTERCOUNTRY PROGRAMMING AND PROJECTS

218. Under item 9 of its agenda, the Council had before it for consideration and approval 14 country programmes - for Bolivia, Botswana, the Central African Empire, Ecuador, Guinea-Bissau, the Ivory Coast, Malaysia, Pakistan, Poland, the Republic of Korea, Rwanda, Turkey, the United Republic of Cameroon, and Zambia - as well as a global project, Integrated Cotton Research and Development Programme (Preparatory Assistance) (DP/PROJECTS/R.8/Add.1) and a proposal for emergency assistance to Romania (DP/PROJECTS/R.8/Add.2).

219. The Council also had before it a report by the Administrator (DP/270) on relevant trends and problems in the proposed country programmes which had been prepared in response to a request by the Council at its twenty-first session (see E/5779, para. 283 (i)). In addition, the Council had before it a note by the Administrator (DP/276) on the implementation by UNDP of Security Council and General Assembly resolutions concerning assistance to Botswana, the Comoros, Lesotho and Mozambique. <sup>13/</sup> Although information on UNDP assistance to colonial countries and peoples was included within the framework of the Administrator's annual report in accordance with a decision taken by the Governing Council at its twenty-first session (see E/5779, para. 264 (f)), a note by the Administrator on the subject (DP/271) was considered by the Council under agenda item 9.

220. Acting on a proposal by the President, the Council agreed to take up the submission of the country programmes in open meetings so that the presentation of the programmes as well as the comments on them by members of the Council and by other participants in the proceedings could be included in the records of the session. It was also agreed that at any time a member of the Council could request that the consideration of the country programmes be taken up in closed meetings in accordance with rule 4 of the Council's rules of procedure.

### A. RELEVANT TRENDS AND PROBLEMS OF PROPOSED COUNTRY PROGRAMMES

221. Introducing the report in document DP/270 on relevant trends and problems of proposed country programmes, the Assistant Administrator, Bureau for Programme Policy and Evaluation, observed that the experience gained during the first programming cycle had resulted in many instances in second-cycle country programmes characterized by an increased degree of consistency and, often, of concentration of effort in certain priority areas. She regarded that as evidence of the desire of Governments to obtain the maximum catalytic impact from activities financed by UNDP. The greater degree of co-ordination observed was considered also as facilitating a closer linkage between the pre-investment and investment phases of technical co-operation activities, a very salutary development.

222. The Assistant Administrator remarked, too, that such aspects of UNDP activities as technical co-operation among developing countries and new dimensions were

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<sup>13/</sup> See Security Council resolutions 403 (1977) and 402 (1976) and General Assembly resolutions 31/42 and 31/43.

mentioned only in general terms in most country programmes, largely because those aspects corresponded more specifically to the project formulation and implementation phases and, as such, would be actively pursued then. Referring to the substantive content of the programmes, the Assistant Administrator informed the Council that an analysis revealed a much greater emphasis than in the past on programmes designed to benefit the neediest members of the population, especially in the rural areas. In that connexion, the encouraging results of a recent ACC mission on rural development were reported, and the hope was expressed that, with co-ordinated efforts from both within and outside the United Nations system, the objective of meeting the basic needs of rural populations could be attained.

223. Other points stressed by the Assistant Administrator included the co-ordinating of country programmes with other sources of development co-operation, the need for a methodology to be developed which would facilitate the use of sectoral studies in future country programming exercises, and the greater linkage between country and intercountry programmes that had appeared in comparison with the first cycle. The Assistant Administrator concluded her remarks by stating that, though the recent liquidity crisis had at least served the purpose of encouraging Governments to improve co-ordination and to examine more critically the priority of proposed activities, there could be no doubt that the continued need to impose expenditure ceilings had made country programming a more difficult exercise than in the first cycle.

#### Summary of discussion

224. Members commenting on document DP/270 expressed their interest in an appreciation for the analysis of significant aspects of the programmes, including the identification of special and common themes among them, their relationship to the respective national development plans, the varied distribution of UNDP resources within the programmes, their orientation towards follow-up investment, and aspects which reflected new dimensions, TCDC and cost sharing. The report's treatment of the programming methodology applied in the preparation of those second-cycle country programmes also met with general commendation. Many members singled out various sections of the analysis as being especially noteworthy.

225. A few members, though satisfied that the report provided a valuable perspective of the country programmes, offered suggestions as to how the analysis might be improved. One member strongly urged a greater focus on how the developing countries were using UNDP resources to meet the needs of the poorest segments of their populations. He also suggested that the role of women in the development process should be more fully examined. Some other members stated that all the programmes served one, or more than one, of the three main objectives of the developing world, namely the alleviation of poverty among the more disadvantaged groups in their populations, the transfer of technology to fill gaps in know-how and ultimately, but soon enough, self-reliance. Another member proposed that the problems encountered in the country programming exercise be highlighted and that the relationship between country and interregional programmes be considered.

226. Referring to the information contained in the analysis, many members also made suggestions on how the country programmes themselves might be better prepared. A clearer relationship between UNDP inputs and other sources of technical co-operation was cited by several members as being particularly needed. Several members also called for a greater emphasis on how the TCDC and new dimension

concepts would be integrated into the programmes, with one member urging that a clear distinction be made between the two. The lack of detailed input schedules was questioned by another member. The recommendations of the Joint Inspection Unit in the report on country programming (DP/254) <sup>14/</sup> were referred to often, and several members expressed the hope that they would be taken into account in the formulation of future country programmes. Some members felt that the social aspects of development and the role of women had largely been ignored in the several country programmes under review.

#### Observations of the Administration

227. Responding to the discussion, the Assistant Administrator, Bureau for Programme Policy and Evaluation, expressed her appreciation for the seriousness and care with which members had examined the country programmes under review. The value of the analysis of trends and problems in facilitating that review was noted with particular satisfaction. Regarding the suggestion that country programmes should show more clearly the relationship between UNDP inputs and other resources, the Assistant Administrator stated that she shared that view. She also agreed that TCDC and new dimensions could be given greater emphasis. Members were also assured that great importance was attached to the JIU report on country programming and that the comments on it had been especially noted.

228. With respect to the inclusion of more detailed input schedules, the Assistant Administrator suggested that they could be better set up after specific projects had been formulated, and that they could be better analysed at annual reviews. Regarding the integration of women and other questions relating to the social aspects of development, the Assistant Administrator said that the general terms in which the country programmes were presented made it difficult to deal with those problems in that format. In her view, they could be better considered in separate reports which could show what was actually being achieved as a result of ongoing activities.

#### B. AFRICA

229. Introducing the country programmes in the African region, the Assistant Administrator and Regional Director for Africa stated that those countries continued to be preoccupied by two basic kinds of problems, in addition to those of the new international economic order: first, problems concerning the financing of their development programmes; and second, problems relating to decolonization, particularly as they affected those countries in southern Africa. The Assistant Administrator noted that all of the seven programmes in the Africa region which were submitted to the Council for consideration and approval were for countries which were among either the least developed, the most seriously affected, the front line in the struggle for liberation, or the newly independent States. He also observed that only three of the countries had had their IPFs significantly raised from the previous programming cycle.

230. Emphasizing the high proportion of new projects envisaged for all but one of the programmes, the Assistant Administrator drew the attention of the Council to the significant effort made by the Government of the Ivory Coast to augment its

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<sup>14/</sup> For the discussion on document DP/254 see paras. 66-81 of the present report.

\$15 million IPF by \$5 million through the mechanism of cost sharing. He also stressed the large-scale nature of the projects in the programmes, with the percentage of small-scale projects not exceeding 25 per cent for any country programme except that for Botswana. The emphasis on agriculture and rural development in the country programmes was underscored as well. Another salient feature was the importance accorded to trade and industry in five of the seven country programmes.

231. The Assistant Administrator also introduced the note by the Administrator (DP/271) on UNDP assistance to colonial countries and peoples through the national liberation movements recognized by the Organization of African Unity (OAU). Reviewing briefly the disposition of the \$6 million in the IPF for aid to colonial countries and peoples, the Assistant Administrator said that at least \$2 million would have been committed by the end of June 1977, and that requests for at least an estimated \$2 million or \$3 million would have been submitted by the end of the Conference of Heads of State of OAU Governments scheduled for July. He observed that the Programme ran the risk of not having sufficient resources to meet the demands for assistance which were likely to be submitted before the Council next reviewed the situation in June 1978. For that reason, the Assistant Administrator drew the attention of the Council to the Administrator's view that, unless the level of the IPF resources were increased, Member States might wish to replenish the Trust Fund for assistance to colonial countries and peoples, of which \$4 million had already been committed.

232. Commenting on the note by the Administrator (DP/276) on UNDP assistance to Botswana, the Comoros, Lesotho and Mozambique called for in relevant General Assembly and Security Council resolutions, the Assistant Administrator pointed out that the document suggested three possible courses of action to meet the special needs of the four countries, provided that a recommended \$4 million of supplementary resources were made available to them. He expressed the hope that the provision of those additional resources would be approved by the Council.

233. The Assistant Administrator also brought to the Council's attention General Assembly resolutions relating to the question of including Angola, Cape Verde, the Comoros, and Sao Tome and Principe in the list of the least developed countries and to the consequent granting to those countries by organizations in the United Nations system benefits comparable to those enjoyed by the countries so designated. He also called attention to the related findings of the Committee for Development Planning of the Economic and Social Council. In keeping with those resolutions, a 6.4 per cent increase in the IPFs of those countries was recommended. It was also recommended that the countries should benefit henceforth from the special allocations for least developed countries which would become available in future from both UNDP and the United Nations Capital Development Fund.

234. The imminent accession to independence of the French Territory of the Afars and Issas (also called French Somaliland) <sup>15/</sup> was referred to by the Assistant Administrator who suggested that the Council might wish to increase the current IPF for the territory in accordance with the related decision of the Council at its twenty-second session: <sup>16/</sup> namely, \$500,000 plus 15 per cent of the current IPF, an increase in that instance from \$300,000 to \$850,000.

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<sup>15/</sup> Now the Republic of Djibouti.

<sup>16/</sup> Official Records of the Economic and Social Council, Sixty-first Session, Supplement No. 2A, para. 292 (b) (i).

### Summary of discussion

235. At the invitation of the President and with the approval of the Council, representatives of several national liberation movements recognized by OAU, as well as a representative of the United Nations Council for Namibia, addressed the Council in connexion with the Administrator's note on UNDP assistance to colonial countries and peoples (DP/271). Without exception, they expressed their appreciation for the Council's enabling them to participate in the proceedings, and for the help that UNDP had been providing to their respective organizations, countries and peoples.

236. The representative of the Council for Namibia drew the attention of members to recently adopted resolutions of the General Assembly which called for the support of programmes of assistance undertaken in favour of Namibia and its peoples. Representatives of SWAPO, PAC (Azania), ANC (Zimbabwe), ANC (South Africa), the Patriotic Front (Zimbabwe) and the FLCS, in turn, informed members of the Council not only of the political situations prevailing in their countries, but also of the consequent social and economic dislocations which the turmoil of the struggle for liberation had produced. Those representatives outlined the most urgent needs of their peoples, and were unanimous in expressing the hope that UNDP and the other United Nations system organizations would act in the most expeditious way possible in helping to meet those needs.

237. Members of the Council expressed their support for the Programme's activities being carried out in favour of the national liberation movements and their respective colonial countries and peoples, though disappointment was registered at the slow rate of implementation of approved projects. In addition, one member referred to her Government's often-expressed reservations with respect to aid to national liberation movements and informed the Council that those reservations were still operative. Another member, in connexion with the status of the Trust Fund for colonial countries and peoples, urged that all its resources be committed before replenishment of the Fund was considered. The Council was also reminded that the integration of assistance to colonial countries and peoples into the regular programme of technical co-operation had long been urged.

238. With regard to the implementation of General Assembly and Security Council resolutions concerning assistance to Botswana, the Comoros, Lesotho and Mozambique, as set forth in document DP/276, members of the Council endorsed the granting of additional assistance to those countries. Some members made the suggestion that the extra resources should come from funds available for providing supplementary aid to newly independent countries.

239. Members expressed their support for the recommendation that Angola, Cape Verde, the Comoros, and Sao Tome and Principe receive additional benefits comparable to those enjoyed by countries designated as least developed among the developing countries. The granting of additional support to the imminently independent Republic of Djibouti, in accordance with the formula applicable to newly independent countries, was also endorsed.

240. Commenting on the proposed country programmes, several members, whose Governments supported bilateral programmes of technical co-operation in some of the countries concerned, offered suggestions as to how UNDP-financed activities and those financed from other sources might be better co-ordinated. A few questions were raised regarding specific aspects of some of the programmes under

consideration. In general, support was expressed for all the country programmes submitted.

#### Observations of the Administration

241. The Assistant Administrator and Regional Director for Africa expressed his appreciation both for the constructive comments made during the discussion and for the positive views put forward by members regarding the country programmes under consideration. In response to some specific observations made, the Assistant Administrator emphasized that he, too, was disappointed at the slow rate of implementation of projects aiding national liberation movements, but he added that that could not be entirely unexpected in view of the number of partners involved. He also said that a mission to what would be the Republic of Djibouti was being mounted and that a proposed revised IPF would be submitted. In connexion with the question of the source of additional resources for some of the "front-line" countries and the Comoros, the Assistant Administrator said that he shared the view that those funds might well be provided from money reserved for newly independent countries.

242. Responding to a question posed by one member regarding the equal distribution of additional IPF resources for Botswana, the Comoros, Lesotho and Mozambique, the Assistant Administrator stated that the difficulties faced by those countries were not simply a matter of population. All the relevant factors had been taken into consideration in deciding that an equal distribution of the additional resources was appropriate.

#### C. ASIA AND THE PACIFIC

243. Before commenting on the three country programmes being proposed, the Assistant Administrator and Regional Director for Asia and the Pacific informed the Council of relevant activities that had taken place recently in the region. The positive results of a regional meeting of resident representatives were reported, as were the relevant discussions at the respective annual meetings of the Asian Development Bank and the Economic and Social Commission for Asia and the Pacific, both of which had been attended by the Assistant Administrator.

244. Remarking on the country programmes themselves, the Assistant Administrator stated that though the countries concerned had three different IPF situations - namely no increase over the first cycle for Malaysia, a small increase for the Republic of Korea, and a substantial increase for Pakistan - the Governments had approached the programming exercise in the same way, not only dovetailing its timing with the preparation of their own development plans, but also coming up with sectoral spreads for UNDP assistance almost identical to the sectoral priorities identified in those respective national plans.

245. The second country programme for Malaysia was described by the Assistant Administrator as differing markedly from the first country programme in two respects: first, in its changed sectoral distribution of resources from education and training and agriculture to multisectoral planning and improved utilization of investment resources; and second, in its concentration of UNDP assistance to fewer but larger-scale projects in the priority areas identified. The Council's attention was also drawn to the Government's decision to augment its \$15 million IPF with an additional \$5 million from its own resources.

246. The second country programme for the Republic of Korea also featured a concentration of UNDP assistance in the transfer of industrial technology and the advancement of social equity. The Council was informed that 43 per cent of programmed resources were earmarked for a small number of large-scale projects in the fields of commerce and industry. In the social development area, UNDP assistance would be programmed towards raising income levels in the rural areas. The Assistant Administrator also said that the timing of the Government's Fourth Five-Year Development Plan and that of its country programme coincided exactly.

247. With respect to Pakistan's second country programme, the Assistant Administrator noted particularly the large increase in the IPF, from \$20 million in the first cycle to \$52.5 million in the second, and the fact that the programme highlighted priority areas rather than specific projects, thus giving the Government greater flexibility in implementation. Fully \$23 million of the IPF would be held in an unprogrammed reserve, but the Council was assured that the Government was well aware of the long process involved before project operations began and was already engaged in the programming of the reserve which would be steadily fed into the operational stream from the current year onwards. The Assistant Administrator remarked, too, that the programme also envisaged a definite concentration of resources in fewer areas and on large-scale projects.

#### Summary of discussion

248. The proposed country programmes for Malaysia, Pakistan and the Republic of Korea, though generally endorsed, drew varying comments from members of the Council. The programme for Malaysia was warmly supported, and particular attention was paid to the Government's decision to augment substantially the country IPF through the cost-sharing mechanism. The programming for Pakistan was supported, too, and special note was taken of its synchronization with the national development plan. Several members questioned the relatively large proportion of the IPF being held in an unprogrammed reserve. Though acknowledging the unusual situation with respect to the large increase in the country's IPF from the first to the second cycle, assurance was sought that that sum would be fully and effectively utilized during the course of the programme's implementation. With regard to the programme for the Republic of Korea, certain members expressed reservations, for reasons which had been made known at previous sessions of the Council and in several other forums as well. Those reservations, they said, were still valid. Other members, however, supported the proposed programme and urged its approval by the Council.

#### Observations of the Administration

249. The Assistant Administrator, Bureau for Asia and the Pacific, expressed his appreciation for the views and comments voiced during the discussion. Regarding the country programme for Pakistan, he reassured Council members that both UNDP and the Government were fully cognizant of the unusual situation with respect to the unprogrammed reserve. There was no doubt, in his view, that the funds would be fully utilized to the best effect possible. He informed the Council that an estimated \$8 million had already been earmarked for activities to be undertaken before the end of 1977.



#### D. EUROPE, THE MEDITERRANEAN AND THE MIDDLE EAST

250. Before introducing the country programmes and the proposal for assistance to Romania (DP/PROJECTS/R.8/Add.2), the Assistant Administrator and Regional Director for Europe, the Mediterranean and the Middle East underlined the fact that many of the Governments in the region were increasingly using such mechanisms as cost sharing, joint financing and agency trust funds as means for rapidly increasing technical co-operation within the United Nations development system. He acknowledged that the phenomenon, particularly significant in Europe, the Mediterranean and Middle East region, posed problems for UNDP, especially in connexion with the question of compensation for the Programme's services in its field offices.

251. The Assistant Administrator also informed the Council of the situation in Lebanon relative to UNDP's programme of co-operation with that country. He said that the special needs resulting from the tragic, war-caused devastation could best be met by a special allocation from the Programme Reserve. A request for approval of such an allocation would be submitted to the Council when the Government had formulated a programme to meet those needs. In the meantime, the Council was assured that the current IPF expenditure ceiling was adequate for the projects the Government was ready to implement.

252. Three other areas of special interest were commented on by the Assistant Administrator: the project of rehabilitation, reconstruction and development of the Suez Canal Zone which, the Council was informed, was making excellent progress; the close co-operation of countries around the Mediterranean which, with the assistance of the United Nations Environment Programme (UNEP) and UNDP, were making considerable progress in their efforts effectively to control marine pollution; and UNDP assistance to the European Co-operative Programme, where Governments used part of their national IPFs towards regional and subregional programmes, the most striking of which was the Trans-European North-South Motorway, a major attempt to solve transport problems from the Baltic Sea to the Middle East.

253. Turning to the country programmes, the Assistant Administrator described the second cycle programme for Poland as characterized by two main features: first, it was entirely integrated into the Government's socio-economic development plan; and, second, it strongly emphasized the concept of the European Co-operative Programme in the spirit of the Final Act of the Helsinki Conference. Several large-scale projects to which Poland gave high priority were referred to, including the importance attached to the Trans-European Motorway.

254. The second country programme for Turkey had as its principal theme the transfer of technology, primarily by training. The significant cost-sharing element in the programme was also highlighted in the Assistant Administrator's introductory comments. In addition, the link between UNDP-supported activities and follow-up investments, particularly in forestry development, was emphasized.

255. Referring to the proposal for assistance to Romania, the Assistant Administrator detailed UNDP action taken following the disastrous earthquake in March 1977. A fact-finding mission had been organized and its views on appropriate UNDP assistance to Romania, as well as the views of the Regional Bureau in the matter, were contained in document DP/PROJECTS/R.8/Add.2. Although initial government proposals envisaged UNDP inputs of some \$3 million, the Assistant Administrator said that the current level of the Programme Reserve made the



provision of assistance of that magnitude impossible. The proposed aid totalled \$1,572,000, one half of which would be delivered during the next 12 months, with the bulk of it going to the National Centre of Seismology.

#### Summary of discussion

256. Before considering the proposed country programmes for Poland and Turkey, representatives of Lebanon and Egypt addressed the Council on matters of great concern to their respective countries and to the region in general. The representative of Lebanon outlined in detail the destruction resulting from the prolonged armed conflict that had taken place in his country and urged the international community to assist his Government in its reconstruction efforts. In particular, he appealed for contributions to the United Nations Trust Fund for Lebanon which, he said, was deplorably lacking in resources and he called for close collaboration between UNDP and his country's Council for Development and Reconstruction. He emphasized further that the time factor was crucial and he therefore requested that the special allocations required be appropriated from the programme reserve and approved by the Council at its next session since the priority projects would be ready shortly. Members of the Council, referring subsequently to the statement by the representative of Lebanon, warmly endorsed his appeal for special and concerted aid. Several members requested the Administrator to prepare a detailed report on the extent of the destruction in Lebanon, on the country's needs and on the assistance the Programme proposed to provide.

257. The representative of Egypt presented the Council with a comprehensive and detailed summary of the ongoing activities in connexion with the reconstruction and development of the Suez Canal Zone. The importance of the Canal to the region and the world at large was emphasized, and an appeal was made to Governments of developed countries for additional contributions under UNDP third-party funding arrangements so that the \$15 million target figure could be reached shortly. Commenting on the representative's remarks, members of the Council expressed support for his views and joined in his appeal for additional financial resources.

258. The representative of Romania described some of the devastating effects of the March 1977 earthquake, and urged prompt approval of the emergency programme. Members of the Council voiced their support for the proposed programme. In addition, several members stressed that every effort should be made to ensure that the seismological equipment to be procured would be compatible with equipment supplied through bilateral sources and with that already in use.

259. With regard to the proposed country programmes for Poland and Turkey, members expressed their approval for the recommendations contained in the respective proposals, noting in the case of Poland the emphasis on regional co-operation, and in the case of Turkey the emphasis on technology transfer through training. The substantial cost-sharing element in the latter programme was also remarked upon with satisfaction. Some members, noting the comparatively large number of small-scale projects envisaged in the programme for Turkey, wondered whether that kind of planned allocation was the most appropriate way of maximizing the impact of UNDP resources.

## E. LATIN AMERICA

260. Introducing the two country programmes in the Latin America region, the Assistant Administrator and Regional Director for Latin America informed the Council that both programmes featured a concentration on large-scale projects having a high and immediate impact on the development efforts of the countries concerned. He pointed out that, since the reduction in real terms of available resources was proportionally greater in Latin America than in other regions, greater use of internal expertise from respective national institutions was envisaged. Similarly, a significant emphasis was being placed on appropriate cost-sharing arrangements. Intensified co-operation between UNDP and the Economic Commission for Latin America (ECLA) was singled out by the Assistant Administrator as worthy of mention. In that connexion, he reported that an agreement had been reached with ECLA with regard to a joint effort for the purpose of developing a programme to study the situation of the poorer areas of the region. Ways and means of changing their situation would be sought through a joint effort that would involve all the UNDP regional programmes concerned with employment, education, transfer of technology, etc. The Assistant Administrator also informed the Council that UNDP resident representatives had participated actively in a regional meeting concerned with the co-ordination of all technical assistance activities in Latin America. UNDP co-operation with the Inter-American Development Bank, as well as modalities for enhancing the implementation of TCDC, were also stressed.

261. With regard to the country programmes themselves, the Assistant Administrator referred to the strengthened link between national and regional programmes. The programme for Bolivia, for example, was characterized as international co-operation at its best, with the emphasis on rural development supported by UNDP, interagency, government and bilateral inputs in virtually equal measure. Similarly, the programme for Ecuador reflected a concentration on activities in rural areas. Other priorities included development planning, productivity and enhanced trade opportunities. Both programmes also focused on improving the respective countries' export earnings, the Assistant Administrator said.

### Summary of discussion

262. As was the case for country programmes in other regions, several members, whose Governments supported bilateral programmes in the countries concerned, commented in detail on specific aspects of the country programmes for Bolivia and Ecuador. Other members noted with approval some of the general characteristics of the programmes, including their relationship with regional programmes, the concentration on fewer but larger-scale projects and the active participation of the recipient Governments in ensuring the harmonization of the country programmes with the national development plans concerned. Support for both country programmes was general and unqualified.

263. One member, referring to a global project in the Southern Atlantic Ocean being supported by UNDP, requested that it be definitively cancelled and strongly expressed the view that extensions of such global activities should not be started or undertaken until they had been presented to the Council for consideration and approval. That should be done before considerable expenditure had been incurred which made their cancellation difficult.

## Observations of the Administration

264. The Assistant Administrator and Regional Director for Latin America thanked the members of the Council for their positive response to the proposed country programmes and assured them that their comments and views would be taken into account in future exercises, with regard to both activities at the country level and those at the regional and interregional level.

### F. GLOBAL ACTIVITIES

265. Introducing the proposal for preparatory assistance to the global project in support of the Integrated Cotton Research and Development Programme (DP/PROJECTS/R.8/Add.1), the Deputy Administrator drew the Council's attention to the fact that work on the proposed programme had been going on for almost five years and that its components were now sufficiently articulated to allow Governments to express themselves on the proposal as set forth in a prospectus to be produced within a month. The Council was also informed that a Programme Co-ordinator had been retained who would, initially, visit the countries concerned to provide additional information and determine the extent of interest in the draft programme. The hope was expressed that such interest would be enough to encourage the sponsors of the scheme, under the leadership of UNDP, to organize a funding conference in 1978 for the purpose of establishing Cotton Development International so that, ultimately, the product would be put on a firmer competitive basis as a major cash commodity of the developing countries. The Deputy Administrator further informed the Council that realistically the funds currently requested were not enough as work on the preparatory phase had progressed faster than expected. He stated that supplementary funds might, in all probability, have to be requested at the next session of the Council.

### G. GENERAL OBSERVATIONS OF THE ADMINISTRATION ON COUNTRY AND INTERCOUNTRY PROGRAMMING

266. Responding to some points, both general and specific, raised in the discussion, the Deputy Administrator said that there could be no universally applied standard regarding how much uncommitted reserve there could or should be in each country programme since much depended on the IPF of each country and the extent to which it increased between the first and the second programming cycles.

267. While agreeing that it was for the Government of a country to decide whether any part of its IPF should be used for supporting regional or interregional activities, the Deputy Administrator hoped that at least some developing countries would be prepared to surrender part of their national IPFs in favour of regional and interregional programmes in order to attain objectives which were common to several countries. Apart from that, UNDP was constrained to suggest that countries that took part in certain activities, like seminars and study tours, would have to be prepared to pay for a part of the cost of their own participation out of their national IPFs as an indication of the extent of their interest in a particular project or programme.

268. With respect to the emphasis many members placed on benefits to the poorest segments of populations, the Deputy Administrator said that UNDP-supported activities were always oriented towards the elimination of poverty, although

perhaps they were not always so classified. He suggested that an analysis of existing activities along those lines might be worth while in order to restore a better perspective. In the same connexion, the Deputy Administrator cautioned against carrying out projects and programmes as a token response to certain problems. The resulting dispersion of effort could seriously diminish the over-all impact of the Programme's work and would be contrary to the country-programming approach. He also observed that bureaucracies often reacted to prescriptions or priorities negatively, i.e. by opposing activities that did not appear at first sight to serve the priorities concerned rather than reacting positively by exploring ways of actually achieving the objectives concerned. Apart from tokenism thus, the danger of oversimplification and negativism had also to be safeguarded against. He expressed the further view that the full implementation of the new dimensions concept - particularly the emphasis on a joint financing and supporting of local activities through local resources - would be essential for making international technical co-operation a more effective mechanism for speeding a more equitable process of economic and social development.

269. In response to a suggestion by one member, the Deputy Administrator said that the Administration would look into the possibility of giving further assistance to the "front-line" States in southern Africa.

#### Decisions of the Governing Council

270. At its 584th meeting, on 27 June 1977, the Governing Council adopted the following decision.

##### The Governing Council,

Having examined document DP/271 on UNDP assistance to colonial countries and peoples and document DP/276 on the implementation by UNDP of General Assembly and Security Council resolutions concerning assistance to Botswana, the Comoros, Lesotho and Mozambique,

Having considered the statements made by the Assistant Administrator and Regional Director for Africa on assistance to those newly independent countries that the General Assembly assimilates to least developed countries (LDCs), and on the revision of the Indicative Planning Figure (IPF) for the Republic of Djibouti which became independent on 27 June 1977,

Taking into account the comments made by members of the Governing Council,

1. Authorizes the Administrator to increase the respective IPF of Botswana, the Comoros, Lesotho and Mozambique by transferring \$4 million from the amount which has been reserved for "future participants, etc. ..." as recommended in paragraph 12 of document DP/276;

2. Further authorizes the Administrator:

(a) To recalculate and increase by 6.4 per cent the IPFs of Angola, Cape Verde, the Comoros and Sao Tome and Principe, the allocation required for this purpose and estimated at around \$1.4 million being drawn from the reserve covering the category of newly independent countries;

(b) To extend to Angola, Cape Verde, the Comoros and Sao Tome and Principe the other benefits enjoyed by the least developed among the developing countries (benefit from the United Nations Capital Development Fund and from the special allocations for LDCs which would become available in the future, etc. ...);

3. Approves an IPF of \$850,000 for the Republic of Djibouti.

271. At the same meeting the Governing Council also adopted the following decision.

The Governing Council

1. Approves the proposed UNDP country programmes for Bolivia, Botswana, the Central African Empire, Ecuador, Guinea-Bissau, the Ivory Coast, Malaysia, Pakistan, Poland, the Republic of Korea, Rwanda, Turkey, the United Republic of Cameroon and Zambia, for the duration of their respective programme periods and within the limits of their IPFs for 1977-1981, taking into account the balance of over-expenditure or under-expenditure of their 1972-1976 IPFs;

2. Authorizes the Administrator to proceed with appraisal and approval action on requests for assistance falling within the outlines of the respective country programmes, while ensuring, in accordance with the decision of the Governing Council at its eighteenth session, that expenditures are kept in reasonable conformity with the relevant IPFs and are contained within the financial resources available at any given time;

3. Approves the global project for assistance to the Integrated Cotton Research and Development Programme and authorizes the Administrator to make the appropriate arrangements for the execution of this project;

4. Approves the Administrator's proposal to provide assistance to Romania from the Programme Reserve for reconstruction and rehabilitation purposes amounting to \$1,572,000, following the earthquake which occurred on 4 March 1977.

272. Although all the country programmes were approved by the Council, some members continued to have reservations about one of the programmes.

273. Following the adoption of the decision contained in paragraph 271 above, the representative of Romania expressed the hope that the Administrator would be able to find the necessary resources to increase the programme of assistance to his country to the level of \$3 million originally requested by his Government.

## X. BUDGETARY, ADMINISTRATIVE AND FINANCIAL MATTERS

274. During the session, the following questions under item 10 of the Council's agenda were referred for preliminary consideration to the Budgetary and Finance Committee, which reported thereon to the Council:

(a) Financial outlook for 1977-1981, with comprehensive report on financial activities during 1976 and other related matters;

(b) Recruitment and use and prospects of reducing the costs of UNDP-financed experts;

(c) Agency overhead costs;

(d) Administrative budget for 1978;

(e) Custodianship of UNDP funds;

(f) Interagency procurement services;

(g) Sectoral support;

(h) Other matters.

275. The Budgetary and Finance Committee also considered and reported to the Council on agenda items 11 (e), (infrastructure support for population posts in the organizations of the United Nations system) and 11 (g) (budget estimates for the administrative and programme support services for the year 1978). 17/

276. The Administrator made an introductory statement outlining some of the main issues before the Committee. He commenced by reviewing the past and anticipated future levels of income and programme expenditures. Income in 1976 increased by 20.5 per cent over 1975, from \$464.5 million to \$559.7 million, while 1976 programme expenditures reached \$460.5 million. After taking account of UNDP administrative and programme support costs, there was an excess of income over expenditure of \$36 million for the year.

277. Expenditures against the IPF and the Programme Reserve in 1976 were \$352.5 million, or 4.7 per cent below the level of \$370 million established by the Governing Council at its twenty-first session (E/5779, para. 240). Over the first IPF cycle as a whole, programme expenditures attained the target level of some \$1.5 billion, and the Administrator expressed his appreciation to the Governments and Executing Agencies whose co-operation had made that possible, most particularly to those Governments whose special contributions had assisted UNDP in overcoming the difficulties of 1976.

278. The Administrator commented that the lessons of the first IPF cycle would prove useful in managing UNDP's financial resources during the second cycle. For

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17/ See paras. 486-495 of the present report.

1977, an aggregate expenditure ceiling of \$368.7 million had been established while the corresponding level for 1978 was \$415.9 million, based on the assumption of a 14 per cent per annum increase in resources, and making due provision to restore the Operational Reserve to \$50 million by the end of 1978. The Administrator assured the Committee that he would do everything possible to ensure that resources reached the target level, but he also warned that the leads and lags inherent in technical co-operation activities meant that some under-expenditure of the 1977 ceilings could be expected.

279. The Administrator informed the Committee that cost-sharing contributions had increased from \$14.1 million in 1975 to \$47.8 million in 1976 and requested the guidance of the Committee on a number of issues which were raised by that development.

280. Some background information was provided on the administrative and programme support budget for 1978. The administrative and programme support budget was below \$65 million and total UNDP Professional staff had been maintained at 581. The Administrator requested the advice of the Committee on the proposal by the Executive Director of the United Nations Industrial Development Organization (UNIDO) that the number of Senior Industrial Development Field Adviser (SIDFA) posts be further increased, from 30 to 38, in 1978. The Administrator recognized the growing concern about the costs incurred by the United Nations development system in providing technical co-operation, but he pointed out that a distinction had to be made between the administrative and the programme support components of those costs. Programme support costs were estimated at 8.1 per cent of programme expenditures; an enforced reduction in those costs could prove to be a false economy because it might adversely affect the quality of the programme and thereby outweigh the savings achieved. The Administrator also referred to certain costs which were not incurred by bilateral aid organizations but which were unavoidable if UNDP were to function as an effective multilateral organization and which were conditioned by such circumstances as the need to serve a multinational and multilingual Governing Council, the need to maintain a system of interagency consultations on a regular as well as an ad hoc basis, etc.

281. On the question of agency overhead costs, the Administrator informed the Committee that there had been extensive discussions with the agencies on the subject, but that the matter required further detailed examination. Pending such an examination, the Administrator was recommending the continuation of the existing system.

282. Discussions were also proceeding with the United Nations on the question of custodianship of UNDP funds, and the Administrator indicated that he would report further on the subject to the next session of the Council. In the meantime, he noted that the progress made so far had been welcomed by the Advisory Committee on Administrative and Budgetary Questions. On the question of accumulated non-convertible currencies, the Administrator informed the Committee that he had recently visited a number of countries whose currencies had accumulated. The Administrator stated that he had met with the Deputy Chairman of the Council of Ministers and the Deputy Foreign Minister of one of those countries and that it had been agreed that a high level mission from that country would meet in the near future with UNDP and, hopefully, agency representatives with a view to increasing the utilization of that country's currency. The Administrator assured the Committee that any such programme would be fully consistent with internationally recognized procurement standards and with the regulations governing UNDP and the Executing

Agencies. Moreover, the Government of that same country had indicated that it would carefully consider the possibility of permitting UNDP to utilize a portion of the accumulated currency of that country to purchase non-convertible currencies which the Programme required.

283. The Administrator closed by raising two issues relating to the future organization and management of UNDP. He informed the Committee of the status of the Integrated Systems Improvement Project and also made reference to the proposal for a modification in the structure of the Regional Bureau for Europe, the Mediterranean and the Middle East.

A. FINANCIAL OUTLOOK FOR 1977-1981, WITH COMPREHENSIVE REPORT ON  
FINANCIAL ACTIVITIES DURING 1976 AND OTHER RELATED MATTERS

284. Under agenda item 10 (a), the Committee had for consideration document DP/266 and Corr.1 which contained a comprehensive review of the UNDP financial situation for the whole of the first IPF cycle (1972-1976), with special emphasis on financial activities for the year 1976 and a preliminary outlook for the second IPF cycle (1977-1981). The Committee was also provided with documents DP/266/Add.1 and 2, which contained, respectively, annualized expenditure against the IPF and Programme Reserve by country for the first cycle and a request by the Administrator to forgo the over-expenditure of \$1.5 million of Pakistan for the first cycle.

285. The Assistant Administrator, Bureau for Administration, introduced agenda item 10 (a) and informed the Committee of the general outline and content of the documents before it. He also informed the Committee of the various administrative improvements which had taken place since he had assumed his assignment and pointed out that most of those improvements were the direct results of the concerns expressed at previous sessions of the Council. The Assistant Administrator continued by explaining the numerous factors which had contributed to the improved liquidity position of UNDP as at 31 December 1976 and noted that the financial situation as of that date had turned out to be better than anticipated. He further pointed out that the change in the UNDP accounting practice in 1976 from a cash basis to a modified accrual basis had been a change in administrative policy and that the Administrator felt that the change represented an important step forward. The full implementation of the change would require the co-operation and assistance of the Executing Agencies. The term "accrual accounting" and the impact it had on the 1976 cash flow was also explained by the Assistant Administrator. In that connexion, he stated that the new integrated financial system currently under consideration was expected to enhance UNDP's ability to forecast expenditures and to improve the financial systems and reports.

286. The Assistant Administrator made reference to all the issues contained in document DP/266 and Corr. 1 and assured the Committee that the Administrator would continue his efforts to carry out the administrative improvements which were of concern to the Council. On the question of unpaid amounts due from Governments, the Committee was informed that, in addition to the information on the status of unpaid contributions as at 30 April 1977, cash collections in May 1977 had reduced the balances outstanding for 1976 and prior years to about \$26.2 million. He further elaborated on the resource projection for 1977 and 1978 and assured the Committee that further refinements to those projections would be made in due course.



287. The Assistant Administrator drew attention to the data on project expenditures for the first IPF cycle contained in document DP/266/Add.1 and noted that the 1976 figures were in the process of being reconciled. He pointed out that, except for minor adjustments in the 1976 expenditure figures, the expenditure target established for the first IPF cycle had been met in full. Finally, the Assistant Administrator expressed the view that UNDP was over its critical financial period and that, with the co-operation of participating Governments, it was hoped that UNDP would move forward in enhancing increased technical co-operation in developing countries.

#### Summary of discussion in the Committee

##### Financial situation as at 31 December 1976

288. A number of members expressed appreciation for the excellent quality of the documentation on the item and commented on the clarity and detail of the information contained in document DP/266 and Corr.1. They also commended the Administrator for having successfully dealt with the expected 1976 deficit of \$40 million and for having increased liquid assets to \$60.4 million as at 31 December 1976. Some members remarked that the measures taken to bring expenditures into line with the resources available in 1976 appeared rather severe, with the result that there was under-expenditure of \$17.5 million at the end of 1976. One member did not share that opinion, recalling that the lack of financial reserves required the Administrator to be very cautious. One member inquired about UNDP investments as at 31 December 1976 and stated that more detailed information on the type, maturity, yield and currency of investments would be desirable in future, especially during the current crucial period of currency instability.

289. One member felt that the drastic shift from a forecast deficit of \$40 million as at 31 December 1976 to liquid asset holdings of \$60.4 million was due to the inadequate financial system and the lack of proper programme monitoring in UNDP. His delegation felt that the projections of resources and programme costs, as contained in table 1 of document DP/266 and Corr.1, demonstrated a lack of foresight and he urged the Administrator to install the proposed integrated financial system as soon as possible. That member also wanted to know how the Executing Agencies handled interest earned on the investment of UNDP funds.

290. The view was expressed in the Committee that the shortage of resources for UNDP was endangering the future stability of the Programme. Thus, there was an urgent need for voluntary contributions to the Programme to be increased by at least 14 per cent annually. In that connexion, it was noted that the improved liquidity position of UNDP at the end of 1976 should not give rise to complacency since the need for increased resources was still evident.

##### Revised estimates for 1977, 1978 and the second IPF cycle as a whole

291. Some members felt that the resource projections for 1977 and 1978 as contained in table 1 of document DP/266 and Corr.1 were much too modest. It was further noted that the level of resources forecast would allow only a small increase in programme expenditures in 1977 compared with 1976 and would cover only the cost of inflation.

292. Some members felt that there was not adequate explanation of the projections of 1977 and 1978 resources and programme costs shown in table 1 or of the way in which the figures were developed. Others expressed concern over the possibility of a \$10.6 million deficit at the end of 1977. It was felt that that situation was unacceptable and that the Administrator should not plan for or incur a deficit in 1977.

293. One member pointed out that in 1978 the Programme would not be complying with the decision adopted by the Council at its twenty-second session concerning the growth of voluntary contributions vis-à-vis project expenditures since the former were expected to increase by 13.7 per cent compared with 1977 whereas the latter would increase by only 6.3 per cent according to current estimates. The member further stated that, in order for there to be substantial growth in the programme in real terms in the 1977-1981 cycle, voluntary contributions would have to increase at an annual rate of 30 per cent.

294. Most members supported the continuation of annual expenditure ceilings as instituted by the Administrator in 1976, at least until financial soundness was restored. One member suggested that multiyear pledges to UNDP by Governments could assist the Administrator in achieving improved planning and that the adoption of rolling expenditure projections was desirable. Accordingly, it was suggested that the Administrator reinstate the traditional practice of providing the Council with data on contribution levels for each year of the 1977-1981 cycle so that a better assessment could be made of whether the Programme was operating on schedule, ahead of or behind schedule.

#### Status of the Operational Reserve

295. The majority of members noted with appreciation the Administrator's efforts to set aside the first instalment of \$15 million in liquid assets in the Operational Reserve in 1977 and urged him to continue towards the full replenishment of the Operational Reserve in accordance with the Council's decision that the Reserve be made fully liquid and restored to its original level of \$150 million by the end of 1980. Several members requested additional clarification on the purpose of the Operational Reserve and the circumstances under which the Operational Reserve would be used.

#### Utilization of accumulated non-convertible currencies

296. Several members noted that the accumulation of non-convertible currencies continued to remain a problem for UNDP. While some members were of the view that the Administrator's projected use of accumulated non-convertible currencies was rather optimistic, others felt that the Administrator's efforts so far had resulted in signs of increasing the utilization of such currencies and urged him to continue his efforts in that regard. On the question of paying field experts a portion of their salary in their home country currencies, some members felt that UNDP and the agencies should institute a mandatory system of paying the salary of experts from non-convertible currency countries partly in home country currency since that would make a major contribution towards the use of certain contributions to UNDP which were made in non-convertible currencies. One member noted that more information was needed on the progress in implementing the decision taken on the subject at the twenty-third session of the Council and on the various proposals for further resolving the problem, as indicated in the Administrator's statement to the Committee. That member further noted that the resolution of the problem

would benefit recipient countries, which stood to gain from the utilization of the accumulated non-convertible currencies. One member said that one year earlier experts from his country had requested their respective agencies to pay their salaries in three currencies (including 25 per cent in non-convertible currency), but had received a negative reply and were currently being paid in two currencies. In order to change that system, the same member suggested that the Executing Agencies should request all UNDP-financed field experts from his country to accept 25 per cent of their salary in home country currency. Another member stated that it was the lack of goodwill and co-operation on the part of the Executing Agencies which was responsible for the continued accumulation of such non-convertible currencies and he urged the Administrator to consult with the agencies on the subject at the highest level. Yet another member suggested that the Administrator should take the necessary steps to open imprest bank accounts in all Eastern European countries. The view was expressed that the Administrator's proposal to use some of the accumulated non-convertible currencies to purchase other non-convertible currencies which were needed for the Programme would merely add additional complications to the already complex UNDP administrative process and could lead to the continued accumulation of other non-convertible currencies. A number of other members supported that view and requested the Administrator not to accord special treatment with respect to the utilization of non-convertible currencies.

#### Cost-sharing arrangements

297. On the question of cost-sharing arrangements, several members recognized that such arrangements were perhaps not fully in accord with the basic principles of UNDP, but felt that experience had shown that cost-sharing arrangements were becoming more and more important as a source of financing the Programme.

298. General support was expressed in the Committee for the continuation of cost-sharing arrangements. However, it was felt that third country cost sharing should be considered only in exceptional circumstances, kept to a minimum by the Administrator, and kept under careful review by the Council. Some members felt cost sharing should be restricted to direct contributions made by recipient countries since cost-sharing contributions made by third parties tended to erode the multilateral concept of the Programme. The view was also expressed that any decision on the continued use of cost-sharing arrangements as a source of financing UNDP activities should await the conclusion of the discussions on the role and activities of UNDP. Some members felt that the concept of cost sharing should be discouraged. In that connexion, one member stated that third party cost-sharing arrangements should be limited to the least developed countries, the most seriously affected countries and the least developed of the geographically disadvantaged countries. Another member suggested that limits should be introduced on third party cost-sharing contributions and that those limits should be related to the donor country's contribution to the general resources of the Programme. There was general support for the Administrator's proposals to link the size of a country's cost-sharing contribution to the level of the IPF established for that country. It was also suggested that the Administrator should refrain from accepting cost-sharing payments in local currency. One member noted that cost sharing was a viable financial modality which allowed recipient countries to express self-reliance and, as such, the continuation of cost-sharing arrangements would be in the best interest of UNDP.

299. In general, it was felt that the concept of cost sharing had some merit, but that those arrangements should continue to be kept to a minimum and be reviewed by the Council. Most members, while endorsing the continued use of cost-sharing arrangements, requested the Administrator to develop a comprehensive set of rules and procedures covering cost sharing and to inform the Governing Council at its twenty-fifth session.

#### Financial review of the first IPF cycle, 1972-1976

300. In general, it was noted that the expenditures for the first IPF cycle had reached the target set in financial terms. However, concerns were expressed that, in view of the effects of inflation, the target of \$2.5 billion set for the second IPF cycle might only be equal, in real terms, to the target of \$1.5 billion set for the first cycle.

301. Members of the Committee did not express any view on or objection to the Administrator's proposal, contained in document DP/266/Add.2, to forgo the over-expenditures on Pakistan's IPF for the first cycle. One member requested a clarification on the over-expenditures during the first cycle for intercountry programmes as shown in the document. The same member stated that, in view of the limited resources available for the Programme, there was a need to use innovative approaches so as to ensure the proper utilization of all resources and he requested that special emphasis be placed in utilizing currencies from developing countries.

#### Observations of the Administration in the Committee

302. The Assistant Administrator, Bureau for Administration, responded to the points raised in the Committee and pointed out that the Administrator's main concern was how to combine sound financial management and maximum programme delivery. With respect to the suggestion that UNDP should institute a rolling three-year expenditure plan, the Assistant Administrator informed the Committee that such action was already being taken. He then enumerated the following factors relating to the expenditure shortfall for 1976:

(a) A number of IPFs were established some time after the programme cycle began;

(b) Certain problems within some developing countries had had an adverse effect on the rhythm of the programme, along with certain conservative programming approaches taken by some developing countries;

(c) A number of the newly independent developing countries required assistance from UNDP after the IPF cycle had been established and after all resources for 1972-1976 were earmarked;

(d) Some countries had used cost-sharing arrangements to replace a part of their IPFs, thus shifting expenditures which would otherwise have been charged to IPFs.

303. On the question of an improved financial and programme system, the Assistant Administrator informed the Committee that the shortcomings of the current situation were seriously recognized by the Administrator and that the new Integrated Systems Improvement Project would be launched in early September 1977.

304. Regarding the observations made on the use of the Operational Reserve, the Assistant Administrator drew attention to paragraph 29 of the Consensus which gave the terms of reference for the Operational Reserve. He also referred to UNDP Financial Regulation 11.3 which covered the Operational Reserve. On the question of the accumulation of non-convertible currencies, the Assistant Administrator commented that, in addition to the \$5.7 million estimated to be used in 1977, as contained in table 4 of document DP/266 and Corr.1, there were indications that another \$6.5 million, as reflected in table 3 of document DP/266 and Corr.1, might be used. However, those latter funds would not be expended in 1977, but over a two to three year period. He further informed the Committee that the Administrator's proposal to use certain non-convertible currencies to purchase other non-convertible currencies was neither unorthodox nor unique since that procedure had been used several times in the past.

305. The Director, Division of Finance, responded to specific questions raised in the Committee and thanked members for their thoughtful observations and constructive comments. He assured the Committee that the Administrator would continue his efforts to control and reduce, wherever possible, administrative costs. The Director reiterated the Administrator's appeal to Governments that additional voluntary contributions were still necessary to improve the financial soundness of UNDP. In response to the request for additional information on UNDP investment practices, the Director explained that UNDP endeavoured to obtain the maximum interest income on its investments while ensuring the highest degree of safety of principal. Information on the type of investment, the currency, the yield, the amount and the maturity was provided in the UNDP financial statements as at 31 December 1976 which had already been submitted to the United Nations Board of Auditors for audit and submission to the General Assembly in the fall of 1977. The Director further explained that, unlike some of the other funds held by the United Nations, UNDP investments were limited to the short term since UNDP could not operate without having its funds available in current short-term assets.

306. Regarding a comment made about the over-expenditure of \$11 million which had occurred on intercountry programmes, as shown on page 4 of document DP/266/Add.1, the Director explained that intercountry programmes had been managed in accordance with the Council's decision which permitted the over-expenditure of IPFs in the first cycle on the understanding that such over-expenditures would be carried over as a first charge against the respective IPFs of the second cycle. The Director also explained that the forecast which had been provided to the Council in January 1977 of an initial 1976 cash surplus of \$16 million forecast for the end of 1976 had been based on actual receipts and disbursement information through October 1976 and that, at that time, it had still been assumed that 1976 project expenditures would reach the target of \$370 million. Thus the net cash surplus of \$36 million which occurred at the end of 1976 and which was shown in the year-end financial statement was due basically to two unforeseen developments which occurred during November and December 1976. Those were under-expenditures of \$17.5 million and the payment of \$5 million in 1977 pledges received in 1976 from two Governments. The under-expenditures on projects in 1976 could not be attributed solely to the lack of timely information, but was a very complex matter that was subject to numerous influences.

307. The Director commented on points raised regarding table 1 of document DP/266 and Corr.1 which had been submitted to the Council in an attempt to provide a cash flow budget projection for the years 1977 and 1978. In accordance with the

decision taken at the twenty-first session of the Council, the Administrator had projected expenditures on the basis of anticipated pledges increasing by 14 per cent each year. He confirmed the views which were stated in paragraph 5 of document DP/266 and Corr.1, namely that, if 1977 expenditures reached a level of \$585.9 million, UNDP would have a deficit in the main programme of \$10.6 million, but that a small net excess of current assets amounting to approximately \$5.7 million would remain at the end of 1977.

308. In response to concerns expressed over the fact that Governments had not yet paid all past due outstanding pledges, the Director reviewed the methodology followed in contacting Governments during sessions of the Council, through Permanent Missions in New York and through field offices. Considerable progress had been made, as reflected in the reduction of past due amounts to only \$26.2 million at the end of May 1977. Special commendation was due to those members of the UNDP secretariat in New York and in field offices that were pursuing the collection of accounts receivable. Special problems were arising with respect to very old unpaid amounts due from Governments in that the UNDP External Auditors were recommending that consideration be given to eliminating from the UNDP accounts in 1977 those amounts which were not collected through the Administrator's special efforts in that regard. The Administrator would report to the Council on that point at a subsequent session.

309. In response to a question raised about overhead charges on projects financed from special contributions received for the least developed countries, the Director stated that it was UNDP practice to charge such overheads to UNDP funds under the main programme category of agency overhead costs. If the Council would like the Administrator to charge agency overhead costs for projects funded from the special contributions to the least developed countries, that procedure could take effect retroactively as of 1 January 1977.

310. One member had suggested that UNDP should operate a system of "zero balance" bank accounts in order to make better use of funds contributed to UNDP. The Director informed the Committee that UNDP was already operating "zero balance" bank accounts in a number of countries and would expand the system where possible and would also endeavour to work out such accounts with the Executing Agencies. In response to the question on the way in which agencies reported interest earned on UNDP funds held in their bank accounts, the Director informed the Committee that, although such interest earnings were small, a standard procedure already existed whereby such income was included in UNDP's miscellaneous income. The earnings resulting from the investment of UNDP funds by agencies was closely monitored by the agencies' external auditors, but the Administrator would be happy to draw the Council's concern on that question to the Panel of Auditors. The Director provided additional explanations on the Administrator's request, contained in paragraph 29 of document DP/266 and Corr.1, to be authorized to accept special purpose funds. He stated that UNDP efforts in cases involving natural disaster assistance did not duplicate the work of the United Nations Disaster Relief Office (UNDRO) since UNDP co-ordinated its activities very closely with the Disaster Relief Office and provided assistance only after the Office had declared the area eligible for United Nations disaster assistance. In response to a question raised concerning the opening of an imprest bank account in an Eastern European country, where there was no UNDP or agency employed staff, the Director explained that the United Nations Controller was the authorized official who acted on behalf of the Secretary-General in matters such as the opening or closing of UNDP bank accounts. The matter of imprest bank accounts containing UNDP funds

being operated by non-UNDP or non-agency staff was a matter of concern, but consultations on the financial principles involved were continuing.

### Decision of the Governing Council

311. At its 588th meeting, on 29 June 1977, on the recommendation of the Budgetary and Finance Committee, the Governing Council adopted the following decision.

#### The Governing Council

1. Takes note of the report of the Administrator on the financial outlook for 1977-1981 and the preliminary financial results of the first IPF cycle 1972-1976 (DP/266 and Corr.1 and Add.1 and 2) and of the views expressed by the members of the Council at its twenty-fourth session;
2. Expresses concern over the resources expected to be available for programme purposes in 1977 and 1978 and appeals to Governments to make every effort to increase their annual contributions to UNDP to ensure that the over-all contribution target for 1977-1981 is reached;
3. Endorses the maintenance of annual expenditure ceilings, as a temporary measure until the financial situation improves;
4. Takes note that actual expenditures for the year 1976 fell short of the authorized level of \$370 million and requests the Administrator to do all he can to ensure that 1977 expenditures reach the target of \$368.7 million, the carryover of \$17.5 million from the previous year being additional;
5. Further takes note of the fact that the first instalment of \$15 million has been set aside in 1977 for the Operational Reserve;
6. Decides that the Administrator may accept cost-sharing arrangements and third party cost-sharing arrangements guided by the following principles:
  - (a) Cost-sharing arrangements and third party cost-sharing arrangements may be accepted for individual projects or, without specific project identification, for country programmes in accordance with UNDP normal procedures;
  - (b) The level of cost-sharing arrangements that may be accepted without prior approval of the Governing Council is limited to \$10 million for the five years 1977-1981, or an amount that would result in the total country programme being double the size of the IPF established for the country, whichever is larger. Proposals for a higher proportion of cost-sharing arrangements should be referred to the Governing Council for decision;
  - (c) The level of third party cost-sharing arrangements that may be accepted without prior approval of the Governing Council is limited to \$10 million for the five years 1977-1981 for a particular country, or an amount that would be equal to the size of the IPF established for the country, whichever is larger. Proposals for a higher proportion of third party cost-sharing arrangements should be referred to the Governing Council for decision;



(d) When considering third party arrangements, it shall be taken into consideration that contributions to these arrangements shall be separate from the voluntary contributions to the general resources of UNDP; the latter shall not be allowed to be diverted for third party arrangements from the over-all resources of the programme;

(e) Within the above-mentioned principles, the annual level of third party cost-sharing arrangements which any donor country may enter into should be related to its annual contribution to UNDP's central resources, the exact share to be determined by the Governing Council at its next session;

(f) Countries participating in cost sharing should, as appropriate, and distinguishing among different sources of financing, reimburse UNDP for any additional administrative costs resulting from their participation in the scheme or make provision for the necessary assistance through an administrative support project charged to country programme costs;

7. Requests the Administrator regularly to report on cost-sharing and third party cost-sharing developments to the Council;

8. Further requests the Administrator to prepare a comprehensive set of rules and procedures covering cost sharing and third party cost sharing and to circulate them provisionally to interested parties until they have been presented to the twenty-fifth session of the Council for information;

9. Takes note of the Administrator's actions to utilize accumulated non-convertible currencies as contained in documents DP/255 and DP/266 and Corr.1, and also notes with interest the report of the Administrator to the Council on his recent consultations with a number of Eastern European countries;

10. Extends its appreciation to the Administrator for his efforts to resolve the problem in accordance with previous Governing Council decisions;

11. Reaffirms the comprehensive decision taken at the twenty-third session of the Governing Council, and encourages all parties concerned to continue their efforts towards this end;

12. Specifically calls on Executing Agencies to facilitate the receipt by experts of portions of their salaries in accumulated non-convertible currencies; and requests a detailed report on this aspect of the issue at its next session covering the progress achieved to date in resolving the problem and the progress made in implementing the provisions of previous Council decisions on this subject, including details on the discussions held with the specialized agencies and others;

13. Commends the Administrator for his efforts in collecting past due amounts and the results achieved in this regard;

14. Appeals to all Governments either to pay all past due amounts or to indicate to the Administrator that the amounts are uncollectable so that these amounts can be removed from UNDP books;

15. Endorses the Administrator's proposal as contained in paragraph 29 (b) of document DP/266 and Corr.1 and requests him to incorporate appropriate text in the



revised financial regulations and rules which will be submitted at the twenty-fifth session of the Council;

16. Takes note of the progress made toward achieving a new integrated information system;

17. Requests the Administrator to submit to the Governing Council at its next session detailed information on the investments of UNDP, with special reference to investments in developing countries, with a view to substantially increasing the investment of UNDP resources in developing countries on safe and profitable terms in a manner consistent with the efficient and effective management of the Programme's resources.

#### B. RECRUITMENT AND USE AND PROSPECTS OF REDUCING THE COSTS OF UNDP-FINANCED EXPERTS

312. For consideration of agenda item 10 (b), the Committee had before it a progress report by the Administrator (DP/260) on the steps taken to initiate the in-depth study on the role of experts in development assistance which was endorsed by the Governing Council at its twenty-third session (see E/5940, 18/ para. 291 (c)). The document also contained the terms of reference of the Joint Inspection Unit (JIU) in carrying out the study (annex I) and a work programme and proposed outline of the content of the study (annex II).

313. In introducing the item, the Assistant Administrator, Bureau for Administration, informed the Committee that work on the study was progressing as foreseen. UNDP had seconded an officer to JIU to assist in the work, as had FAO, UNESCO, and the Government of Sweden. Other agencies would provide support in other ways. The Assistant Administrator explained further that relevant questionnaires had already been sent to Governments of developing countries, to UNDP resident representatives, to the leaders of some 200 representative development assistance projects and to the specialized agencies. In addition, information was being sought from the World Bank and bilateral technical co-operation programmes, as well as from selected non-governmental organizations and certain individuals.

314. The Assistant Administrator also informed the Committee that UNDP field offices would co-operate fully in helping to carry out the study, and that both UNDP and the agencies had already provided a considerable amount of information and statistical data. He stated, too, that the International Civil Service Commission was involved in certain aspects of the study, but the results of its work were not likely to be available by the time the JIU report was to be completed.

#### Summary of discussion in the Committee

315. Members of the Committee were virtually unanimous in their expressions of appreciation for the initiative taken by the Administration in getting the JIU study under way. General endorsement was also expressed for the terms of reference and

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18/ Official Records of the Economic and Social Council, Sixty-third Session, Supplement No. 3.

for the work programme outlined in the annexes to document DP/260. The information that a number of specialized agencies, as well as an official from the Government of Sweden, would assist the JIU in carrying out the study similarly met with approval.

316. Several members of the Committee stressed that, with the costs of expert services rising to a point where they absorbed substantially more than one half of all expenditures for technical co-operation activities, the importance of the JIU study could not be over-emphasized. One member suggested that the problem of international expert costs should be separated from the question of the role of those experts and that the former problem should be addressed first. Other members emphasized that the results of the study could be instrumental in suggesting alternatives to the traditional practice of providing international experts as the solution to various, specific development problems. In that connexion, several members referred to the modalities offered by TCDC and to the implementation of the new dimensions concept as possible avenues for further exploration. One member suggested that the Commonwealth Fund for Technical Co-operation should also be consulted on the study since the Fund not only managed to recruit more than 40 per cent of its experts from developing countries, but also managed to do so at a cost considerably lower than that of UNDP-financed experts. Several members expressed the view that, other than the current system, the study should also explore alternative modes of payments to experts.

317. While expressing support in general for both the terms of reference and the work programme as outlined, some members registered their disappointment at the absence of specific provisions for the active involvement of representatives from developing countries in carrying out the study. They underlined the importance of making arrangements that would permit such involvement.

318. Several members questioned both the proposed schedule and the scope of the study. In connexion with the former, they suggested that the time-table might be too tight while, in the case of the latter, they thought that JIU might be allowed more freedom in its investigation. By way of an illustrative example, one member suggested that the study might also examine the problems generated as a result of experts in one developing country, having been trained by means of a technical co-operation project, leaving their own country to assist another developing country in the spirit of TCDC, thereby depriving their own country of still-needed expertise and generating the need for further development assistance from international sources. Another member observed that the terms of reference seemed to be directed more to the source of experts than to the nature of the input itself.

319. One member expressed reservations about the questionnaire sent to developing country Governments on the grounds that some of the modalities referred to therein had not been fully worked out. He also questioned the implication that a double standard governing the payment for expert services might be introduced. A single rate of standard costs throughout the United Nations development system was called for.

#### Observations of the Administration in the Committee

320. Responding to the points raised in the discussion, the Assistant Administrator, Bureau for Administration, expressed appreciation for the support for the study that

had been voiced by members of the Committee. He said that careful note would be taken of the views expressed as the work of JIU proceeded. The Assistant Administrator suggested that the views could be consolidated into two major problem areas. The first related to how best to meet the evolving requirements of developing countries when traditional expertise did not always meet the needs. The second related to how to reduce costs when the provision of traditional expertise remained the most feasible way to deal with specific development problems. Those two broad areas would be the focus of the study.

321. Regarding the schedule for the work of JIU, the Assistant Administrator acknowledged that problems of timing existed and that further discussions with the Unit would be undertaken in an effort to resolve those difficulties. As to the involvement of developing countries in the exercise, he referred to the fact that, though the questionnaire had been sent to many developing country Governments, the Administration was more than willing to discuss the feasibility of other means of effecting such involvement.

322. At the invitation of the Chairman, the Vice-Chairman of JIU also commented on some of the questions raised. He welcomed the emphasis on expert costs, but stressed that quality remained the overriding concern. The Vice-Chairman of JIU suggested that the concept of cost-effectiveness was the key to the issue. He stated that the question of lump-sum payments was already being examined, as were the modalities for TCDC. Regarding the involvement of representatives of developing countries, the Vice-Chairman said that that was the Unit's first priority.

#### Decision of the Governing Council

323. At its 588th meeting, on 29 June 1977, on the recommendation of the Budgetary and Finance Committee, the Governing Council adopted the following decision.

##### The Governing Council

1. Takes note of the progress report submitted by the Administrator on the recruitment and use and prospects of reducing the costs of UNDP-financed experts (DP/260);
2. Further takes note with appreciation of the assistance provided by one member State, JIU and some specialized agencies in carrying out the study;
3. Requests the Administrator to submit the study prepared by JIU to the June 1978 session of the Governing Council, taking into account the views expressed by the Council at its twenty-fourth session, in accordance with the decision of the Council at its twenty-third session (E/5940, 19/ para. 291);
4. Decides that the scope of the study contained in paragraph 7 (g) (iv) of annex I to document DP/260 should refer to obtaining expert services from both donor and recipient countries.

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19/ Ibid.

### C. AGENCY OVERHEAD COSTS

324. For the consideration of agenda item 10 (c), the Committee had before it:

- (a) A report by the Administrator (DP/259 and Add.2);
- (b) A note containing the views of the Inter-Agency Consultative Board (DP/259/Add.1);
- (c) The comments and observations of the Advisory Committee on Administrative and Budgetary Questions (DP/284);
- (d) A request by the International Telecommunication Union for additional overhead reimbursement for 1976 (DP/277 and Add.1);
- (e) A note on overhead flexibility for the smaller agencies for 1976 and 1977 (DP/278 and Corr.1).

325. In his opening statement to the plenary meeting of the Council, the Administrator made reference to the complex issue of overhead costs and stated that, while several options had been explored in document DP/259, UNDP was not urging the adoption of any particular alternative at that stage. He went on to say that that question had dimensions much broader than purely financial ones and that it had a bearing on the quality and effectiveness of the Programme's work, as well as on the relationship among all its partners. That being the case, he added, the question of overhead costs deserved a more comprehensive examination by some machinery, preferably intergovernmental, to be devised by the Council. The Administrator emphasized that the alternatives to be explored should include compensating the agencies, whether from UNDP funds or otherwise, in a manner different from the existing system in which compensation was related directly and proportionately to the money value of expenditure incurred. Pending such an examination and a final decision by the Council, the Administrator was recommending the maintenance of the status quo for two years.

326. In introducing the item in the Budgetary and Finance Committee, the Assistant Administrator, Bureau for Administration, conveyed the Administrator's belief that the consideration of the matter by the Council would be facilitated by exposing various possible approaches so that an eventual decision could be reached after full consideration of all alternatives. That approach also reflected the view that, in the final analysis, a decision on the question had to be reached by Governments through a consensus based on broader considerations than those of a purely financial nature. The Assistant Administrator also emphasized that UNDP had had intensive consultations with the agencies on the matter and that a number of agency officials had participated in a drafting group which had prepared document DP/259.

327. The Assistant Administrator drew attention to the views of members of the Inter-Agency Consultative Board (IACB); as document DP/259/Add.1 showed, the overwhelming majority of the members of IACB had expressed themselves in favour of continuing the current system of compensating agency overhead costs. He further drew attention to the view of the Advisory Committee on Administrative and Budgetary Questions contained in document DP/284; that favoured the current approach whereby reimbursement was based on a percentage formula linked to project delivery, but the Advisory Committee also suggested further consideration of the possibility of establishing regressive rates of reimbursement.

328. In emphasizing that the delivery of technical co-operation activities through the United Nations system carried with it - as it would through any other system - certain inescapable support costs, the Assistant Administrator underlined the unique aspects of those programmes of the United Nations system which made comparisons with bilateral programmes questionable.

#### Summary of discussion in the Committee

329. Several members referred to the long history of discussion of the matter in UNDP and its predecessor bodies and said that, despite the considerable time and attention devoted to it over the years, the problem had defied a lasting solution. They felt that a renewed effort should be made, perhaps through an intergovernmental mechanism, to find such a solution. One member made a concrete proposal to convene an open-ended intergovernmental working group. Some members felt that they could endorse that idea provided that the working group had a clearly defined mandate and that participation by UNDP and the agencies was guaranteed.

330. One member, who rated overhead costs in UNDP programmes as higher than in other aid transfer mechanisms, suggested the reintroduction of detailed cost measurement studies (CMS); another indicated that CMS had failed; yet another member was of the view that the substantial variations shown by CMS were explained more by variations in costs in different agency locations than by relative differences in managerial strength.

331. While some members were in favour of the current system as a long-term solution, largely as a result of elimination of other alternatives and to some extent because, it was time-tested, several others referred to its drawbacks. It was suggested that a cost-plus approach provided no incentive to reduce costs and did not take sufficient account of economies of scale. It was also suggested that administrative costs did not necessarily follow the dollar volume of project assistance. It was pointed out that the utilization of overhead payments rarely received adequate intergovernmental review and control under the current system. On that last point, one member described as fallacious any idea that inclusion of overheads in the regular budgets would necessarily improve such review and control.

332. A number of members subscribed to one or more of several basic requirements for any lasting solution to the problem: it should be equitable to all parties concerned, identify clearly the costs involved, provide an incentive to reduce costs, include flexibility to take account of special situations, take account of changes that have occurred in the work, methods and procedures of UNDP and the agencies as well as the spirit of partnership among them, and it should be easy to understand, simple to operate and be applicable to all forms of technical co-operation in the United Nations system. One member specially underlined the central role of UNDP in the United Nations development system. Another member, in emphasizing the partnership concept, favoured sharing those costs and looked toward a "value-free" system in which financial aspects did not unduly influence policy decisions on programmes and projects.

333. One member, supported by several others, stressed that the term "overheads" was not clearly defined in the United Nations system. In French, the term frais généraux would normally be regarded as covering only purely administrative costs. The member declared that in the case of UNDP, "overheads" also covered the costs of support functions such as project planning, formulation, implementation and

evaluation. In many bilateral programmes those elements were included in project costs. The member also said that, because of the lack of clarity in defining the term "overheads", certain members of parliament gained the impression that "overhead" costs were excessive, which could have adverse repercussions in obtaining future increases in appropriations for multilateral programmes. That same member consequently insisted that an exact definition of the concept of "overhead" costs be established in order to eliminate a great deal of misunderstanding.

334. Another member emphasized that any change in the current system would have to be acceptable not only to the Governing Council and the General Assembly but also to the legislative bodies of the agencies since the agencies were autonomous organizations and the General Assembly could only make recommendations to them. That would be especially relevant to any proposal which might in any way affect the regular budgets of the agencies.

335. A wide variety of views were expressed with regard to the alternatives mentioned in document DP/259. While two members specifically indicated support in principle for the inclusion of overhead costs in agency regular budgets, some others disagreed. Arguments advanced in favour of the former position were that technical co-operation activities had become an integral function of the agencies and that such activities had in fact become the real motivation for the dynamic work of the agencies. Members opposed to that view suggested that the changed role of the agencies had been overstated, that all overhead payments had to be met from the voluntary funds financing the projects and that any approach which increased the regular assessed budgets should be rejected.

336. While some members felt that the inclusion of overhead costs in the regular budgets could serve as a stimulus for minimizing administrative costs in the agencies, others rejected that argument on the grounds that such a stimulus already existed in the form of the relevant organs of the agencies and that reviewing various cost elements could lead to considerable reductions. In that connexion, one member explicitly referred to the "evaluation costs" and "programme formulation costs" elements which, in his opinion, could not be accepted as overheads.

337. The alternative of UNDP supporting an agreed infrastructure level, or some variation of it, was supported as a possible solution by a few members. One member suggested that the possibility of having an integrated department of development operations in each agency might be explored; the costs of such a department could be determined and compensated and any other services from the agency could be obtained on a reimbursable basis. Another representative suggested a combination of a basic, fixed-cost, infrastructure and an additional, small percentage reimbursement for variable costs. Against that, however, one member pointed to the difficulties of obtaining changes in a great many organizational structures and arrangements which would render the infrastructure alternative unduly complex.

338. The alternative of including overheads in project budgets was considered by one member as the most interesting. He thought that that approach would enable developing country Governments to be involved in the determination of total costs of project activity. He also indicated that that alternative was consistent with the move towards government execution inasmuch as in the latter case a major part of specific overhead provision would disappear. Another representative thought that a combination of that alternative and of a fixed percentage reimbursement

might be appropriate. Thus, certain support elements could be included in individual project budgets on the basis of a system-wide average and could be supplemented by a small percentage compensation to cover other, possibly fixed, costs. However, another member, while seeing some merit in the inclusion of overheads in project budgets, rejected that approach because of its great complexity.

339. A number of members, largely through elimination of the other alternatives, saw merit in the continuation of the existing system. It was suggested that that approach was time-tested and further helped to preserve the basic aim of partnership between UNDP and the agencies. However, other members drew attention, as stated in paragraph 331 above, to what they regarded as drawbacks of the current system. One member stated that, if the Council decided to continue the current system, the reimbursement rate should, in his view, be established at 13 per cent. The 14 per cent rate was, as members were fully aware, only a provisional figure.

340. Several, even among those members who were in favour of the existing system, considered it useful to seek certain modifications and improvements in that system. Reference was made in that regard to the recommendation of the Advisory Committee (DP/284, para. 11) for a study of the possible introduction of variable or regressive rates of reimbursement.

341. Practically all members who spoke were in favour of continuing special flexibility arrangements for those agencies which dealt with relatively small volumes of programme activity. While several members also supported the suggestion in paragraph 42 of document DP/259 for a review and increase in the \$10 million criterion to define small programmes, two representatives did not consider any upward revision of that limit necessary at that time. One of the latter members indicated, however, that arrangements might be worked out to deal with any special situation on an ad hoc basis.

342. With regard to the request of the International Telecommunication Union (ITU) for an additional overhead reimbursement for 1976 (DP/277 and Add.1), the response of members who spoke was generally favourable. It was suggested, however, that the ITU representative should provide some additional information and justification to support the request. The ITU representative subsequently made a statement elaborating the points covered in the ITU request and in the letter from the President of the ITU Administrative Council to the President of the UNDP Governing Council (DP/277/Add.1).

343. Several members recognized the special problem of ITU which had been explained in documents DP/277 and Add.1. As ITU continued to be subject to particular hardship owing to currency fluctuation and heavy programme reduction, it was felt that any future requests for additional overhead reimbursement should be dealt with on a case-by-case basis until a long-term solution for agency overhead costs reimbursement was found.

344. The representative of the United Nations made a statement covering the services provided by the United Nations to activities funded from extrabudgetary resources on which the Secretary-General had submitted a comprehensive report to the General Assembly. <sup>20/</sup> He reiterated that the United Nations favoured the retention of the

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<sup>20/</sup> See A/C.5/31/33.



status quo in regard to reimbursement for overhead costs and reserved the position of the United Nations on the recommendation of the Advisory Committee concerning regressive rates of reimbursement.

#### Observations of the Administration in the Committee

345. Responding to the discussion, the Assistant Administrator, Bureau for Administration, noted the variety of views and positions expressed by members. Within that spectrum of views, members had generally underlined, in his understanding, certain common elements. There was thus general recognition that some further in-depth study of certain aspects of alternatives - or combination of elements from one or two of the alternatives - might be useful in the search for a long-term solution. He said that several members had also indicated that such a further study might be appropriately undertaken through an intergovernmental mechanism with the full participation of UNDP and the agencies. The Assistant Administrator confirmed the Administrator's understanding, as reflected in paragraphs 26 and 47 of document DP/259, that any change in the current system would also need the agreement of the legislative bodies of the agencies in order to be effective.

346. The Assistant Administrator took note of the recognition in the discussion that an in-depth study and the start of implementation of decisions resulting therefrom would take some time and that, in the meantime, the current system should be maintained for 1978 and 1979. It was important in that regard, he added, to take into account also the legislative and budgetary processes and time-tables of the several organizations.

347. With regard to the definition of overhead costs, the Assistant Administrator referred to certain comments in the Administrator's opening statement to the Committee in the context of UNDP's own administrative and programme support budget. It was true, as had been pointed out in the discussion, that certain types of costs pertaining to project identification and preparation, formulation and implementation were made part of project costs in at least some bilateral programmes, and that in general such programmes enjoyed somewhat greater flexibility in that respect. That, along with certain other factors related to the uniqueness of the programmes of the United Nations system, pointed to the need for caution in making comparisons between the so-called transfer costs of bilateral and multilateral programmes.

#### Decision of the Governing Council

348. At its 588th meeting, on 29 June 1977, on the recommendation of the Budgetary and Finance Committee, the Governing Council adopted the following decision.

##### The Governing Council,

Having considered the Administrator's report in documents DP/259 and Add.2, the views of the Inter-Agency Consultative Board as contained in document DP/259/Add.1 and the related report of the Advisory Committee on Administrative and Budgetary Questions in document DP/284,

Taking account of the statements made and views expressed during the discussion of this item in the Budgetary and Finance Committee,



Recognizing that this question has broader aspects of a policy nature going beyond purely financial considerations and that a long-term solution must be sought through a consensus of Governments, based not only on sound technical factors but also on broader considerations of policy.

1. Decides to establish an intergovernmental Working Group on Overhead Costs, to work during sessions and only if necessary between sessions, open to participation by all members of the Council as well as observers, at no additional cost to the approved budget of UNDP; invites the Administrator of UNDP and the heads of the Executing Agencies or their representatives to participate actively in the work of the Group;

2. Invites the United Nations Board of Auditors, the Advisory Committee on Administrative and Budgetary Questions and the Joint Inspection Unit, the Administrator and Executing Agencies to submit through the Administrator of UNDP to the President of the Governing Council for submission to the Working Group an expression of their views on the question of overheads including inter alia a clearer definition of the term "overheads" and the cost elements involved as a starting basis for the work of the Group;

3. Requests the Working Group to meet as required and examine comprehensively all aspects of this question in the light of the documents provided to the Council and the statements made and views expressed during the discussion of this item in the Budgetary and Finance Committee at the twenty-fourth session, including the question of reduction of overhead costs with the purpose of achieving an over-all reduction in programme support costs in United Nations technical co-operation programmes and to recommend a long-term system for meeting overhead costs which, while being consistent with the following requirements, would also take into account relationships with the assessed budgets and programmes of work of the Executing Agencies:

(a) Any system should include a clear and detailed enumeration of the expenditures involved in the term "overheads", and should reflect clearly the identifiable additional costs of administrative and technical support provided to technical co-operation programmes;

(b) It should be so designed as to provide an incentive to all parties concerned to minimize overhead costs;

(c) It should include adequate flexibility to take account of the special situation of the different agencies;

(d) It should reflect the fact that support for technical co-operation activities has increasingly become a function of the agencies, as well as the principle of full partnership between UNDP and the agencies in accordance with the Consensus of 1970;

(e) It should be easy to understand, simple to operate and be applicable to all forms of technical co-operation activities in the United Nations system, including all types of cost sharing where necessary support costs of the Executing Agencies as well as UNDP have to be covered;

4. Requests the Administrator of UNDP and the Executive Heads of the agencies to render all necessary assistance to the Working Group in its task;

5. Requests the Working Group to report back to the Governing Council at its session in June 1979, with an interim report at the session in June 1978;

6. Decides that, in the meantime, the present arrangements for reimbursement at 14 per cent of project expenditures, together with the existing flexibility arrangements for the smaller agencies, will continue for the years 1978 and 1979 and, if after this period no final decision is taken on the basis of recommendations of the Working Group, the present percentage shall be reviewed; further decides that cases of particular hardship due primarily to currency exchange fluctuation and heavy programme reduction shall be dealt with on an ad hoc basis;

7. Authorizes the Administrator to reimburse an amount of \$157,168 to the International Telecommunication Union representing a special overhead reimbursement in respect of the year 1976, as an exceptional measure and without making it a precedent for overhead payments to smaller agencies in the future.

#### D. ADMINISTRATIVE BUDGET FOR 1978

349. For its consideration of agenda item 10 (d) the Committee had before it documents DP/273 and Corr.1 and DP/273/ANNEX and Corr.1 containing the budget estimates for 1978 in a programme budget format, the related report of the Advisory Committee on Administrative and Budgetary Questions (DP/279), a note by the Administrator on UNDP support to the Consultative Group on Food Production and Investment (DP/283), a proposal from the Executive Director of the United Nations Industrial Development Organization (UNIDO) for an increase in the number of Senior Industrial Development Field Advisers in 1978 from 30 to 38 posts, and information on the status of job classification in UNDP.

350. In introducing the administrative and programme support budget for 1978 (DP/273 and Corr.1), the Assistant Administrator, Bureau for Administration, stated that the Administrator had been guided by an upper limit of \$65 million in preparing the detailed budget and that net expenditures of \$64,958,000 were proposed. In referring to tables A, B and C of document DP/273 and Corr.1, the Assistant Administrator noted that the net 1978 budget proposed was 8 per cent higher than that of 1977, largely reflecting the impact of inflation worldwide. However, estimated resources would increase by about 11.5 per cent. Thus, the increase in the budget had been kept to a proportionately lower figure than the projected increase in resources. The estimated programme costs, i.e. expenditures made in developing countries, were forecast to remain about the same in 1978. Were it not for the \$35 million set aside for restoration of the operational reserve, the increase in estimated programme costs would be 7 per cent rather than remaining the same. That would have resulted in a consequential lowering of the programme budget cost as a percentage of estimated programme cost. Efforts would continue to ensure that administrative and programme support costs were kept to the minimum necessary to sustain the necessary workload, to ensure effective management and to provide for increased programme delivery. The unfavourable trend in the ratio between programme and administrative costs could be reversed by continuing to stabilize the administrative and programme support budget and by increasing annual voluntary pledges to UNDP. The Committee was assured that that was the Administrator's major concern.

351. The Assistant Administrator informed the Committee that IPFs had been increased from about \$1.5 billion for 1972-1976 to \$2.5 billion for 1977-1981 and stated that it was planned to cover that expanded workload largely by absorption within the existing staffing tables. Professional programme and administrative tasks in field offices would continue to be shifted from internationally recruited Professional staff to locally recruited staff as a further step towards the development of self-reliance in developing countries. As requested by the Council, increased productivity would also be sought from UNDP staff while striving for improved efficiency and enhanced work quality.

352. On the subject of increased productivity, the Assistant Administrator commented briefly on the Council's request to include in the 1978 budget "proposals to offset, to the extent feasible, costs due to inflation through economies and productivity increases". He stated that increasing productivity was a very complex and diverse matter which for UNDP was believed to revolve around the administrative process through which the efforts of UNDP staff members were directed and controlled. That process thus involved the whole system of management within UNDP.

353. While productivity was influenced by such things as technical competence, work environment and office layout, mechanization or computerization, distance of field offices from headquarters, frequency of field office visits by senior supervisory staff from headquarters, etc., UNDP faced a major impediment in the absence of a common productivity measurement and the lack of a productivity control device. The usual situation where productivity was measured was a manufacturing process where work was either controlled or measured on the basis of job orders or a continuous flow of work. While the flow of work through UNDP was more or less at a constant rate, it was very difficult for management to control or measure the flow.

354. However, the Administrator accepted that a principal function of the UNDP administration was to increase productivity, both qualitatively and quantitatively. It seemed to the Assistant Administrator that there were three major areas of additional efforts from which improved productivity in both quantitative and qualitative terms could result. The first was the area of planning. 1977 was the first year in which management plans had to be submitted for all bureaux and divisions at headquarters. Those had been discussed extensively and, although that was a first year exercise and therefore something of an experiment, it was felt that it already gave a rough yardstick by which progress could be measured. That method would undoubtedly be refined for next year.

355. The second area was that of training. The preceding few months had been used to identify more clearly the needs in that respect so that the training programme could address itself more precisely to shortcomings in staff performance which could be remedied through intensified training.

356. A third area had to do with work supervision and assessment of performance, again so that whatever corrective action was needed could be taken when so indicated by circumstances.

357. Further measures which were expected to increase productivity included the Integrated Systems Improvement Project; a strengthening of the internal audit function; improved reporting systems; streamlining of the organizational structure and clearer internal working procedures, including delegation of responsibility

and authority at headquarters, clear procedures for decision taking, etc.; adoption of workload sampling techniques and greater use of operations research techniques applicable to UNDP.

358. The Assistant Administrator warned that the Council should not be misled into believing that increased productivity would lead directly to reduced budget appropriations. A steadily increasing total workload was expected as a result of the growth in field operations in the years to come and as a result of the desire to do a better job for the countries with which UNDP co-operated.

359. The information on the status of job classification had been requested by the Council at its twenty-third session (see E/5940, para. 255 (q)). The Committee was advised by the Assistant Administrator that an experienced outside consultant in the field of job classification with ample United Nations system experience, had been engaged to review UNDP practices and had reached the conclusion that those practices met the special requirements of UNDP operations and that the introduction of any rigid job classification system should be avoided, as such a system would not bring any significant improvement to the existing arrangements. Having reviewed the matter in detail, the Administrator proposed the continuation of the current practices, with some specific recommendations for follow-up action as indicated in paragraph 10 of the document, in order to improve further the quality of personnel management practices with the over-all purpose of increasing the productivity of the organization.

360. The Assistant Administrator was pleased to recall that in January 1976 the Council had requested the Administrator to reduce the 1976 budget by \$2 million, from \$59.6 million to \$57.6 million. In the actual event, it had been possible to save, in addition to the \$2 million, a further amount of \$478,841 in 1976. The Advisory Committee approved a request to transfer minor budget credits in 1976 in two budget sections amounting to \$63,012 in section 1 (Salaries and wages) and \$52,831 in section 6 (Special expenses). Those transfers between budget sections had been made from within the over-all saving of \$478,841 and were in accordance with the Council's earlier decision. 21/

361. Members of the Committee were reminded by the Assistant Administrator that the General Assembly had assigned the management of the United Nations Capital Development Fund to UNDP. Initially, the General Assembly had decided that administrative costs of the Fund should be met from the regular budget of the United Nations. However, when the Fund was transferred to UNDP, no provision was made to cover administrative costs and those costs had in fact since been met from UNDP resources. That practice was inconsistent with the treatment afforded to UNFPA, the United Nations Sahelian Office and the United Nations Revolving Fund for Natural Resources Exploration where voluntary contributions destined for the particular activities were used to cover their administrative costs. In paragraphs 21 to 25 of document DP/273 and Corr.1 that matter was drawn to the Council's attention with the suggestion that the practice of charging Capital Development Fund administrative costs to UNDP should be re-examined. It was hoped that the Council would support charging the administrative costs of the Fund to voluntary contributions to the Fund, a practice consistent with the treatment afforded other similar funds.

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21/ See Official Records of the Economic and Social Council, Sixty-first Session, Supplement No. 2A, para. 427, decision I, para. (c).

362. The Assistant Administrator was fully aware that further refinement was needed, that being the second time within a six-month period that UNDP had submitted a document to the Council in the programme budget format. Specifically noted was the need to be more explicit on the question of justification for increases or decreases in the budget.

363. The Assistant Administrator noted that, as the Administrator had indicated in his opening statement, UNDP was faced with a broader problem of budget presentation. Should the administrative budget and the programme support budget be presented in two separate documents? Or should some other form be found by which it could be made clear that those were in fact two fundamentally different categories of the budget? How could it be made clear that the programme support budget was directly linked with the quality of the programmes and projects delivered? In the final analysis, the question might well be how much quality and what specific qualities should be sacrificed in the interest of a lower programme support budget.

364. The Assistant Administrator stated that questions such as these by no means exhausted the list of presentational problems, but just singled out a few of them which would be discussed intensively within the secretariat during the next few months. The views and detailed suggestions of the Advisory Committee had also been invited and the UNDP secretariat looked forward to co-operating with the members and secretariat of that Committee in order to achieve improvements in the 1979 programme budget presentation.

#### Summary of discussion in the Committee

365. In general, most members concurred with the comments of the Advisory Committee and expressed appreciation for the efforts made to refine and improve the budget presentation. It was noted that the comments made by the members of the Committee at the twenty-third session of the Council had largely been reflected in the document. The markedly improved budget format had enabled members systematically to divide their time between understanding the budget request and analysing the supporting data. As document DP/273 was only the second programme-type budget prepared by UNDP, members hoped, like the Advisory Committee, that the search for further improvements in the budget format would continue. While commending the secretariat for presenting the Council with an excellent document, one member suggested that a more narrative approach would make the document generally easier to read and thus easier to understand and could lead to a more substantive and more meaningful dialogue in the Council. One member, supported by another, touched on the question of zero base budgeting and wondered whether some of the ideas behind that concept could be applied, perhaps on a limited basis.

366. The Administrator was generally commended for his endeavour to limit increases in the 1978 administrative budget at a time of generally high inflation and cost increases; for the savings achieved, for example by replacing internationally recruited Professional staff with locally recruited Professional personnel; for the stress placed on increasing staff productivity in order to minimize budget increases; and for containing expansion. Members requested that those efforts be reinforced in the years ahead and that the growth of administrative costs be strictly controlled.

367. Members requested that future programme budget presentations include

information in more detail on the factors contributing to increased or decreased budget proposals and also on the steps taken to offset increased costs by way of additional economies and productivity increases. Detailed analyses and specific justifications for all increases, as recommended by the Advisory Committee, especially for travel credits, were considered essential data to be included in future UNDP administrative budgets.

368. The Administrator's continuing positive indications of his interest in limiting the growth of the administrative and programme support budget had also been noted in paragraph 6 and elsewhere in document DP/273 and Corr.1. It was stressed that the key to UNDP's success would be the extent to which it could increase its capability to deliver more programmes without a corresponding increase in its administrative costs. The level of the budget should be kept as low as possible consistent with efficiency of administration and should ensure that the maximum volume of resources were made available for project expenditure. Members were pleased with the priority assigned to the problem by the Administrator.

369. A number of members compared the rate of growth of the administrative and programme support budget with the growth in voluntary contributions and stated that, for a revitalization of the technical co-operation programme afforded by UNDP, it was imperative that donor countries increase their voluntary contributions to the Programme by at least 14 per cent per annum in order to ensure a constant increase in assistance to recipient countries.

370. Several members referred to the relationship between the gross and net budget level and, even assuming a static staff situation, foresaw an inexorable growth in the gross budget and a levelling off of the rate of growth of anticipated income. The importance of host government contributions to field offices was stressed and the fact noted that such contributions must ultimately increase. Several members formulated alternatives to alleviate the situation, such as an increase in estimated income in real terms, a reduction in the gross budget for administrative and programme support costs, or a combination of both measures, in an attempt to stabilize or severely restrict the rate of growth of the net budget.

371. One member stated that the 1978 budget did not take account of the decision taken by the Council at its twenty-third session that the percentage increase in administrative and programme-support costs should parallel the percentage increase in programme costs, since the former were 8 per cent higher in 1978 than in the previous year, while the latter had risen by 6.3 per cent.

372. One member stated that the true administrative and programme-support costs were the so-called gross cost figures and not the net figures. Consequently, the gross cost figures should be used to calculate the annual increase in those costs, as well as to calculate the percentage which those costs represented of the programme costs and of the estimated programme resources.

373. One member expressed the view that a genuine programme budget should include all UNDP income, including voluntary contributions, and all expenditure, including programme costs.

374. In connexion with the budget increases in 1978 over 1977, a number of members noted that virtually the entire increase was in salaries and wages, thus illustrating the dominant impact of staff costs in the over-all UNDP administrative budget. One member pointed to that occurrence as a system-wide problem and

ventured the opinion that it was time that the United Nations did something about the excessive level of salaries and wages and benefits.

375. In commenting on productivity, a number of members referred to paragraph 26 of document DP/273 and Corr.1, the introductory remarks of the Assistant Administrator, the necessity for increased productivity and the complexity of measuring productivity and efficiency. It was generally felt that the three measures outlined by the Assistant Administrator would contribute to increased staff productivity. One of the priority areas enunciated by one member was the further streamlining of the organizational structure and clearer internal working procedures, including delegation of responsibility and authority down the line at headquarters and clear procedures for decision taking. Continued emphasis on reducing top-heaviness at UNDP headquarters was stressed.

376. While generally agreeing that the quantitative workload data gave an insight into the workload of field offices and headquarters organizational units, and while appreciating that time constraints had inhibited the preparation of the data for inclusion in document DP/273, attempts should be made to further refine the raw data, to digest it and reflect it in a condensed format. By that process, UNDP would begin building up a time series which would contribute to the better assessment of the programme budget by the Committee and by other policy-making organs. Further work on the quantitative workload data was considered worthwhile and the Administrator was requested to include such data as annexes in future programme budget submissions. Changes in the workload would be a vital input in justifying increases or decreases in the size of individual programme budget components. It was suggested that such data might be furnished in an annex in the future.

377. Members generally expressed satisfaction that the number of field and headquarters Professional level posts had been held at 581 for 1978. The hope was expressed that the staffing tables would, in future, also reflect the mid-term and long-term staffing policy of UNDP contained in the outline of the long-term staffing proposals for the second IPF cycle which was before the Council at its twenty-second session. 22/ Several members commended the Administrator and his staff for having achieved the targeted level and noted the assurance in paragraph 30 of document DP/273 and Corr.1 that all essential functions could be provided. While welcoming the trend, it was emphasized that stabilizing the staffing level should not adversely affect the rate of project implementation. Reference was also made to the Administrator's undertaking to redeploy staff within the over-all total, should it be necessary to accommodate any new requirements. Several members referred to efforts to recruit Professional staff in recipient countries to replace some of the internationally recruited staff and considered that development as an additional important contribution to developing countries.

378. A number of members referred to the status of job classification in UNDP. The Administrator was commended for the information on the current trends within UNDP's personnel administration. It was observed that a qualified staff member was a resource as precious to UNDP as the financial resources member Governments provide. The proposed action plan was seen as the instrumentality through which some of the problems in personnel administration would be attacked. Among the problems referred to were the status of locally recruited General Service staff, the policy of localization and the provision of better opportunities to locally recruited Professional staff while decreasing the number of internationally recruited



Professionals. The system of job descriptions for each Professional post at headquarters might form a baseline against which an individual's performance could be measured. All of those problems needed to be resolved within a solid institutional framework. The Administrator was requested to keep the Council informed of progress in that regard.

379. One member commented on the joint statement by the Administrator and the Staff Council on UNDP personnel policies and practices issued in March 1977 and hoped that it would become an instrument for a genuinely progressive and democratic organization. The ultimate aims of UNDP's personnel policies were described by that member as increased productivity in technical co-operation, an increased degree of professionalism in all functions of the staff and equity in terms of salaries and advancement. Two main approaches should be followed to reach those objectives: first, the creation of a set of norms covering all aspects of personnel administration, and, second, an efficient and goal-oriented planning system for the medium and long-term, suitably synchronized with the needs arising from the general policies of the development cycle. Since a basis had been laid in the statement of UNDP personnel policies and practices and in document DP/201, both the Administrator and the Council bore a responsibility for further developing UNDP's personnel administration along those lines.

380. Referring to the question of shifting emphasis at headquarters from increased programme delivery to improved control and monitoring functions, clearer policy definitions and evaluation, several members saw that as a temporary phenomenon with long-range benefits. Although not wanting to cut into projected increases in the level of programme delivery, a situation could be envisaged in which the improvement of control, policy and evaluation functions might temporarily need more emphasis and more staff resources. Those elements, once strengthened, should yield a better and more efficient capacity within UNDP to deliver operational programmes. It would be, in effect, an investment in management from which UNDP programmes should reap considerable benefit.

381. Another member cautioned against any sudden shift in emphasis at headquarters since programme delivery was expected to pick up in the years ahead and he suggested moving forward on several fronts simultaneously. The shift to monitoring and evaluation from project formulation was seen by one member as the consequence of the developing countries' increased ability to better define projects and of UNDP's need to benefit from the experience gained in programme and project execution. That shift should be reflected in the budget. Evaluation could not be undertaken from a desk, but required the mobilization of diverse inputs including travel, meeting with government representatives and with Executing Agencies in a framework where fresh outside views would sometimes be desirable. That member, supported by another member, felt that a separate provision should be made for evaluation and suggested that a supplementary authorization for that specific purpose should be considered by the Committee.

382. Several members wondered whether the function of evaluation was currently properly placed in the organizational structure of UNDP. They considered it to be a completely separate function which should be strengthened. One member suggested that UNDP should introduce a dual system of evaluation comprising internal as well as external evaluation.

383. A number of members referred to and in general endorsed paragraphs 15 and 16



of the report of the Advisory Committee dealing with new budget terminology and proposals for further improving the budget presentation.

384. Concerning special translation costs and documentation for the Governing Council, several members noted that those were the subject of continuing discussion with the United Nations and awaited the Administrator's report at the twenty-fifth session of the Council. The view was expressed that UNDP should not have to provide funds in its administrative budget for translation, reproduction or overtime incurred in servicing the Governing Council, which was a subsidiary organ of the Economic and Social Council and the General Assembly. It was felt, however, that both the United Nations and the Administrator should give greater priority to providing Governments with documentation, in all working languages in time for proper analysis and study. Many members spoke to the subject of late documentation in general and particularly to the extremely late availability of document DP/273 in all working languages and endorsed the comments of the Advisory Committee in that regard.

385. Increased travel costs were the subject of considerable concern to many members. While recognizing that more staff travel may be necessary as the programme regained momentum, most members endorsed the view that all travel should be carefully reviewed and efficiently planned and controlled. UNDP should not waste funds on unnecessary travel. The suggestion was made for fewer trips with itineraries covering multiple purposes. Particular attention was drawn to the cost, number and frequency of trips undertaken by the staff of the United Nations Sahelian Office. Some members also drew attention to the increased costs for the acquisition of new furniture and equipment.

386. Concerning paragraph 13 of document DP/273 and Corr.1, a few members noted the measures taken to monitor host government contributions towards local operating costs and the concomitant effects of variations on the net budget. One member recalled a statement made at the twenty-third session requesting information on the possibility of introducing biennial budgets for UNDP administrative and programme support costs. Another member coupled that with the notion of possible medium-term planning of the administrative and programme support activities of UNDP and stated that a sort of medium-term plan in that respect would provide a broader point of view and facilitate the identification of shifts in tasks and their over-all quantification. The Governing Council would thus be enabled to compare the biennial budgets against the terms of reference in such a medium-term projection and to identify shifts in the activities in the administrative and programme support process and couple them with the budgetary provision. Alternate consideration of the biennial administrative budget and the medium-term plan, perhaps for a four-year period, would provide a longer-term over-view of the administrative budget in terms of the necessary programme functions and in the other years from a financial or budgetary viewpoint.

387. The information programme occasioned considerable comment from many members who referred to paragraph 15 of the comments of the Advisory Committee 23/ on the budget estimates for 1977, and to paragraph 19 of document DP/279, and to the reports of the Advisory Committee on the 1977 and 1978 budget submissions. They sought additional information on the need for issuing the publications listed in section A of paragraph 5 (b) 7 of document DP/273 and Corr.1 as well as information on the frequency, size, number of copies and printing costs of those publications. They also inquired about the need for specific publications. Several members also

referred to possible duplication and/or overlap not only with the United Nations Office of Public Information but also with the information services of the Executing Agencies. The Administrator was enjoined to review carefully all expenditures for information, particularly on contractual services, to ensure that all expenditure was well justified and necessary.

388. Many members gave support to the request to increase the number of Senior Industrial Development Field Advisers (SIDFAs) in 1978 from 30 to 38. However, some other members felt that a number of questions should be clarified before a decision could be taken. Yet other members underlined the link between that matter and the question of sectoral support. They argued that no increase in the funding of SIDFAs should be undertaken pending the comprehensive study on sectoral support to be submitted at the twenty-fifth session of the Council. The representative of UNIDO gave supplementary information on the request to field 38 SIDFAs in 1978. (That matter was also dealt with by the Committee under item 10 (g).)

389. Several members referred to document DP/283 in which the Administrator asked for the Council's endorsement of a recommendation to finance UNDP's participation in the activities of the Consultative Group on Food Production and Investment during 1977 and 1978 under the heading "jointly financed activities" of the administrative and programme support budget. Those members supported the recommendation on the understanding that, first, the decision would not, at that stage, commit UNDP beyond 1978 and, second, that a comprehensive report on the activities of the Group would be submitted to the Council in 1978.

390. Some members noted that the report of the Administrator on interagency procurement (DP/272) had been considered under agenda item 10 (b). They supported the Administrator's proposal to create a small co-ordinating unit for interagency procurement services in UNDP. The staffing would be authorized as provisional posts and all expenditure on the unit was to be financed from UNDP resources under other budget credits. (As is evident from the section of this report dealing with item 10 (b), a number of members expressed themselves against approval of the co-ordinating unit.)

391. One member was pleased to note that, in accordance with the undertaking given by the Administrator, the ratio of the number of staff members categorized under support services to UNDP-executed projects to direct OPE staff members had fallen from 1:2 to 1:4. He felt that appeared much sounder and reflected a more accurate picture of the true state of affairs. With \$27 million estimated project delivery by OPE for 1978, that would represent \$630,000 worth of projects per staff member and a cost to delivery percentage of 5.3 per cent. He recalled that earlier informal discussions with officials of the administration had indicated that it might be possible to achieve a project load of \$1 million per staff member and therefore a cost to delivery percentage below 4 per cent. That member still considered those as the targets at which to aim for both the OPE and the new posts requested for OPE to carry out operations for the United Nations Sahelian Office and the United Nations Capital Development Fund. Supported by another member, he agreed to the principle of provisional posts for OPE to carry out operations for the Sahelian Office and the Capital Development Fund on the understanding that staff would only be recruited as the workload grew and that their full costs would be covered by income generated for the projects executed.

392. Another member wondered where UNDP was going with OPE and referred to a missing element, that of evaluating OPE against the terms of reference as established in 1973. He pointed out that projects designed to be multidisciplinary/multisectoral were categorized sectorally in the Administrator's annual report for 1976 which was contradictory. The quality of the work remained an unknown factor and that member felt that there was no insight into the checks and balances on quality which were a built-in part of agency execution. An evaluation component for OPE activities should be built into the UNDP system to tie the whole system together.

393. Several members noted the inconsistency of the administrative costs of the Capital Development Fund being borne by the UNDP administrative and programme support budget, when the administrative costs of other similar bodies, such as UNFPA and the United Nations Revolving Fund for Natural Resources Exploration, were not. It was therefore generally felt that the Governing Council should direct a request to the General Assembly, through the Economic and Social Council, to authorize the administrative expenses of the Capital Development Fund to be met from voluntary contributions to the Fund.

394. With regard to the question raised by the Administrator whether the administrative budget and the programme support budget should perhaps be presented in two separate documents, a few members thought that that seemed to be an interesting idea well worth looking into.

#### Observations of the Administration in the Committee

395. The Assistant Administrator, Bureau for Administration, expressed appreciation for the thoroughly helpful comments, suggestions, proposals and requests made by members of the Committee. They would all be studied very carefully and, where appropriate and feasible, would be incorporated into the next budget document.

396. Regarding the comments of the Advisory Committee in paragraph 28 of document DP/279, the Assistant Administrator stated that the fact had weighed heavily on the secretariat which had had insufficient lead time both to close the 1976 administrative budget accounts and to prepare a second programme budget after the end of the previous session of the Council. UNDP now had a full year in which to prepare the 1979 budget and planning for the budget document had already commenced. There was, therefore, no difficulty in assuring members of the Committee and the Advisory Committee that they would have the 1979 budget document in all working languages in ample time for their consideration.

397. The Committee was assured that all possible savings would be sought on travel and on all items in the information programme. The Assistant Administrator pointed out that UNDP existed on voluntary contributions and the Administrator shared the concern of the Committee that they should continue to grow. That required the goodwill of a well-informed public, particularly the elements of it in the decision-making or influential sections of government, civil services, the press and media and the academic world. The UNDP information service also responded to a large number of requests to its research and inquiry services as indicated in section C of paragraph 5 (b) 7 of document DP/273. The Assistant Administrator confirmed that the UNDP Division of Information did in fact co-operate very closely

with the United Nations Office of Public Information, with the information services of agencies and with the national information offices in donor and recipient countries.

398. Concerning the possibility of splitting the programme budget into two separate parts, one for programme support and one for administrative costs, the Assistant Administrator stated that there would be many border line cases that would require an arbitrary allocation. Arising from such a separation would be the need to make an absolutely clear distinction between programme support and administrative support. The question would be studied further and the Committee kept informed.

399. Concerning the several new terms, the Director, Division of Finance, explained that staff years had been used rather than the older term "man-years" to reflect current usage and the realities of UNDP and the staff mix. Estimated obligations, which included both disbursements and unliquidated obligations, appeared the more suitable term under an accrual accounting system and it was hoped by UNDP that it would become the accepted terminology in other agency budgets. If not, UNDP would certainly define the terms in the introduction to the budget which would also be improved in the light of the comments of members and the Advisory Committee, particularly those relating to the inclusion in the body of the report of one or two of the tables that had been included in the annex.

400. Regarding the comment of the Advisory Committee that it saw no evidence that the Administrator had ever carried out a review of the contractual printings costs of the Division of Information, members were informed that an in-depth examination had indeed been carried out. Internal procedures had been introduced which reviewed on a continuing basis, the necessity of each publication, its printing and production cost and the size of the publication. Directives had been issued which specifically eliminated expensive glossy-style publications and reduced outside contractual costs of layout and graphic art work. Stringent economies were made in the choice of paper stock and were applied to all UNDP publications; colour printing was kept to a minimum by using such low-cost devices as different paper tint instead of multiple colours. A further specific management discipline was introduced calling for the maximum feasible use of UNDP's stencil and photo-offset printing and reproduction capability for Division of Information material.

401. Regarding the consolidated objects of expenditure used by the Division of Information, it had now been agreed that they would be disaggregated into their component parts following the standard objects-of-expenditure code of the Consultative Committee on Administrative Questions. The accounts for 1977 had been structured to collect the disaggregated expenditure and the 1979 estimates for the Division of Information would show the actual expenditure for 1977, compared with subdivided expenditures by appropriate objects for 1978 and 1979.

402. Concerning the many comments on inflation, members were informed by the Director that UNDP carefully followed all the material issued on the subject by the United Nations, including salary cost projections earlier in 1977 for some 16 duty stations in 1978 and 1979 and inflation factors to be applied on other items in the budgetary process. UNDP of course went far beyond the 16 duty stations but used a similar methodology.

403. One member had sought further information on the question of follow-up on the use of consultants and their achievements in terms of substantial savings or substantial improvements in efficiency. Recent examples of consultancy work quoted

by the Director were the Integrated Systems Improvement Project in which a senior consultant to the Administrator had led in the design, the project and in the articulation of the results to be achieved. There had also been very favourable reference in the Committee to the report on UNDP's personnel policies and practices and the panel which produced the report had been led by a consultant. The Administrator had reported to the Council on the status of job classification in UNDP and the report was a synthesis of a consultant's work and recommendations.

404. Regarding travel costs, the Director confirmed that that item had not been determined on an incremental basis and he mentioned that staff members of the Division of Finance had recently participated in a seminar in New York on zero base budgeting. Details of specific travel had and would continue to be requested without regard to the level previously approved. Those data were reviewed and allowed or disallowed based on the justification provided, and consolidated into a global estimate. As indicated by the Administrator in paragraph 15 of document DP/273, it was felt that there was a valid case for allowing slightly more travel than for 1976 and 1977. Specifically, there was a need for at least two regional meetings of resident representatives, for more Regional Bureaux staff to visit the countries for which they are responsible, and for resident representatives and their staffs to consult with agencies. Members were assured that wherever possible such trips would be combined with home leave or other travel. Controls on travel had not been relaxed and, evidencing that fact, the Director advised that special administrative instructions were being issued on travel planning and controls.

405. The Director also referred to the travel costs of the United Nations Sahelian Office which were financed from special funds contributed for that Office. Travel was related to the need for a bridge both between donor and recipient countries and between recipient countries and the Executing Agencies. For both activities, maximum and timely co-ordination was essential. The Director assured the Committee that Sahelian Office travel would be carefully planned and monitored.

406. As to the provisional posts requested for OPE to set up a special section to handle the additional workload consequent on the forecast expansion of UNSO and UNCDF operations, the Director stated that there had been some difficulty in quantifying, except in rather general terms, the expected level of projects for that activity in 1978. As it depended in part on resources still to be mobilized and the phasing of those resources, the timing of the projects to be implemented in 1978 and 1979 could be affected. Because of those uncertainties, the provisionally established post concept seemed to be the best and the appropriate approach. Members were assured that posts would only be activated as the volume of work warranted; the others would remain dormant. All the costs of those posts would be defrayed by a small charge against the funding source to cover the cost; the operation essentially was seen as a break-even operation.

407. Another member had inquired as to the benefit of the management plans and of their implications in budgetary terms. Those first management plans were regarded as a vital management tool and thus an input in the budget review process which would be refined and improved as UNDP moved ahead. The Administrator was very cognizant that such an exercise could be overdone and he would be careful to restrict it and maintain a balance with the benefits derived therefrom.

408. The Director stated that the intention of paragraph 13 of document DP/273 was to flag the point that host government contribution to local operating costs was an item that had to be very carefully evaluated on a continuous basis throughout the year. Efforts would be made to maintain the level of support which would be forthcoming. The problems mentioned by the Director were those of synchronizing the differing financial years and the varying and sometimes changing abilities of member Governments to pay. The new procedures introduced as a result of the recommendations of the Board of External Auditors had required that UNDP develop the ability to fully track, on a current basis, revisions in the amounts and the reasons therefor, collections and the amounts uncollected and at year-end, and whether the uncollected amounts should be maintained for collection in later years.

409. In connexion with biennial budgeting, the Director mentioned that that was a subject referred to in paragraph 22 of document DP/256 on the frequency and timing of future sessions of the Governing Council to be discussed under agenda item 15. As members were aware, most agencies already follow a biennial cycle and the Director recalled that, partially because of the voluntary nature of the Programme, the Council had earlier decided that the question required further study. Technically, there were no insuperable obstacles to preparing a biennial budget. The major difficulty would be that, given the necessary lead time, projections would have to be made for post adjustment and inflation factors for a period which stretched just beyond three years ahead.

410. In a supplementary response to a question raised by one member, the Assistant Administrator explained the activities of the UNDP office in Angola and the functions carried out by the Resident Representative. He noted that from the outset the UNDP programme in Angola had been facing difficulties in its development as a result of the special conditions encountered. The Committee was informed that the Regional Director for Africa went to Angola in May 1976 representing the Secretary-General in order to negotiate with the Government and to organize two specific missions which had been requested by Angola. A humanitarian mission was mounted and led by the Executive Director of the United Nations Institute for Training and Research and, as a result of that mission, the Secretary-General had launched an appeal for humanitarian assistance to Angola. It had been agreed between the Government and the Regional Director for Africa that the second mission covering medium- and long-term planning would take place in November 1976. The Government, however, later postponed that second mission until the completion of their own development plan, now expected about mid-1977.

411. The Resident Representative continued to assist all the organizations in Angola. Nearly \$1 million had been committed for projects in teacher training, meteorology and telecommunications, with projects under study in the fields of civil aviation, vocational training and postal services. The Resident Representative has also been assisting the World Food Programme (WFP) in implementing their assistance programme in Angola amounting to some 20,000 tons of food. Administrative support to United Nations Children's Fund (UNICEF) activities had also been provided by the UNDP office. The Resident Representative had been on an agency briefing and had been congratulated by both WFP and UNICEF for the services rendered by the UNDP office in Angola. The Resident Representative was also in charge of the assistance to South West Africa People's Organization (SWAPO) projects based in Angola, mainly in the fields of health and agriculture. The Assistant Administrator, in referring to the servicing of visitors from various agencies as an additional activity of the Angola office, cited visits during the preceding 10 months by the United Nations Council for Namibia, the High Commissioner for Namibia, the Assistant Administrator, and missions from ITU and ICAO.

### Consideration by the Governing Council

412. During the Council's consideration of the report of the Budgetary and Finance Committee on agenda item 10 (d), the representative of Finland, speaking also on behalf of Denmark, Norway and Sweden, orally proposed additional text to be incorporated after paragraph 21 of one of the decisions recommended by the Budgetary and Finance Committee on the item. The representative of Austria proposed an amendment to the text of the representative of Finland and suggested that the report requested of the Administrator should also include information on women who had left the Secretariat. The additional text, as amended, read as follows:

22. Further requests that due emphasis be placed, in accordance with General Assembly resolution 3352 (XXIX), on the appointment, placement, assignment, and promotion of women within the UNDP staff, and that periodic reports be submitted to the Council on the progress achieved.

### Decisions of the Governing Council

413. At its 588th meeting, on 29 June 1977, the Governing Council adopted the additional text proposed by Finland and amended by Austria. At the same meeting, on the recommendation of the Budgetary and Finance Committee and as modified by the additional text, the Governing Council adopted the following decisions.

#### A

#### The Governing Council,

Having considered the administrative budget for 1978,

1. Approves appropriations in an amount of \$85,550,600 gross to be allocated from the resources of UNDP to finance the 1978 programme budget as follows:

<u>Programme</u>	<u>\$US</u>
Policy-making organs	1,203,900
Executive direction and management	1,219,700
Programme management and support	39,745,000
Sectoral support services	5,254,500
Administrative and common services	36,263,200
United Nations Volunteers	1,318,000
United Nations Capital Development Fund	546,300
Total gross	<u>85,550,600</u>

2. Resolves that the income estimates in an amount of \$20,592,600 shall be used to offset the gross appropriations in paragraph 1 above;

3. Agrees that the Administrator shall be authorized to transfer credits between programmes of the 1978 budget, within reasonable limits with the concurrence of the Advisory Committee on Administrative and Budgetary Questions;



4. Approves appropriations in an amount of \$1,918,200 gross for the Office of Projects Execution to be financed from UNDP resources under the heading of overhead costs;

5. Resolves that the income estimates in an amount of \$478,000 shall be used to offset the gross appropriations in paragraph 4 above;

6. Approves appropriations in an amount of \$1,099,500 gross for the Office for Projects Execution to carry out Sahelian and Capital Development Fund operations to be financed from the resources of these funds;

7. Resolves that income estimates in an amount of \$1,099,500 shall be used to offset the gross appropriations in paragraph 6 above;

8. Approves appropriations in an amount of \$689,800 gross for the costs of support services for UNDP-executed projects (\$594,800) and the co-ordinating group for interagency procurement (\$95,000) to be financed from UNDP resources under the heading of overhead costs;

9. Resolves that income estimates in the amount of \$106,700 shall be used to offset the gross appropriations in paragraph 8 above;

10. Approves appropriations in the amount of \$506,300 gross for the United Nations Revolving Fund for Natural Resources Exploration to be financed from the resources of the Fund;

11. Resolves that income estimates in an amount of \$66,900 shall be used to offset the gross appropriations in paragraph 10 above;

12. Approves appropriations in the amount of \$944,700 gross for the United Nations Sahelian Office to be financed from the resources contributed for this purpose;

13. Resolves that income estimates in an amount of \$128,600 shall be used to offset the gross appropriations in paragraph 12 above;

14. Decides to increase the budgetary provisions to finance the requirements of 36 SIDFA posts for 1978 and, to this end, also approves additional appropriations in the amount of \$523,300 gross which would be offset by income estimates of \$89,100;

15. Requests the Administrator of UNDP and the Executive Director of UNIDO to allocate the six additional SIDFA posts in particular to least developed countries and other countries in acute need of industrial development advice;

16. Requests the Administrator of UNDP and Executive Director of UNIDO to explore alternative methods of financing SIDFAs in order to alleviate the UNDP administrative and programme support budget, and to include their findings in the report on sectoral support to be submitted to the Governing Council at its twenty-fifth session;

17. Takes note of the Administrator's report on the Consultative Group on Food Production and Investment and authorizes UNDP's participation in the activities of the Group, and approves an additional appropriation of \$232,500 for 1978 under



the heading "Jointly financed activities" for UNDP's participation in the Group on the understanding that (a) the decision does not at this stage commit UNDP to participation in the Group beyond 1978 and (b) that a comprehensive report on the activities of the Group will be submitted to the Council in 1978;

18. Requests the Economic and Social Council to recommend to the General Assembly that administrative expenses of the Capital Development Fund should be met from voluntary contributions made to that Fund;

19. Endorses the programme budget approach as a step towards a coherent management strategy for UNDP;

20. Requests the Administrator to submit to the Governing Council, at its twenty-fifth session a report on the feasibility of a two-year budget cycle for the UNDP administrative and programme support costs combined with an evaluation of past activities and a longer-term review and projection in alternate years of the manner in which the use of the administrative and programme support budget contributes to the achievement of the programme objectives of UNDP while taking into account any additional aspects deriving from the fact that the budget of UNDP is financed from voluntary contributions pledged on an annual basis;

21. Requests the Administrator in the light of the regulations established by the General Assembly to apply actively a personnel policy aimed at reaching the greatest possible equity in terms and conditions of employment as well as in appointments and promotions enhancing the professional quality of UNDP staff and increasing the productivity of UNDP;

22. Further requests that due emphasis be placed, in accordance with General Assembly resolution 3352 (XXIX), on the appointment, placement, assignment and promotion of women within the UNDP staff, and that periodic reports be submitted to the Council on the progress achieved;

23. Requests the Administrator:

(a) To continue his efforts to create a set of norms to reach the above-mentioned objectives;

(b) To implement the action plan to further improve the quality of personnel management contained in paragraph 10 of document DP/GC/XXIV/CRP.4;

(c) To develop the long-term staffing projections of UNDP into more detailed plans on the need of various categories of staff and their deployment during the second development cycle;

24. Requests the Administrator to include his report to the Council on the above-mentioned aspects of personnel policy in the longer-term review referred to in paragraph 20 above;

25. Requests the Administrator to increase the priority afforded to evaluation and further requests that programme evaluation be clearly shown as a separate activity in future budgets.

1977 supplementary appropriationsThe Governing Council,

Takes note of the Administrator's report on the Consultative Group on Food Production and Investment (CGFPI) and authorizes UNDP's participation in the activities of the Group and approves supplementary appropriation for 1977 of \$208,000 under the programme heading "Jointly financed activities" on the understanding that (a) the decision does not at this stage commit UNDP to participate in the Group beyond 1978 and (b) that a comprehensive report on the activities of the Group will be submitted to the Council in 1978.

414. Following the adoption of the recommended decision in the Budgetary and Finance Committee, one member, supported by another, stated that he had agreed to the increase in the number of SIDFA posts to 36 in the spirit of compromise and with the clear understanding that no further requests would be made for additional SIDFA posts until the Committee had had an opportunity to review the Administrator's forthcoming report on sectoral support. The reason for his delegation's reservation was concern about the high administrative cost of UNDP. If 60 SIDFA posts were to be financed from UNDP's administrative budget, the additional burden on that budget would amount to \$5 million a year. The same member therefore attached particular importance to the paragraph of the decision requesting that alternative methods of financing be explored. One member, supported by another, stated on the other hand that he would have preferred the Committee to recommend approval of the 38 SIDFA posts requested by the Executive Director of UNIDO, because he thought that that would be more appropriate for the needs of developing countries. Only in the same spirit of compromise had he been prepared to go along with the reduced number of 36 posts. He thought the decision could have helped to increase partnership between UNDP and UNIDO as well as to diminish tendencies of fragmentation within the United Nations development system.

## E. CUSTODIANSHIP OF UNDP FUNDS

415. For the consideration of agenda item 10 (e), the Committee had before it document DP/281 which contained a progress report on negotiations between representatives of the Secretary-General and of the Administrator concerning the increased delegation of authority for custody of UNDP funds from the Secretary-General to the Administrator.

416. The item was introduced by the Assistant Administrator, Bureau for Administration, who gave a brief outline of the document before the Committee and pointed out that, in an effort to meet the interest and needs of all parties concerned, the thrust of the negotiations was being directed towards a transfer of functions, rather than custodianship per se. He mentioned that it was generally agreed that the current arrangements for the custody of UNDP funds led to a duplication of effort in certain areas since the United Nations and UNDP were forced by circumstances to perform the same functions. Current negotiations, the Assistant Administrator explained, were focused on a step-by-step delegation of specific responsibilities by which, for example, UNDP would become signatory to its own bank accounts, would be able to make and monitor its own investments and would manage its

own currency operations. He explained that those new developments could require major revisions to the UNDP Financial Regulations and Rules. Finally, the Assistant Administrator informed the Committee that the Administrator would submit a further report to the Council at its twenty-fifth session on progress made in that regard.

#### Summary of discussion in the Committee

417. One member remarked that, after several years of reviewing the subject of custody of UNDP funds, there was now an apparent change of attitude on the part of the parties involved in the negotiations, the Secretary-General and the Administrator. While welcoming that, he noted that no real progress had been achieved so far. The transfer of custody, or at least some real delegation of authority, was a necessity to enable the Administrator properly to discharge his financial responsibilities to the Programme. With the introduction of the Integrated Systems Improvement Project, the question of custodianship would become crucial; funds contributed to UNDP were not meant to ease the financial situation of the United Nations system as a whole, but were intended for the sole purpose of rendering technical co-operation to developing countries. The Council expected to see real progress made in that matter and would be very disappointed if the latest developments again only delayed resolution of the issue.

418. Another member, speaking on behalf of four members, expressed support for the transfer of custodianship to UNDP, subject to the agreement of the Secretary-General and to the concurrence of the Advisory Committee on Administrative and Budgetary Questions. He noted that the negotiations had now changed to favour a more pragmatic arrangement. He expressed the hope that a positive solution would be forthcoming and looked forward to meaningful progress before the next session of the Council. Yet another member noted that the document before the Committee did not provide adequate justification for the transfer of custody from the Secretary-General and reiterated the position of that member Government that custody of UNDP funds should be retained by the Secretary-General. In the view of that member, the current negotiations did not add any new substance to the consideration of the question. The same member further stated that the Integrated Systems Improvement Project would not necessarily require a transfer of custody of UNDP funds.

#### Decision of the Governing Council

419. At its 588th meeting, on 29 June, on the recommendation of the Budgetary and Finance Committee, the Governing Council adopted the following decision.

##### The Governing Council

1. Notes with appreciation that the secretariats of the United Nations and the United Nations Development Programme are working in harmony in meeting the objectives listed in document DP/281;
2. Requests the Administrator to continue, in the manner reported in document DP/281, discussions with the Secretary-General on the question of custodianship of UNDP funds, in the expectation that delegations of authority urgently required for the sound financial management of UNDP will be achieved before the twenty-fifth session of the Governing Council;

3. Requests the Administrator to submit a report to the Council at its twenty-fifth session on the progress made with respect to the administration of UNDP funds, together with the comments of the Advisory Committee on Administrative and Budgetary Questions.

#### F. INTERAGENCY PROCUREMENT SERVICES

420. For consideration of item 10 (f) of the agenda, the Committee had before it a report by the Administrator (DP/272) on the preliminary studies conducted since the twenty-third session of the Governing Council on the question of the setting-up of interagency procurement services. The report contained the conclusions reached by the Working Group on Interagency Procurement Matters, among which were the identification of major categories of "common user items" to be studied by various lead agencies, and a recommendation that a small co-ordinating unit should be established within UNDP for the purpose of exchanging information and sharing techniques throughout the United Nations system. That unit would also collect and analyse the data resulting from the respective lead agency studies.

421. In introducing the item, the Assistant Administrator, Bureau for Special Activities, said that document DP/272 was essentially the report of the Working Group whose efforts provided an excellent example of good, solid, productive interagency co-operation. He informed the Committee further that communications had already been sent out from the lead agencies concerned seeking relevant data regarding the procurement items in common use, and that a realistic operational plan could not be formulated until that information was collected. The Assistant Administrator emphasized the importance to the whole idea of co-ordinated procurement not only of having sufficient data, but of being able to organize and analyse it as well.

#### Summary of discussion in the Committee

422. While a majority of the members of the Committee expressed support for the proposals in document DP/272, several members voiced serious doubts on the usefulness of the operation and on the recommendation for creating a co-ordinating unit within UNDP. Others expressed the view that long-standing questions concerning the idea of centralized procurement had still not been answered and that a decision on the matter should be deferred to a later session of the Council. One member referred to the need to start interagency purchasing of equipment only on the basis of established and relevant guidelines for its distribution.

423. Referring to the positive tone of the report, however, several other members emphasized that it reflected a fundamental change in the concept, and that centralized procurement as such was no longer an issue. They pointed out that with the identification of categories of common use items, the main thrust of the interagency effort was to reduce the number of purchasing channels by means of co-ordinated procurement. Those members stressed not only the possible savings to be realized from bulk purchases of more standardized equipment and supplies throughout the United Nations system and from the more rational and efficient use of existing purchasing facilities, but also the benefits likely to accrue to developing countries by virtue of their being able to market their products more easily through fewer purchasing authorities.

424. With respect to the proposed co-ordinating unit, the reservations expressed by several members centred on the staffing arrangements and the financial requirements specified in the report. Doubts were registered about the likelihood that the unit would remain small, about the need for Professional staff at the P-5/D-1 level and about the ability of the unit to perform its designated functions within the limits of the estimated financial resources to be put at its disposal. In that connexion, those members requested that the views of the agencies participating in the Working Group be made known to the Committee and, in particular, that estimates of the staffing inputs from the respective agencies be provided. They also voiced regret that no estimate had been given of the savings that might be realized as a result of both the proposed studies and the work of the co-ordinating unit.

425. Members speaking on the financial and budgetary implications of the proposed co-ordinating unit stated that the views which they expressed under the item applied equally to the discussion on that subject under agenda item 10 (d).

426. Other members expressed the view that, since the total cost of equipment and supplies purchased throughout the system was in the hundreds of millions of dollars, the concern about the financial and staffing requirements of the proposed co-ordinating unit was exaggerated. One member stated that he was willing to leave to the Administrator's judgement whether or not the cost and staff estimates for the unit were reasonable. The point was underlined, too, that the proposed arrangements were only temporary and that a decision could be made on the establishment of a permanent interagency procurement service after receiving a report on the co-ordinating unit's experience and detailed information on the possible savings to be realized.

427. In response to the request of members of the Committee, representatives of the United Nations, WHO, the ILO and UNESCO gave their views with respect to the proposals contained in document DP/272, and provided estimates of the staffing inputs of their respective organizations with regard to the work programme envisaged for the proposed co-ordinating unit. Those representatives, without exception, endorsed the recommendations of the Working Group and informed the Committee that their organizations could be expected to provide to the co-ordinating unit staffing support in the following range: the United Nations, three to four work months; WHO, two to three work months of both Professional and General Service staff; the ILO, whatever work months would be required; and UNESCO, two work months. All support would be provided from existing staff, the representative said.

#### Observations of the Administration in the Committee

428. Responding to the points raised in the discussion, the Assistant Administrator, Bureau for Special Activities, stated that financial details concerning the proposed co-ordinating unit were contained in the administrative and programme support budget for 1978. He acknowledged that those activities would be difficult at that stage to finance by agency assessments, as were some comparable interagency programmes. The proposal for UNDP financing was intended to meet initial requirements and the financing question would have to be reconsidered if and when the initial efforts proved successful. The Assistant Administrator stressed that the anticipated results from the work of the co-ordinating unit were essential to the realization of the concept of interagency procurement. He said further that, in view of the amount of time and effort that had already been devoted to the question, the Committee might wish to decide whether further consideration would be worth while if the support of members was not forthcoming at that stage.

## Decision of the Governing Council

429. At its 588th meeting, on 29 June 1977, on the recommendation of the Budgetary and Finance Committee, the Governing Council requested the Administrator to submit his study of the potential of interagency procurement services as outlined in document DP/272, taking into account the views expressed by members at the twenty-fourth session of the Council and at minimum possible cost in accordance with the approved administrative budget for 1978.

### G. SECTORAL SUPPORT

430. For the consideration of agenda item 10 (g), the Committee had before it a progress report by the Administrator on sectoral support (DP/253). The report contained an outline of the scope of a comprehensive study which had been requested by the Governing Council at its twenty-third session (E/5940, para. 255 (p)).

431. Introducing the item, the Assistant Administrator, Bureau for Administration, informed the Committee that the complexity of the subject meant that extensive system-wide consultations and much study and thought were required. That, together with the weight of the number of other major reports submitted to the Council, had made it impossible for a full report on sectoral support to be prepared for the current session. He explained that document DP/253 was essentially an interim report in which, in effect, the Committee's comments and suggestions on the proposed study were requested.

432. The Assistant Administrator stated that the subject of sectoral support to field offices embraced two fundamental factors: first, that needs must be judged on the basis of situations in individual countries and their respective field offices, leading to the conclusion that any assessment of such needs could best be done on the spot by the Government and Resident Representative in consultation; and, second, that in the absence of unlimited resources the matter must be viewed in the light of existing budgetary constraints. He also reminded the Committee that, in the context of its consideration of both sectoral support and the administrative and programme support budget, a decision would have to be reached on the request by the Executive Director of UNIDO for an increase in the number of senior industrial development field adviser (SIDFA) posts from 30 in 1977 to 38 in 1978. The request was costed at an estimated \$630,000 for the additional eight posts in 1978.

433. The Assistant Administrator concluded his introduction by expressing the hope that the main proposal in document DP/253, namely that the full and final report on sectoral support should be presented to the Council at its session in June 1978, would be approved by the Committee.

### Summary of discussion in the Committee

434. Although some disappointment was registered that the full report had not yet been prepared, there was agreement in the Committee that the matter warranted the closest and fullest attention, and endorsement for the comprehensive study proposed in document DP/253 was expressed. The question of approving the eight additional SIDFA posts elicited divergent views: some members supported the request on urgent and pragmatic grounds; other members suggested that the additional posts should be approved only on a temporary basis; still other members proposed that any decision

should be postponed until the study on sectoral support was completed; one member stated that the advisers should be financed from UNIDO's regular budget; and another member voiced the opinion that it was not for the Governing Council to determine how UNIDO's operational activities were to be financed and that, consequently, the issue should not even be taken up, but rather left to the Industrial Development Board to discuss. The question of difficulties in recruiting suitable persons to fill existing SIDFA posts was also raised.

435. Members speaking on the financial and budgetary implications of the additional SIDFA posts stated that the views which they expressed under the item applied equally to the discussion on the subject under agenda item 10 (d).

436. The over-all question of financing sectoral advisers in general commanded the attention of most members, some of whom pointed out that the link between overhead and sectoral support costs called for the devising of financial arrangements which would be both effective and equitable. Several members suggested that some way of sharing costs for sectoral support among the agencies, the United Nations and UNDP should be found, depending on the nature of the support provided. Virtually all members expressed the view that the comprehensive study should include clear options for the long-term financing of sectoral advisers across-the-board under a single, inclusive policy.

437. One member suggested that the scope of the study should take into account the role of regional advisers, particularly those from IMCO who were financed by UNDP and those from ITU who had formerly been financed by regional IPFs. It was pointed out that the question of sectoral support was connected with the broader issue of the future role and activities of UNDP, as well as with the restructuring of the social and economic sectors of the United Nations system. The hope was expressed that the study would not omit an exploration of UNDP/agency co-ordination in general. One member, querying the relationship of agency country representatives to the question of sectoral support, was informed that the presence of such representatives, financed by the regular budgets of respective agencies, meant that advice in that sector would not be provided from UNDP sources to the particular field office concerned.

438. In reply to the question about recruitment for the existing SIDFA posts, a representative of UNIDO informed the Committee that the difficulties had been overcome, that 25 of the posts were already filled, and that the remainder would be filled before the end of 1977.

#### Observations of the Administration in the Committee

439. Responding to the views expressed during the discussion, the Assistant Administrator, Bureau for Administration, stated that the general endorsement sounded by members for the proposed comprehensive study was appreciated and that the points raised would be taken fully into account during the course of the work. He further pointed out that questions regarding the scope of the study were dealt with in paragraphs 7 (c) and 8 of the interim report, and that paragraph 8 laid the basis for the inclusion of financial implications in the study. The Assistant Administrator reminded the Committee that UNIDO's request for eight additional SIDFA posts would have financial implications and that those would be included and discussed under agenda item 10 (d).

## Decision of the Governing Council

440. At its 588th meeting, on 29 June 1977, on the recommendation of the Budgetary and Finance Committee, the Governing Council adopted the following decision.

### The Governing Council

1. Takes note of the progress report by the Administrator on sectoral support (DP/253);
2. Requests the Administrator to submit his final report on sectoral support at the June 1978 session of the Council, taking into account the views and observations expressed by the members at the twenty-fourth session of the Governing Council including the possible role of sectoral support in promoting technical co-operation among developing countries.

### H. OTHER MATTERS

441. Under agenda item 10 (h), one member noted that, if the Council were to adopt a decision to hold one session per year, it would be desirable for the Committee to be provided with an outline containing the provisional 1979 budget estimates which could be reviewed in a one or two day session in January 1978.

442. Another member, supported by several others, requested the Administrator to consider separating programme support costs from general administrative costs in the UNDP budget and to submit proposals on the implication of such a procedure at the next session of the Council.

443. Finally, the view was expressed by several members that UNDP should consider assisting in the financing of the United Nations Development Advisory Team (UNDAT) in Asia and the South Pacific since the programme was of major importance to the region. Additional information in that regard was requested. The Assistant Administrator, Bureau for Administration, informed those members who expressed concern over UNDAT financing that he would consult the Regional Bureau for Asia and the Pacific and respond to the question raised.



## XI. UNITED NATIONS FUND FOR POPULATION ACTIVITIES

444. Under item 11 of its agenda, the Council had before it:

- (a) Report by the Executive Director on 1976 activities and the future programme (DP/250 and Corr.1, DP/250/ANNEX)
- (b) Implementation of UNFPA projects (DP/267)
- (c) Application of criteria for establishing priorities (DP/263 and Corr.1)
- (d) Proposed projects and country agreements (DP/FPA/7 and Add.1)
- (e) Infrastructure support for population posts in the organizations of the United Nations system (DP/257)
- (f) Approval authority (DP/262)
- (g) Budget estimates for the administrative and programme support services for the year 1978 (DP/264, DP/280).

445. The UNFPA budget estimates for 1978 and the question of infrastructure support for population posts were considered by the Budgetary and Finance Committee, which reported thereon to the Council. 24/

### Consideration by the Governing Council

446. The Executive Director of UNFPA introduced the item and expressed confidence that the fund-raising target for 1977 would be reached and that the \$95 million of approval authority for that year could be programmed in full. Many major donors had substantially increased their pledges and UNFPA was continuing to seek new sources for financing; an expansion of assistance through multilateral arrangements was also foreseen. However, UNFPA was still under financial constraints and had to hold back from promoting greater efforts in the population field and forgo financing many worth-while projects. It was vitally important that the international momentum for population activities should not be slowed down. Prospects for further increases in contributions were encouraging and that was why the Executive Director was asking the Council to authorize a total approval authority of \$105 million for 1978.

447. The Executive Director noted that the implementation rate in 1976 was almost 86 per cent, a substantial increase over 1975, and that the trend of allocating an increasing share of resources to family planning had continued; it was likely to continue in the near future.

448. Turning to the progress report on the application of criteria for establishing priorities (DP/263 and Corr.1), the Executive Director noted that the

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24/ See paras. 486-495 of the present report.

application of the revised indicators had yielded a group of 40 priority countries. But, he stressed, UNFPA would apply priorities with flexibility and did not intend to deny assistance to any country. In view of the comprehensive agreements entered into by UNFPA in the past, there were continued commitments to many non-priority countries and, furthermore, it was the Fund's intention to give special attention to countries which might not be on the current priority list but which were borderline cases.

449. UNFPA had begun to identify the recipient countries' minimum or basic needs in population assistance. That would permit the channelling of population assistance to areas of greatest need and thus would serve as one of the means of maximizing the impact of increasingly scarce resources. The intention was not to render "minimum" assistance to countries, but rather to identify the most urgent and essential requirements. The basic needs were not to be decided by UNFPA but by the Governments concerned, and the basic needs programme was intended as a set of guidelines for UNFPA as well as for the donors.

450. The Executive Director stated that the funding of intercountry activities had remained the same since 1974 and the proportion of such projects in relation to the total programme had declined steadily, from 61 per cent before 1974 to 31 per cent in 1976. In preparing a strategy for the future support of such projects, UNFPA would take into account the findings of a recently completed review of past activities and of several evaluations. Until the strategy had been approved by the Council, funding would remain at the 1975 level.

451. As to infrastructure support given to organizations in the United Nations system, agreement had been reached with them that such posts should be defined as those of an administrative, financial and co-ordinating nature at agency headquarters, and that all other posts should be included in project budgets. He appealed to Governments, when participating in the governing bodies of the organizations concerned, to be consistent and support the absorption of such posts. The Executive Director pointed out that no overhead costs were paid to any Executing Agency except the United Nations.

452. The Executive Director endorsed the proposal to hold only one meeting of the Council annually, but expressed concern that there be no delay in projects that required the Council's approval. He proposed that, pending approval of large-scale programmes by the Council, UNFPA should be permitted to continue allocating up to 40 per cent of the funds required. UNFPA would welcome a biennial budget cycle only if biennial pledges were made.

453. Giving an overview of UNFPA's eight years' experience in population assistance, the Executive Director noted that the Fund's cumulative resources had grown to almost \$400 million pledged by 83 countries and that more than 1,600 population projects assisting 106 countries had been implemented. A consensus had emerged during the years on the close relationship of population factors to development planning, and Governments had been providing increasing allocations to population activities closely linked to other development projects. There was no longer a question of intervention versus non-intervention but rather one of priorities and strategies for population policies and programmes.

454. There were few countries where population factors were being disregarded by policy makers and there had been a revolution in world-wide attitudes towards

population issues in general and family planning in particular. Eight years earlier many newly independent countries, particularly in Africa, had never taken a national population census and had no basis on which to plan for over-all development. UNFPA had helped 15 countries conduct their first censuses and to develop a capacity for analysis of data.

455. Family planning had been removed from the polemics of "population versus development", and had been identified as basically a health and welfare and human rights-oriented measure which could contribute to demographic change if that was desirable. Governments saw population problems not merely in terms of population growth but also in terms of morbidity and mortality, internal and international migration, and spatial distribution of population.

456. During the preceding eight years, many Governments had executed sterilization programmes; UNFPA, in accordance with its mandate, could support such projects only when they were voluntary. Concerning the distribution of contraceptives, a change had come about: in many countries, contraceptives services were now routinely taken to the villages where most of the population lived, and into the urban areas.

457. Many developing countries had now instituted broad-based national family planning programmes with major national inputs. It was as a health policy that the most rapid and widespread diffusion of family planning programmes had been accepted by Governments.

458. UNFPA had learned the important lesson that it had to adapt to the changing needs of both recipients and donors. The Executive Director felt that it was now time to re-examine two operational concepts: "cost-benefit analysis" and "absorptive capacity".

459. Cost-benefit analysis, which had been of value in many types of economic programmes, could not readily be adopted in population programmes since they were not limited in scope, objectives and time-span and since the definition and measurement of benefits were extremely complex. UNFPA projects were not only interrelated among themselves but also related to other socio-economic development programmes. It might be appropriate to use cost-effectiveness methods for assessing the relative productivity of different programmes within a given category, such as family planning, and such techniques might be applied particularly at the country level.

460. The absorptive capacity of countries was determined by a number of factors and many projects supported by UNFPA had increased it in individual countries. UNFPA believed that there was no general problem of absorptive capacity; the problem was rather that sometimes the wrong inputs were supplied to the wrong project at the wrong time. UNFPA had been flexible and had tried not to be bound by established assistance models, but had rather attempted to meet the most urgent needs, no matter what type of assistance was required. Experience had shown that major requirements were in the areas of skills and institutional capacity.

461. The Executive Director said that the basic question was that of resources to meet the needs required to continue the momentum built up over the preceding eight years. It was difficult to estimate the future needs of countries, but it seemed clear that an estimated total of around \$300 million annually now available

from all multilateral and bilateral sources amounted to only a small proportion of the total estimated needs. However, for every dollar of international population assistance, many more dollars were provided locally.

462. The Executive Director said that UNFPA would continue to allocate its resources in accordance with the five principles laid down by the Governing Council, the Economic and Social Council and the General Assembly. It was difficult to estimate future demands on UNFPA funds, but there was no doubt about the ability of countries to utilize additional resources. UNFPA's estimate for 1978-1980 was based on ongoing projects, requests pending and commitments under country agreements. Population programmes required more funds for local costs than other development programmes, and UNFPA was gradually moving away from providing experts and equipment to meet that requirement.

463. It also should be kept in mind that, if inflation were taken into account, the level of resources for population activities had not increased since 1974, the year of the World Population Conference. Population assistance, which in 1974 amounted to 2.3 per cent of total official development assistance, had declined to 2 per cent or slightly less. A larger share of expected future increases in official development assistance ought to go to population programmes which were an important prerequisite for the attainment of many social and economic goals. He urged the Council to consider making provision for a significant increase in UNFPA's resources.

#### Summary of discussion

464. Members in general expressed satisfaction with the Fund's continued good performance and stressed the role it played as a central co-ordinating body for all international population assistance. Several members felt that it should retain its separate identity. Many members called for increased contributions to UNFPA, and one member announced his country's increased pledge for next year. Favourable comments were also made on UNFPA's low administrative costs. While several members expressed satisfaction with the high proportion of resources going to family planning and related activities, some voiced caution in that respect and pointed to their countries' interest in increasing fertility and in areas of the Fund's activities other than family planning. Many members stressed the principle that UNFPA should be guided by the wishes of recipient countries in rendering assistance and emphasized the close link between population issues and over-all development.

465. Many members commented favourably on the improved documentation submitted by UNFPA for the current session. Appreciation was expressed for the improved format and high quality of the Executive Director's report on 1976 activities and future programmes, although some members urged that in future the statistical data be expanded to include past, current, as well as future programme activities. One member noted that the gap between resources and demand, mentioned in the report, had not been quantified.

466. While the majority of members, including those representing developing countries, agreed with a \$105 million approval authority for 1978, some urged prudence and, in view of the prospective resources, favoured a total of \$100 million. One member, while feeling that a total of \$105 million was too high

in the light of foreseeable resources, said he would join a consensus if that amount were approved. One member urged that more advanced developing countries become net contributors. One member suggested that negotiations should be initiated for long-term financing of UNFPA.

467. Commenting on multilateral arrangements mentioned in the Executive Director's report, several members, while supporting such measures to increase resources for population assistance, stressed that funds given for that purpose should not replace direct contributions to UNFPA. One member cautioned that too wide an expansion of such arrangements could increase the staffing requirements of UNFPA unnecessarily.

468. The Council endorsed the project in Nepal (DP/FPA/7/Add.1) and several members voiced satisfaction with the integration of family planning and health services assisted by the project. One member felt that pre-project allocation to that project had been excessively high and that such practice could result in the Council merely confirming decisions already taken. Another member, however, agreed with the practice that UNFPA could make pre-project allocations of up to 40 per cent of the total cost. Although several members commented on the improved documentation concerning the Nepal project, one urged that, in future submissions of that kind, related UNDP programmes also be described.

469. Several members endorsed the further reduction of infrastructure support for population posts given by UNFPA to some organizations in the United Nations system. One member urged that such support be phased out.

470. One member requested that, in funding local costs of projects, UNFPA should abide by local conditions and not pay salaries higher than the local standard.

471. Commenting on the implementation of UNFPA projects, several members voiced satisfaction with the increased implementation rate reported by the Executive Director. Several members referred to the paper on implementation (DP/267) which contained the findings of evaluations undertaken in the preceding year. Some members commended the Fund for its candid approach to evaluation and for taking appropriate follow-up measures. One member felt that the evaluations had shown a low level of effectiveness in many intercountry projects. One member said that the existing demographic centres discussed in the report should continue to receive UNFPA support, but that the support of new ones should be discouraged. In the context of DP/263 and Corr.1 (see para. 475 below), several members voiced support for assistance to the regional demographic training and research centres. One member urged that country programmes and projects also be evaluated. It was re-emphasized by some members that UNFPA resources should be used for country projects designed to respond to the explicit needs of the countries concerned.

472. Most members supported the application of the revised criteria for establishing priority countries as outlined in document DP/263 and Corr.1. Several suggestions were made with regard to priority countries. Those included suggestions that countries with a high absorptive capacity should be given preference, that UNFPA should exercise flexibility in shifting support to priority countries, that the shift should be gradual, that the priority system should be tailored to the needs of countries and that follow-up to successful ongoing programmes in countries, even if they were not on the priority list, should not be neglected. Some members urged that the list of priority countries be reviewed periodically in the light of possible changes in demographic indicators. The need

to increase UNFPA assistance to Africa was stressed by several members, but one member voiced concern over a decline in assistance to countries in Asia. One member urged UNFPA support to a census project covering the Palestinian people.

473. The concept of minimum or basic programmes to be established for population assistance to developing countries was again endorsed by members of the Council. The need to render assistance benefiting disadvantaged population groups was stressed, as was the need to arrive at a proper balance between basic programmes and intercountry programmes supported by UNFPA. It was re-emphasized that the main goal in the formulation of basic programmes should be to promote self-reliance in the field of population, including research and training. One member requested more information on the process of establishing basic programmes. Another urged that projects linked to maternal and child health services have priority.

474. Concerning intercountry programmes, most members welcomed the trend toward a declining share of total resources devoted to them, but many members pointed to the merits of global and regional activities. Some members stated that intercountry projects should be undertaken on the basis of their anticipated benefit to country programmes and when such activities could not be carried out as effectively at the country level. The general view was that intercountry programmes should continue to be kept within the total amount allocated in 1975, as decided by the Council at its twentieth session. Some members felt, however, that the proportion of such projects in UNFPA's total budget should be further reduced, and one member suggested a ceiling of 25 per cent for 1978 and 20 per cent for 1979. Several members urged that regional projects be given priority among such programmes. The link of such projects to technical co-operation among developing countries was also stressed.

475. The principles proposed in document DP/263 and Corr.1 for preparing a strategy for future intercountry activities were generally supported by members although one felt they should be noted rather than endorsed. The majority of members spoke in favour of the criteria for selecting future intercountry projects for UNFPA support, but some felt more information was needed. Some did not agree with all the criteria listed, urging that no final decision should be taken on them at the current session. The importance of intercountry projects of special benefit to country programmes was emphasized. Many members stressed the need for UNFPA support to projects dealing with research, especially in the bio-medical field. Five members urged in that context that UNFPA continue support of the WHO Expanded Programme for Bio-Medical Research and Research Training, but one member expressed doubts in that regard and another recommended that a decision on the matter should be postponed until the Council considered the strategy for future support of intercountry activities. When discussing document DP/263 and Corr.1, several members voiced support for the assistance to the regional demographic training and research centres. In preparation for Council consideration of a strategy for future intercountry activity at its session in June 1978, it was felt that a report on such strategy should be prepared and circulated as soon as available.

476. UNFPA was requested to report on the findings of the review of intercountry projects and submit the strategy for future activities to the June 1978 session of the Council.

Observations by the UNFPA Administration in  
the Governing Council

477. The Assistant Executive Director of UNFPA, in response to some questions raised in the debate, said the reason why UNDP programmes in Nepal were not mentioned in the project proposal (DP/FPA/7/Add.1) was that UNDP had no significant social or health projects in that country. Future UNFPA project documents would include information on UNDP projects in the country concerned. As to salary scales for local personnel, UNFPA was bound by its guidelines which specifically stated that such salaries should be on the level normal for the country. UNFPA was planning to place more co-ordinators in Africa with the expansion of its programme there. As to UNFPA support of measures benefiting women, she noted that several such specific projects had been funded.

478. The WHO Expanded Programme, she said, had been financed since 1970/1971 by voluntary contributions amounting to over \$53 million from donors who were also donors to UNFPA. All other WHO intercountry activities in the field of family health were given \$27.6 million from UNFPA. UNFPA had offered to contribute \$500,000 to the Expanded Programme in 1974 subject to demonstrated need. Since the Programme had adequate resources in 1974 and 1975, that contribution had not been needed until 1976. UNFPA had indicated that it would seek guidance from the Governing Council concerning its support to research, including support to the Expanded Programme.

479. The Deputy Executive Director of UNFPA informed the Council that UNFPA would submit at the next session of the Council a report on evaluation methodology and major problem areas revealed by evaluations. Mostly intercountry projects had been evaluated so far but some country projects had also been examined and increased attention would be given to them in the future. Regarding the minimum or basic programmes to be established, he noted that they were going to be an important planning tool, and only when such programmes had been established would the priority system become fully operational. Several basic programmes were completed and it was hoped that 11 would be completed by the end of 1977. Those were in the countries on the priority list but similar exercises would be carried out in other countries as well.

480. He confirmed that UNFPA would be flexible in applying priorities and would give special attention to borderline cases. UNFPA was aiming at reaching the goal of two thirds of its resources going to priority countries by 1980. He also assured members that the establishing of priorities would not mean the abrupt termination of ongoing projects. No set of priorities could fulfil everyone's expectations. He pointed out that the Fund's priority system was different from that of UNDP, since the Council had specifically decided that IPFs should not be applied by UNFPA and had developed an alternative suitable for population.

481. As to suggestions for an increase in UNFPA's support for research, the Deputy Executive Director noted that in the report submitted at the twenty-second session 25/ the Fund had recommended that some major international research schemes might be given continued support but that the matter would be considered in the context of the strategy on intercountry activities. He also cautioned against too steep a reduction in the total level of UNFPA support to intercountry projects, since some vitally important programmes might be endangered.

482. The Executive Director of UNFPA thanked members for the pledges made and stressed the Fund's neutrality in population issues; by its mandate it was bound to respond only to country requests. Priorities would be introduced in a flexible manner and no country could be refused assistance.

483. He said that \$83 million had been received in firm pledges for 1977 and that, with the pledges still expected and the carry-over from the previous year, the \$95 million granted as approval authority would probably be reached. Pledges so far foreseen for 1978 would make a total of \$105 million attainable.

484. Responding to other suggestions, he said that the tables in the annual report would be improved. As to UNFPA's authorization to fund pre-project activities, he suggested that, if it was felt that the proportion of 40 per cent of the total cost was too high, the Council might approve another proportion, say 25 per cent.

485. Commenting on the outlook for UNFPA resources, the Executive Director noted that contributions to population activities as a percentage of total development assistance had declined and that that was so in spite of the fact that the momentum of demand in population assistance had grown since the World Population Conference in 1974. The time had come to re-evaluate the total role of population assistance in development, and everything should be done not to lose the momentum generated in 1974. UNFPA saw its role as an honest broker, as a two-way transmission belt for ideas between developed and developing countries, and as an organization which could best respond to the needs of the developing world.

#### Consideration by the Budgetary and Finance Committee

486. The Committee decided to consider agenda items 11 (e) and (g) simultaneously. For its consideration of the two items, the Committee had before it the following documents:

- (a) The UNFPA budget estimates for the administrative and programme support services for the year 1978 (DP/264);
- (b) Comments by the Advisory Committee on Administrative and Budgetary Questions on the UNFPA budget (DP/280);
- (c) A report by the Executive Director of UNFPA on infrastructure support for population posts in organizations of the United Nations system (DP/257).

487. The Executive Director of UNFPA, in introducing the items, said that the report on infrastructure support summarized the progress made so far in rationalizing and defining the support of that type given to each agency. He noted that UNFPA was not paying overhead costs to any of the organizations except the United Nations.

488. He noted that the budget estimates had been prepared for the first time in a new format, along the lines adopted for such submissions by the United Nations and the organizations in the system. The format followed the existing organizational structure of UNFPA and reviewed the needs of each unit in relation to the basic functions of UNFPA. The estimates for 1978 included six new Professional posts



and six General Service posts; requests for new posts were based entirely on the expansion of the Fund's activities and growth in resources. UNFPA resources had grown by 19 per cent from 1975 to 1976 and by 17 per cent in 1977, and the workload had increased accordingly.

489. He recommended that the Council should authorize UNFPA to continue the practice of funding field co-ordinator posts from the programme budget. Administrative support costs for 1978 represented 4.48 per cent of the UNFPA budget; if the costs of co-ordinator posts were added, the percentage would be 6.46 per cent.

#### Summary of discussion in the Committee

490. Members in general expressed appreciation for the new format in which the administrative budget had been submitted in 1977, but some felt that the relationship between the estimates and the current budget should have been better explained and that the document should have contained consolidated tables. Several members expressed gratification over the low percentage which the administrative budget represented as a proportion of the total budget of UNFPA. One member suggested that UNFPA consider adopting "zero budgeting" as another organization in the United Nations system had done.

491. Concerning the requested new posts, several members urged that the Fund's new priorities be reflected in the staffing proposals and greater emphasis on the staffing of the African Section was requested. One member, speaking on behalf of the African Group, proposed that the post of the Chief of that Section should be reclassified from P-4 to P-5. Questions were also raised regarding the distribution of co-ordinators among the various geographic regions and one member felt that the cost of co-ordinator posts should be included in the administrative budget. Several members asked that the requests for new posts be justified in more detail. In that connexion, a few members referred in particular to the proposal for a new post of Projects Officer in the Latin American Section.

492. While most members did not object to the staffing proposals, specific doubts were raised over the need for one P-1 post and two General Service posts proposed. Several members also raised the question of the number of staff in the Public Information Division while one asked whether there was co-ordination with similar services in UNDP and the United Nations. One member in reviewing the request for additional posts noted his Government's long-held opposition to augmentation of the Programme Planning Division to the detriment of emphasis on operations. He therefore did not agree that three posts should be added to the Programme Planning Division. Another member stated that, as a matter of principle, multilateral funding should not draw on the regular budget and that all additional identifiable costs should be paid by donors. That member was, therefore, hesitant to approve a new post for a Projects Officer responsible for activities under multilateral funding arrangements.

493. Members were generally satisfied with the progress made in reducing the number of population infrastructure posts in the organizations in the United Nations system funded by UNFPA. One member expressed the opinion that those costs, as well as other programme development costs, such as field staff and overhead charges, might also be considered as part of administrative costs. One member urged that a clear definition of such posts be arrived at in each organization. UNFPA was requested

to report in 1978 on further progress in reducing such posts. One member expressed the opinion that the support to infrastructure posts should be terminated by 1979. Another member noted that Executing Agencies should not receive both infrastructure support and overhead costs, and suggested that there should be a uniform system, to include both the United Nations and the other Executing Agencies.

#### Observations of the UNFPA Administration in the Committee

494. The Executive Director of UNFPA, in response to questions raised during the debate, noted that a recommendation to reclassify the post of Chief of the African Section to P-5 had been made by UNFPA at the twenty-second session of the Council 26/ but had not been approved by the Council. He said that UNFPA would pursue its efforts at attaining the absorption of infrastructure posts by the agencies involved, but he urged Governments to support that in the governing bodies of the individual agencies and in the General Assembly. He agreed to the proposed deletion of one P-1 post and two General Service posts from the proposed list of additional posts.

495. The Executive Director listed the regular publications issued by the Public Information Division and noted that the Division had a staff of four Professionals and that the cost was kept low. As to the distribution of co-ordinators, he said that it reflected current UNFPA activities and that most co-ordinators were in regions where large-scale programmes were under way while, for instance, in Latin America the smaller-scale projects were co-ordinated from headquarters. Future growth in assistance to Africa would be reflected by an increase in co-ordinators in that region.

#### Decisions of the Governing Council

496. At its 583rd meeting, on 27 June 1977, the Governing Council adopted the following decision.

#### A

##### The Governing Council,

Taking into account the comments made during the consideration of item 11,

1. Takes note of the report of the Executive Director of UNFPA on 1976 activities and the future programme (DP/250 and Corr.1 and DP/250/ANNEX);

2. Approves the UNFPA project in support of the family planning aspects of integrated basic health services in Nepal (DP/FPA/7/Add.1) in the amount of \$680,600 for an estimated period of two years;

3. Takes note of the Executive Director's progress report on the application of criteria for establishing priorities in the allocation of UNFPA resources (DP/263 and Corr.1), and:

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26/ See DP/188.

(a) Notes the general principles and criteria contained in this report, which are to be applied in developing a strategy for future UNFPA support of intercountry activities;

(b) Requests the Executive Director to circulate to members of the Governing Council the report on the review of intercountry activities as soon as possible;

(c) Requests the Executive Director to prepare the proposed strategy, bearing in mind the needs of developing countries, particularly the needs identified in the formulation of basic population programmes, and to include in the strategy consideration of the role of UNFPA in research;

(d) Further requests the Executive Director to submit the strategy to the Governing Council in June 1978;

(e) Notes that the declining scale of resources allocated by UNFPA to intercountry activities in 1975 and 1976 is consistent with the ceiling approved by the Council at its twentieth session for UNFPA support of intercountry activities, and requests the Executive Director to continue this downward trend of support for these activities until the strategy for such activities has been adopted by the Council, bearing in mind the importance of global research projects of an innovative character and of other intercountry programmes of proven effectiveness;

(f) Requests the Executive Director to report on further progress made in the application of criteria for the establishment of priorities, bearing in mind the necessity of a flexible application of the recommendations on priorities and the population needs of all developing recipient countries;

4. Decides to give the Executive Director additional approval authority of \$57 million for 1978, bringing the total for that year to \$105 million, \$37.5 million for 1979, and \$17.5 million for 1980, on the understanding that the Executive Director will limit the approval of projects to the availability of resources.

497. Following the adoption of the decision, one member elaborated on the particular importance his delegation attached to the integration of population policy and over-all development policy. His country used to be primarily agricultural and children were a good source of agricultural labour. However, the country had witnessed a remarkable slowdown in population growth and the member attributed that primarily to two factors, namely the high standard of education and the mechanization of agriculture. The spread of education not only facilitated the transfer of labour from the agricultural to the industrial sector, but also brought people to realize that a large family and a higher standard of living were incompatible. The mechanization of agriculture enabled farmers to produce more than was possible with manual labour. That member expressed the hope that those concerned with population activities would recognize the importance of the mechanization of agriculture, as well as technical co-operation activities in the population field, in solving the population problem.

498. At its 588th meeting, on 29 June 1977, on the recommendation of the Budgetary and Finance Committee, the Governing Council, having considered the 1978 budget estimates and the question of infrastructure support for population posts in the organizations of the United Nations system, adopted the following decision.

B

The Governing Council,

Having considered the 1978 budget estimates for administrative and programme support services of the United Nations Fund for Population Activities (DP/264) and the related report of the Advisory Committee on Administrative and Budgetary Questions (DP/280),

1. Approves appropriations in the amount of \$4,656,197 net to finance the 1978 programme budget in accordance with the recommendation of the Advisory Committee amended to reflect the reclassification of one post to the P-5 level for the African Section of the Project Division, to be allocated from the resources of UNFPA as follows:

<u>Programme</u>	<u>\$</u>
Executive direction and management	823,100
Administration and public information support services	1,213,302
Programme planning, appraisal and monitoring	<u>2,619,795</u>
Total net	<u>4,656,197</u>

2. Requests the Executive Director of UNFPA to submit a report to the Council at its next session on the feasibility of including the costs of the field co-ordinators in the administrative and programme support budget of UNFPA;

3. Further requests the Executive Director of UNFPA to include information in the future administrative and programme support budgets of UNFPA on workload data in support of staffing proposals as well as the other information referred to in the report of the Advisory Committee (DP/280).

C

The Governing Council

1. Takes note of the progress report by the Executive Director of UNFPA (DP/257) on infrastructure support for population posts in the organizations of the United Nations system;

2. Authorizes him to continue discussions with the organizations in the United Nations system on this subject with a view to further reducing UNFPA-funded infrastructure posts on the basis of the agreed definition of such posts, until a desirable minimum of UNFPA-funded infrastructure posts is attained in each organization;

3. Requests the Executive Director to submit a further report on this subject to the Governing Council at its next session, bearing in mind the views expressed at the twenty-fourth session of the Council.

## XII. TECHNICAL CO-OPERATION AMONG DEVELOPING COUNTRIES

499. Under item 12 of its agenda and pursuant to the decision of the Governing Council at its twenty-third session (see E/5940, para. 435, decision II), the Council had before it for consideration the Study on rules, regulations, procedures and practices of the United Nations development system in recruiting experts, subcontracting, procuring equipment and providing fellowships, pursuant to General Assembly resolution 3461 (XXX), paragraph 3, on technical co-operation among developing countries (DP/229 (vols. 1 and 2)). The Study was prepared by a Senior Consultant to the Administrator and was submitted to the Governing Council for consideration under cover of a note by the Secretary-General and the Administrator, reproduced in document DP/229 (vol. 1).

500. The item was referred for preliminary consideration to the Council's Committee on Technical Co-operation among Developing Countries, which reported thereon to the Council.

### Consideration by the Committee on Technical Co-operation among Developing Countries

501. At the request of the Acting Chairman, the Administrator informed the Committee of the results of the fourth Regional Meeting on Technical Co-operation among Developing Countries organized by UNDP in co-operation with the Economic Commission for Western Asia and of the deliberations of the Panel of Consultants on the United Nations Conference on Technical Co-operation among Developing Countries which took place in Kuwait from 31 May to 5 June 1977. Copies of the "Kuwait Declaration on Technical Co-operation among Developing Countries (TCDC)" adopted by the Panel of Consultants were made available to the members of the Committee.

502. In introducing document DP/229 (vols. 1 and 2), the Deputy Administrator said that technical co-operation among developing countries (TCDC) should be viewed as a part of the new international economic order representing the aspirations of developing countries for meeting basic needs and realizing self-sustained growth, individual and collective self-reliance and equity in international economic relations. The concept of TCDC underlying the Study was a dynamic one and encompassed three basic elements: mutual self-help for the promotion of national self-reliance; the creation of common facilities; and the development of complementary capabilities based on the agreed division of labour for reciprocal assistance to one another. While the United Nations system could make an important contribution to TCDC, activities under the auspices of the United Nations system would form only a small fraction of the total spectrum of TCDC activities.

503. The Deputy Administrator emphasized that the relatively less developed among the developing countries would benefit from TCDC by obtaining cheaper and more relevant inputs for the promotion of self-reliance and for the creation of common facilities. They would also benefit from the development of complementary capabilities which would enable them, in both the medium and the long-term perspective, to assist other developing countries. The Deputy Administrator also pointed out that industrialized countries would be required to provide relatively

more sophisticated inputs for projects designed to create self-reliance and for projects aimed at creating common facilities and complementary capabilities. Thus, TCDC would represent, in essence, an addition to rather than a substitution of the sources of supply of project inputs.

504. The Deputy Administrator said that the analysis of the information and data collected from the Participating and Executing Agencies presented in the Study did not indicate discrimination in their written rules, regulations and procedures. However, the analysis did reveal an under-utilization of the developing countries' capacities for supplying project inputs, a prevalence of attitudinal barriers and what the Study described as "the reverse preference in practice" in obtaining project inputs from developing countries. That "reverse preference" arose as a result of a set of historical circumstances rather than as a product of a deliberate thought-out plan. Those historical circumstances included, among others, unequal access to information and opportunities, attitudinal barriers among recipient countries and among members of the secretariats of the organizations in the United Nations system, the inability of the secretariats adequately to extend their orbits of information and contacts to developing countries, over-specification of technical requirements, inadequate weights attached to non-technical qualifications (such as the capacity to work in an "unstructured" work environment), cross-cultural communication, identification with local people, the understanding of the socio-economic contact.

505. In discussing the recommendations of the Study, the Deputy Administrator pointed out that recommendations I to XI were directed towards equalizing access by developed and developing countries to opportunities for providing project inputs and towards linking the capacity utilization of developing countries with the stimulation of programming of the common facilities and complementary capabilities. He drew the attention of the Committee to recommendations I, II and V of the Study which probably deserved more careful consideration. Regarding Regional Centres, the Deputy Administrator mentioned that, apart from the suggestion that their cost should be met from the regular budget of the United Nations, the Committee might also wish to consider other alternative means of financing, such as the UNDP administrative and programme support budget or voluntary contributions from IPFs. Similarly, on the quantitative criteria, he suggested that perhaps the Committee could find some agreed middle ground between doing nothing and setting precise and detailed quantitative targets. He also pointed out that recommendations XII to XV on preferential treatment for inputs from developing countries had been governed by two principles, i.e., that there would be no sacrifice in the quality of inputs and that one developing country would not benefit at the expense of another developing country.

506. With regard to chapter IV on preferential treatment, the Deputy Administrator stated that recommendation XII referred to cases of parity in both cost and quality of project inputs available from developing and developed countries; paragraph 233 of the Study (recommendation XIII) dealt with the method of calculating the total costs of equipment and supplies, whether imported from developing or developed countries; and paragraph 234 suggested a method of calculating the total cost of imported equipment and supplies, in order to compare it with the cost of local procurement of indigenous equipment and supplies manufactured in a recipient country. He pointed out that equipment and supplies constituted a small proportion of total project expenditure and that of that only a small part would be eligible for local purchase. The impact of preferential treatment proposed in the case of local procurement of indigenous equipment in a recipient country would, therefore,

be marginal. The cost of preference would not be incurred by the UNDP administrative and programme support budget but rather would be charged to the IPF of the recipient country whose indigenous equipment and supplies were procured and which would thus benefit from the preference system.

507. The Deputy Administrator requested the Committee to give the Administrator specific guidance on all the recommendations in the Study.

#### Summary of discussion

508. The members of the Committee expressed their appreciation for the thought-provoking and illuminating remarks of the Deputy Administrator. They also thanked the Senior Consultant for the valuable in-depth analysis of the relevant issues which the Study contained.

509. TCDC commanded the universal support of members of the Committee, who recognized its growing importance and expanding role in intercountry activities. It was noted by the Committee that TCDC had been in practice long before it found expression in the forums of the organizations in the United Nations system a few years before. That could have happened only because it met some deeply felt needs of the developing countries. There was also agreement among members of the Committee that the parameters of TCDC extended far beyond the scope and range of activities that might be undertaken by the United Nations development system. It was felt that there was neither unanimity on nor full understanding of the concept of TCDC, its potential for practical application and its significance in a new emerging international order.

510. There was general agreement among all members of the Committee that there existed inequality of access to opportunities for providing inputs for technical co-operation projects carried out by the United Nations development system, a prevalence of attitudinal barriers among the officers of the recipient countries and the secretariats of the United Nations organizations and a consequent under-utilization of the capacities of developing countries to provide project inputs. Several members felt that the rate of progress realized over the preceding five years in utilizing the capacities of developing countries was disappointingly slow, tardy and uneven and called for urgent action both by the legislative bodies and secretariats of the organizations of the United Nations system. One member stressed the importance of the increased use of local expertise as recommended by the Senior Consultant, because the use of such expertise would greatly enhance the possibility of success in activities aimed at alleviating mass poverty.

511. There was a divergence of views among the members on the establishment of the Regional Centres proposed in recommendation I. A distinction was made between the functions of the proposed Regional Centres described in paragraph 206 of the Study and the mechanism to discharge those functions. While there was broad agreement on the definition of the functions and the need to carry them out, it was the opinion of several members that those functions represented tasks for the entire family of United Nations organizations and their regional and national components. A few members envisaged the Regional Centres as the essential and central tool for stimulating and energizing the United Nations development system to discharge those functions and assist the Governments of developing countries in organizing the national focal points and other required services. Several members cautioned



against the proliferation of institutions. The majority of members believed that the first task was to ensure more effective utilization of existing international, regional and national structures and felt that the establishment of the Regional Centres was premature at that stage. A few members considered that it was essential to explore the financial implications of the proposal before taking a decision on the Regional Centres.

512. Few members of the Committee commented on recommendation II on the financial arrangements for the TCDC Special Unit and the Regional Centres, in view of the lack of consensus on the Regional Centres. Several members found unacceptable the suggestion incorporated in that recommendation that the TCDC Special Unit or the Regional Centres should be financed from the regular budget of the United Nations. Many members felt that the first sentence of paragraph 212 of the Study should be retained as it related only to the TCDC Special Unit.

513. Members were in broad agreement on recommendation III relating to consultancy services in developing countries. However, it was agreed that the development of such services would require the support of the entire United Nations development system and not only of the TCDC Special Unit. The latter could and should co-ordinate and stimulate activities in that important field.

514. There was a general agreement on paragraphs 214 (a), (c) and (d) (recommendation IV), which were designed to increase the representation of the developing countries in all types of rosters. However, there were some differences among the members on paragraph 214 (b) which dealt with job descriptions and interviews of experts and consultants. A few members felt that that recommendation interfered with the selection procedure and could affect the effectiveness and efficiency of technical co-operation activities. Other members were of the opinion that the qualifications proposed in the recommendation were in addition to the technical competence required for a specific post and, in fact, would strengthen the effectiveness and efficiency of technical co-operation programmes. It was agreed that the qualifications mentioned in paragraph 214 (b) were applicable to all experts and consultants whether they came from developed or developing countries.

515. Recommendation V dealt with targets for the increase in the utilization of the capacities of developing countries for providing project inputs. Three sets of views were expressed on the recommendation. One group of members strongly endorsed the proposal and considered it to be the crux of the matter, especially in view of the little progress made in the utilization of the developing country capacities. A second group of members proposed the establishment of non-binding indicative targets and a periodic review of the progress made and the difficulties encountered in implementing them. The reasons for that proposal were, on the one hand, the need to ensure progress without imposing binding targets on recipient countries and, on the other hand, the lack of adequate information on the capacities of developing countries to justify the binding targets. The third group of members was not in favour of targets because any targets, in their opinion, would result in undue attention being directed towards attaining the quantitative targets, irrespective of the quality of the inputs and to the detriment of the effectiveness and efficiency of the programme.

516. The members found recommendation VI on the compilation, production and publication of subregional and regional directories of manufacturers and suppliers acceptable, with minor amendments.



517. A few members felt that recommendations VIII and IX, dealing respectively with local subcontracting and local procurement of equipment and supplies and the payment for them in specific currencies, did not fall within the purview of TCDC. However, that viewpoint was not shared by many members. Most members felt that recommendation VIII was consistent with the provisions of the new dimensions in technical co-operation 27/ and was, therefore, acceptable. However, there was a difference of opinion on recommendation IX on the removal of insistence on payment in local currency for local subcontracts and local procurement of equipment and supplies. One member wished to know the full financial implications of such a procedure from the Administration before a decision was taken on that recommendation. Many members thought that, when supplies and equipment were procured by UNDP in a developing country for projects in other developing countries or when they were procured locally, payment should be made in convertible currency when UNDP or Executing Agencies did not hold accumulated sums of the currency of the supplying country. At the same time, it was felt that payments in convertible currency should be made for component elements of equipment supplies which were originally imported and paid for in convertible currency. Bearing in mind the complexity of the latter issue, it was agreed that the Administrator should be requested to study the matter and report his findings at the next session of the Governing Council.

518. There was an agreement among all the members on the part of recommendation X dealing with orientation programmes to combat attitudinal barriers. One member found somewhat disturbing the part of the recommendation which suggested that qualified and competent staff members from developing countries should be appointed in the personnel, fellowship placement, contracting and procurement services to act as catalysts for the TCDC objectives and approach. It was agreed that that part of the recommendation should be reformulated when expressed in the decision of the Committee.

519. There was broad agreement on the need for the study of objective evaluation of project inputs from developing and developed countries proposed in recommendation XI. It was recognized that such a study could prove useful in combating attitudinal barriers. It was suggested that the study might be prepared jointly by the TCDC Special Unit and the recruitment, fellowship placement, contracting and procurement services concerned. It was agreed that the study would be submitted to the Council prior to its dissemination among the Governments of both developing and developed countries.

520. There was a broad agreement among the members of the Committee that, in cases of parity in both cost and quality of project inputs available from developing and developed countries, preference ought to be given to the inputs from developing countries as it would serve the purpose of TCDC. The discussion centred on the question of quality of equipment and supplies and on the appropriateness and adaptability of technology to the real requirements of the project. Members of the Committee made a distinction between the functional and aesthetic dimensions of quality. The functional dimension covered the technical characteristics and performance of equipment and supplies and the appropriateness and adaptability of the technology involved, while the aesthetic dimension included appearance, finish, etc. It was agreed that the functional dimension of quality included factors

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27/ DP/114.

pertaining to the operation and maintenance of equipment, such as the availability of spare parts, after-sales service, etc. There was a consensus that in comparing the quality of equipment and supplies from developing countries with those from developed countries there was no need to take into account the aesthetic aspect of the quality of equipment and supplies, nor standard or brand names, provided there was no sacrifice in the functional aspect of their quality.

521. It was recognized by the members of the Committee that there were two elements in the total cost of imported equipment. Those were, first, the purchase price of equipment inclusive of the costs of packaging, shipping and insurance and, secondly, the recurrent foreign exchange costs of spare parts, materials and services required during the life of the equipment. It was agreed that both those elements of the price of equipment would be taken into account in the calculation of its total cost, irrespective of whether equipment was imported from a developing or a developed country.

522. It was acknowledged that the manufacture of equipment and supplies might involve some imports which might entail import duties. In addition, the cost of production of equipment and supplies might include excise duties on raw materials. Those duties would be refundable if the equipment and supplies were exported. It was understood that locally manufactured equipment and supplies in developing countries tended to have relatively high import content and included corresponding levels of import duties. In comparing the total cost of locally manufactured equipment and supplies of a recipient country with that of equipment and supplies imported from either a developing or a developed country, the consideration of fairness and equity required that the prevalent import duties should be included in the notional calculation of the total cost of the imported equipment and supplies even though equipment and supplies imported for technical co-operation projects were exempted from payment of such import duties.

523. It was clarified that the percentage mentioned in recommendation XIV on granting preferential treatment to the local procurement of indigenous equipment and supplies related to the differential between the prices of indigenous and imported equipment and supplies. Several members of the Committee supported the recommendation which proposed that preference should be given to the local procurement of indigenous equipment and supplies of a recipient country as long as their prices did not exceed those of equipment and supplies imported from a developing or a developed country by more than 25 per cent. Some other members felt that the margin of preference should be a 15 per cent price differential, the same as offered by the World Bank. One member had reservations about granting any margin of preference for the local procurement of indigenous equipment and supplies or any other project input.

524. The members of the Committee agreed to entrust to the Administrator of UNDP, and through him to the TCDC Special Unit, the responsibility for co-ordinating, guiding, monitoring and keeping under continuing evaluation the efforts of the United Nations system in the implementation of the decisions of the Committee as endorsed by the Governing Council. However, it was noted that the Administrator could not direct the United Nations system in that matter, as implied in recommendation XVI, because the member organizations of the United Nations system were autonomous bodies. It was also agreed that external evaluation of the implementation of those decisions might be useful at a suitable time in the future.

## Decision of the Governing Council

525. At its 589th meeting, on 30 June 1977, on the recommendation of the Committee on Technical Co-operation among Developing Countries, the Governing Council adopted the following decision.

### The Governing Council,

Recalling resolutions 3251 (XXIX), 3405 (XXX) and 3461 (XXX), as well as other pertinent resolutions of the General Assembly,

Recalling further the decision on the report on the implementation of the recommendations of the report of the Working Group on Technical Co-operation among Developing Countries on its third session, adopted at the twenty-third session (see E/5940, para. 435, decision I), as well as its other pertinent decisions,

1. Takes note of the Study on rules, regulations, procedures and practices of the United Nations development system in recruiting experts, subcontracting, procuring equipment and providing fellowships, pursuant to General Assembly resolution 3461 (XXX), paragraph 3 (DP/229, vols. I and II);
2. Takes note with appreciation of the introductory statements made by the Administrator and the Deputy Administrator and of the observations and suggestions made during the consideration of the item;
3. Considers that the utilization of the capacity of developing countries for providing experts and consultants, fellowship placements, subcontracted services and equipment and supplies constitutes an important means of strengthening technical co-operation in general and technical co-operation among developing countries in particular;
4. Considers further that all necessary measures designed to promote equalization of access to opportunities for providing project inputs by developing countries should be taken by the organizations of the United Nations development system;
5. Requests the Administrator, Participating and Executing Agencies and regional commissions to continue to promote or establish, as the case may be, and to the extent that financial resources, including those effected through savings, permit, a co-ordinated programme for the purposes listed below. If additional resources are required, the Administrator should submit a request, together with a statement on financial implications, to the next session of the Governing Council for consideration and decision;
  - (a) Identification, on a continuing basis, of developing countries' capacities for providing expert and consultant services, fellowship placement facilities, consulting services and equipment and supplies;
  - (b) Exchange of information within the United Nations development system on developing countries' capacities for providing experts and consultants, fellowship placements, consulting services and equipment and supplies;
  - (c) Collecting from the organizations of the United Nations development system and disseminating to all potential suppliers, in particular to those from

developing countries, information on opportunities for providing project inputs, and helping developing countries individually and collectively to identify and to pool their subcontracting and procurement capacities, as well as to identify the elements and specifications of project components which could be provided by them individually and/or collectively;

(d) Organization of interagency special missions for the evaluation of the quality and related aspects of training facilities, consulting services, and indigenous equipment and supplies, and where necessary, making arrangements for the testing of the samples of equipment and supplies;

(e) Identification of training facilities, consulting services and the range of locally produced equipment and supplies in developing countries which need some improvement and/or adaptation for utilization in technical co-operation programmes and where improvement and/or adaptation can be effected within the framework of UNDP technical co-operation programmes;

(f) Identification, in co-operation with the Governments of developing countries, of the needs for and promotion of subregional, regional and interregional training facilities and consulting services or adding subregional, regional or interregional dimensions to national training facilities and consulting services;

(g) Compilation and publication of directories of training facilities, consulting services, firms and equipment manufacturers in developing countries;

(h) Assistance to developing countries in the organization of professional bodies of consulting institutions and manufacturers of equipment and supplies;

(i) Formulating for approval, as appropriate, by the intergovernmental bodies concerned suitable changes in the rules, regulations, procedures and practices of UNDP, Participating and Executing Agencies and regional commissions for recruiting experts and consultants, placing fellows, awarding subcontracts and procuring equipment and supplies in order to facilitate the utilization of developing countries' capacities;

(j) Advising Governments of developing countries how to increase the utilization of their countries' capacities in recruitment of experts, fellowship placement, award of subcontracts and procurement of equipment and supplies;

(k) Holding seminars and workshops to enable Governments, national focal points for TCDC, firms and consulting organizations of developing countries to learn the procedural requirements of the United Nations system covering subcontracting and procurement;

(l) Advising Governments, the national focal points for TCDC, the Missions of developing countries to the United Nations, consulting organizations and firms on the modalities of co-operation and co-ordination necessary in order to strengthen TCDC through the technical co-operation activities of the United Nations development system;

6. Recommends to the Administrator that the Special Unit for Technical Co-operation among Developing Countries in UNDP should serve as the TCDC secretariat and should develop functional linkages with UNDP's Regional Bureaux,

the offices of Resident Representatives, United Nations Participating and Executing Agencies, regional commissions, national focal points for TCDC and Governments of developing countries in order to co-ordinate the establishment of the programme mentioned in paragraph 5 of this decision and to report periodically on its implementation;

7. Invites developing countries to avail themselves of the services of the organizations of the United Nations development system, and especially of the Special Unit for TCDC in UNDP, in order to pool, co-ordinate, streamline and possibly twin their consultancy services at the national, subregional and regional levels. Developing countries should undertake, as soon as possible, a review of their professional organizations, academic institutions, management institutions, research and development organizations and existing consultancy organizations in order to determine existing and/or potential subcontracting and consultancy capabilities. The aim of this exercise should be to help organize the establishment and strengthening of national consultancy and subcontracting organizations in the developing countries, at various levels and in the various sectors of their economies, covering different sets of disciplines;

8. Requests the Administrator, the United Nations Participating and Executing Agencies and regional commissions:

(a) To revise the requirements or conditions laid down for, or governing the inclusion of experts or consultants on their lists and rosters so as to allow a more flexible approach to "age" and "experience" criteria in order to facilitate equitable access to opportunities to developing countries' experts. In this regard, recommendations 6 28/ and 8 29/ of the meeting of Representatives of the National Recruitment Services held in Lomé, should be taken into account;

(b) To orient the job descriptions for the posts of experts and consultants and interviews of the candidates for these posts towards the specific functions of each job. Due weight should be given, in prescribing the qualifications of experts and consultants, to the technical requirements of the functions to be performed as well as to other factors such as flexibility, adaptability and capacity for resourcefulness and improvisation required to operate in an unstructured work environment, ability to undertake effective cross-cultural communication and to establish rapport with national staff, and involvement and identification with the people they are expected to serve;

(c) To define supplier "experience" (technical and organizational), as a requirement for registration on the rosters of consultancy organizations and suppliers of equipment, with greater flexibility without interfering, however, with the technical aspects of project execution so as to allow relevant organizations

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28/ "The Meeting recommends that greater provision should be made for the recruitment of young experts for technical co-operation programmes. It stresses the need for a flexible approach to age and experience criteria, as well as the need to ensure that job descriptions contain all the information likely to be of help to national recruitment services in the application of these criteria."  
(Document TARS/23/76).

29/ "The Meeting recommends that a greater number of experts, including young experts, should be recruited from the developing countries." (Document TARS/23/76).

and firms from developing countries to participate in the development activities of the United Nations development system;

(d) To give priority, in technical co-operation projects in which the transfer of know-how and/or technology are the primary considerations or inputs, to the proposal of experts or consultants from developing countries with the requisite technical and/or professional qualifications and ensure that full consideration is given to relevant cultural and work background;

9. Invites the Governments of developing countries to contribute towards the compilation, production and publishing of subregional and regional directories of manufacturers, suppliers, consulting organizations and firms through national organizations such as chambers of commerce and industry, manufacturers' associations, departments of trade and industry and using the assistance of the offices of the Resident Representatives, United Nations Participating and Executing Agencies and regional commissions. The work already done by the regional organs of the United Nations organizations should be taken into account in the preparation of these directories which could be published at agreed intervals. The directories should be distributed through national focal points for TCDC, the offices of the Resident Representatives, the chambers of commerce and industry, the departments of trade and industry and through any regional organizations, including regional development banks, and should be used as a means of promoting regional and interregional commercial contacts as well as sources for identifying the capacities of developing countries to deliver equipment and supplies for technical co-operation among themselves. There should be a mutual feedback between the information collected for the directories and the TCDC Information Referral System as a focal point within the United Nations system for information concerning TCDC;

10. Invites the Governments of developing countries to contribute towards the compilation and publishing of directories of educational and training facilities available in each region in order to facilitate the placement of fellows in developing countries. For that purpose, the Governments could call upon the services of UNDP, United Nations Participating and Executing Agencies and regional commissions. At appropriate intervals the Governments, the organizations of the United Nations development system and national and regional institutions should carry out surveys to determine what new types of educational or training facilities need to be established in developing countries in order to provide sources of new skills and technology needed to help sustain economic and social development. The reports of such surveys should include proposals as to what international regional or subregional action or co-operation is required to ensure the establishment of such facilities, including the part likely to be played by the United Nations development system in facilitating the establishment of such institutions. There should be a mutual feedback between the data compiled for the directories and the TCDC Information Referral System;

11. Requests the Administrator, United Nations Participating and Executing Agencies and regional commissions to enforce rigorously the relevant provisions of the decision on new dimensions of technical co-operation adopted by the Governing Council at its twentieth session 30/ and endorsed by the General Assembly 31/ by

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30/ See Official Records of the Economic and Social Council, Fifty-ninth Session, Supplement No. 2A, para. 54 (e) (iv).

31/ General Assembly resolution 3405 (XXX).

removing any prohibition or restrictions on awarding local subcontracts and undertaking local procurement of indigenous equipment and supplies for the UNDP-financed programme, the programmes financed from regular budgets, and the programmes financed from trust and other funds;

12. Requests the Administrator, United Nations Participating and Executing Agencies and regional commissions to formulate and implement specific TCDC orientation training programmes for the personnel of recruitment, fellowship placement, contracting and procurement services. The Special Unit for TCDC should prepare and distribute guidelines for such programmes together with pertinent information on various TCDC projects and activities;

13. Recommends to the Administrator, United Nations Participating and Executing Agencies and regional commissions that staff members with relevant qualifications, competences, and with the understanding of TCDC objectives and approach should be appointed at appropriate levels in their recruitment, fellowship placement, contracting and procurement services;

14. Requests the Administrator to prepare through the Special Unit for TCDC, jointly with the recruitment, fellowship placement, subcontracting and procurement services of the organizations of the United Nations development system, a technical study on the criteria for evaluation of project inputs from developed and developing countries in the context of operational needs of technical co-operation programmes, with concrete case studies wherever feasible. This study should be submitted to the Governing Council and thereafter disseminated to all Governments of developing and developed countries, substantive staff members of the secretariats and the personnel of recruitment, fellowship placement, contracting and procurement services of the United Nations organizations;

15. Requests the Administrator, United Nations Participating and Executing Agencies and regional commissions, in cases of parity in both cost and quality of project inputs available from developing and developed countries, and with the approval of the recipient country, to give preference in the UNDP-financed technical co-operation projects and programmes to inputs from developing countries. In applying this decision to equipment and supplies, quality does not include appearance and finish or standard names, but includes requirements of operation and maintenance, and the appropriateness and adaptability of technology to the real requirements of the project, including the appropriate timeliness of the input, availability of spare parts and after-sales service, etc. The Council recommends that Participating and Executing Agencies and other member organizations in the United Nations system should adopt the same policy in technical co-operation projects and programmes financed from regular budgets and trust and other funds;

16. Requests the Administrator, United Nations Participating and Executing Agencies and regional commissions to take into account both the cost of equipment, including costs of shipment, packaging and insurance, and the recurrent foreign exchange costs on imported spare parts, materials and services during the life of the equipment as the total price of equipment in the case of a cost differential between locally manufactured and imported equipment;

17. Requests the Administrator to report further to the Governing Council on the possibility that, when comparing the cost of imported equipment and supplies with the cost of locally manufactured equipment and supplies of a given recipient country, normal import duties be included in the total cost of imported equipment



and supplies as a measure of equity, even though equipment and supplies for technical co-operation projects may be exempted from such import duties;

18. Requests the Administrator, United Nations Participating and Executing Agencies and regional commissions to grant, with the approval of a recipient country, preferential treatment up to 15 per cent of the purchase price in respect of local procurement of indigenous equipment and supplies of developing countries and requests the organizations in the United Nations system to submit, through the Administrator, a report on the practical effect of this measure after its operation for a period of two years;

19. Decides to entrust the final responsibility for co-ordinating, guiding, monitoring and keeping under continuing evaluation the efforts of the United Nations development system in the implementation of the above-mentioned decisions to the Administrator of UNDP and, through him, to the Special Unit for TCDC and requests him to report regularly to the Governing Council, and to arrange for an external evaluation of the efforts of the United Nations development system in the implementation of these decisions at a suitable time in the future;

20. Requests the Administrator, Participating and Executing Agencies and regional commissions to implement the recommendations of the Working Group on Technical Co-operation among Developing Countries contained in paragraphs 43, 44 and 46 of its report 32/ in the following manner:

(a) Lists of experts submitted to the Governments should include, whenever practicable and provided it is consistent with the interests of the prompt implementation and maximum effectiveness of the project, at least 50 per cent from developing countries. Within these conditions, additional efforts should be made to propose experts from developing countries from all geographical regions;

(b) In the placement of trainees and fellows, supply of equipment, subcontracting and consulting services, developing countries should be given the option at the earliest to obtain such facilities and services from both developing and developed countries through the inclusion of a reasonable proportion of facilities and services from developing countries in the offers submitted to Governments. In particular, in those cases where the supply of equipment and consultancy services involves choice of technology, this option should be applied with a view to reducing their present technological dependence and to developing technological self-reliance through co-operation among themselves;

(c) When supplies and equipment are procured by UNDP in a developing country for projects in other developing countries or when they are procured locally, payment should be made in convertible currency when UNDP or Participating and Executing Agencies do not hold accumulated sums of the currency of the supplying country. In the case of countries whose currencies have accumulated the Administrator should consider the implications of allowing payment in convertible currency for components of equipment originally imported and paid for by the supplying country in convertible currency, and should prepare a report on the matter, in order that the appropriate final decisions may be taken.



### XIII. UNITED NATIONS TECHNICAL CO-OPERATION ACTIVITIES

526. Under item 13 of its agenda, the Council had before it for consideration the annual report of the Secretary-General on technical co-operation activities (DP/RP/18 and Corr.1).

527. The Director of the United Nations Office of Technical Co-operation (UNOTC) introduced the item. In his review of the United Nations technical co-operation activities in 1976, he drew attention to the fact that the value of the programme in 1976 had fallen to \$109 million compared with \$135 million in 1975, a reduction which primarily was a result of a 27 per cent drop in the UNDP-financed programme. While there had been no major change in the substantive content of the programme, there had been an increase in the number of cases in which bilateral programmes and United Nations technical co-operation activities had been co-ordinated. A similar increase had taken place in the number of cost-sharing arrangements. Another factor in 1976 programme activities had been the continued move towards decentralization of regional project activities to the regional commissions. Even in cases where full decentralization had not taken place, in 1976 there had been a marked increase in the extent to which regional commissions were given responsibility for implementation action in respect of regional projects.

528. The Director emphasized that the United Nations regular programme of technical co-operation, although representing only about 5 per cent of the total programme delivered, had enabled the United Nations to introduce and strengthen new approaches to technical co-operation. Among them he mentioned projects furthering the concept of technical co-operation among developing countries and those designed to support the establishment of a new international economic order. He described the activities and scope of the work performed by the corps of interregional advisers and the special training activities provided under the United Nations regular programme.

529. The Director stated that the United Nations continued to see special value in the technical co-operation activities financed under the United Nations regular programme which, as a flexible and dynamic programme, was capable of responding to changing needs and to the wishes of member Governments.

#### Summary of discussion

530. One member commended the United Nations for the successful execution of a programme which was both large in scope and highly complex with regard to the very large number of specialized fields of activity covered. Satisfaction was also expressed with the efforts of the United Nations in improving living conditions for the population in Saudi Arabia through projects financed by the Government of Saudi Arabia and for United Nations activities in the field of general economic planning. The member ascribed that success to the existence of a reservoir of knowledge and experience, both in research and operational work, within the many sectoral divisions of the Department of Economic and Social Affairs of the United Nations. The mutually supportive functions of research and operational actions were deemed essential to successful programme delivery and it was with regret that that member took note of the views held in that regard by the Ad Hoc Committee on

the Restructuring of the Economic and Social Sectors of the United Nations System. It was the member's hope that the Committee would find a reorganization formula for the Office of Technical Co-operation which would strengthen the role of the Commissioner for Technical Co-operation without dismantling or mutilating the sectoral divisions which were essential parts of the Department of Economic and Social Affairs.

531. Another member, while expressing satisfaction with the Secretary-General's report, noted with regret the relatively small number of experts recruited from his country and of fellowships placed in his country. In the view of that member, the situation was due largely to artificial obstruction within some organs of the United Nations Secretariat and a lack of will to arrive at businesslike working arrangements. The member recalled instances of long delays in the organization of seminars and courses in his country for specialists from developing countries by those organs of the United Nations Secretariat, which he ascribed to "foot dragging". He recalled, in particular, a case of organizing demographic courses in his country for specialists from developing countries and pointed out that, in spite of an agreement reached two years earlier, there had been no positive answer from the United Nations Secretariat. At the same time, the member expressed the hope that, after some improvement in the recent past, the co-operation between organizations in his country and UNOTC would further improve as a result of agreement between UNOTC and other units in the United Nations Secretariat about considering programmes in his country for the training of specialists from developing countries.

532. The same member restated his delegation's view that the regular programme should be removed from the regular budget of the United Nations and be merged with UNDP and thus financed from voluntary contributions.

#### Decision of the Governing Council

533. At its 588th meeting, on 29 June 1977, the Governing Council took note of the report of the Secretary-General on United Nations technical co-operation activities (DP/RP/18 and Corr.1) and of the observations made during the discussion.

#### XIV. OTHER MATTERS

##### A. PARTICIPATION OF WOMEN IN THE UNDP SECRETARIAT

534. Members speaking on the subject were unanimous in stressing that every effort should be made speedily to increase the number of women at the Professional levels of UNDP, in particular in management and policy-making positions. They called for the Administrator to submit a report to the next session of the Council on progress made. Such a report should encompass the key areas of recruitment, placement, promotion and training.

535. Members noted the recent recommendation of the Federation of International Civil Servants Associations (FICSA) that a numerical target should be set for the recruitment of women in the Professional category in each United Nations organization and that Governments should be informed of the existence of those targets. One member stated that her Government and many others in the Council wished to be informed of the target for UNDP and of the progress being made in achieving it. She called attention to the recommendation of a committee set up under the previous Administrator that UNDP should meet a target of 30 per cent Professional women staff by the end of 1980 and said that her delegation endorsed that target as a minimum towards providing equal opportunities in UNDP. She pointed out that UNFPA, using the same personnel system, had in fact exceeded that 30 per cent target.

536. Attention of the Council was also drawn to article 7 of the recent UNDP charter on personnel policies and practices which stated that special efforts had to be made to correct the existing imbalance in staff between men and women and that UNDP undertook to give priority, consistent with merit, to the selection of women to fill posts at the decision and policy-making levels. One member, noting that in her country there was no area of the economy where women were not substantially contributing, many of them at the highest levels, commended the steps taken by the Administration to increase the number of women experts in the field. She stressed, however, that little had been done to increase the number of women in supervisory responsibilities in UNDP or in the specialized agencies. There was agreement that, in line with the UNDP charter, recruitment should give priority to the selection of women to fill posts at the decision and policy-making levels.

537. Another member drew the Council's attention to the facts on UNDP contained in a recent questionnaire of the Joint Inspection Unit (JIU). The facts placed before the Council from the JIU questionnaire showed that there were only 7 women in managerial responsibilities in the world-wide UNDP network, 1 woman in the 12 positions for bureau directors and deputies, 1 woman in the 22 posts for area division chiefs, and 1 woman in the 105 resident representative posts. Also cited were the facts that 4 women and 25 men were recruited in the Professional category in 1975-1976 and that the 4 women were recruited at the lowest levels while 29 men were recruited at levels P-4 to D-2. One member expressed the opinion that those figures showed tokenism in its most extreme form and asked for an account from the Administrator on the measures he was taking in the immediate term to recruit competent women, particularly at the senior policy-making levels.

## Observations of the Administration

538. The Administrator said he agreed with the observations made by members. He pointed out that, as mentioned by one member, UNDP had a unique charter worked out by the management and Staff Council over the preceding months and that the charter gave clear expression to his determination to rectify the situation. He noted that he had just received a report of the Staff Council Working Group on the Status of Women in UNDP and that the report would provide a basis on which to act in the immediate future.

539. He pointed out that, because of the financial situation in 1976, recruitment was almost frozen so that only 12 people had been recruited in that year. All 12 happened to be males but they were recruited for specific jobs and the candidates who were brought to his attention were all males. He called attention to the fact that, in the preceding year, he had elevated one woman to Assistant Secretary-General, noting that that was the first time that a woman had risen through the ranks of the United Nations system to that level. In addition, he had personally approached three women as candidates for resident representative as well as another for a senior management position in the Division of Personnel, but they had not accepted the offers.

540. As for the target of 30 per cent Professional women by end-1980, he conceded that it was going to be a difficult task to recruit that number of women in that space of time. He stressed, however, that he had undertaken to do so and intended to fulfil that undertaking since he regarded it as his obligation to do so. He emphasized that there was a scarcity of women candidates recommended by Governments and he asked for the help of Governments in putting forward qualified candidates. He pointed out that in his 17 months as Administrator there had been only one woman candidate proposed by a Government.

541. He expressed his gratitude to all the members who had spoken on the subject. He said that that was a matter in which he believed very deeply and that for that reason the intervention by members on that subject had been exceedingly useful.

## B. PERIODICITY OF THE SESSIONS OF THE GOVERNING COUNCIL

542. For its consideration of item 15 of its agenda, the Council had before it a report by the Administrator (DP/256) on the question of the periodicity of the sessions of the Governing Council. In his opening statement to the Council, the Administrator stated that reducing the number of sessions to one a year would enable the secretariat to improve the quality of the documentation submitted to the Council and would allow the secretariat to devote more of its attention to field operations and substantive work, thereby improving the quality of the Programme. It would also result in more productive discussions and a reduced workload in the Council, as well as in significant financial savings for UNDP and the United Nations.

## Summary of discussion

543. The majority of members spoke in favour of reducing the number of sessions of the Council to one a year although many members suggested that that arrangement should be implemented in 1978 on an experimental basis. A number of reasons were

presented in favour of one session a year. Most members agreed with the arguments put forward by the Administrator in document DP/256 and placed particular emphasis on the more efficient and effective utilization of the secretariat's human resources.

544. One member pointed out that the Council had reviewed the question as early as 1968 and, having decided to continue with two meetings a year for a transitional period, had requested the Administrator to arrange for a short meeting in January and a longer meeting in June. That member commented that the issue might not have arisen again if the earlier decision had been implemented.

545. Another member indicated that he was in favour of retaining two meetings a year because, as a member who served for only a three-year period, his Government was concerned at the prospect of participating in the work of the Council for only three rather than six sessions and at the possibility that greater influence might pass to the more permanent members of the Council and to the Administration. He expressed concern about the proposed informal meetings and stated that one of the strengths of the Council had been the attendance of senior level government officials, particularly from developing countries. Such representation was unlikely at informal meetings. While he preferred two sessions a year, that member suggested that, if the Council opted for a single session, it should examine the arrangements followed by the Economic and Social Commission for Asia and the Pacific since that body had an Advisory Committee of Permanent Representatives which met between sessions.

546. Members favouring one meeting a year generally endorsed the Administrator's suggestion that the single session should take place in June of each year. Nevertheless, the majority of members recognized that a short meeting, possibly two or three days, would probably have to take place in January in order to approve country programmes and to conduct other urgent business. Some members felt that, following consultation by correspondence with the members of the Council, responsibility for the approval of country programmes could be provisionally delegated to the Administrator. Other members mentioned the possibility of having a programme committee meeting in January but many members thought that the consideration and approval of country programmes should not be delegated to a subsidiary body.

547. Some members expressed the view that, at a short January session, the financial situation of the Programme should also be reviewed, as should the outline of the administrative and programme support budget for the following year, until such a time as the Council adopted a biennial budget. Furthermore, urgent matters arising out of the decisions of the Economic and Social Council and the General Assembly should not have to wait until the June session to be considered by the Council.

548. Views differed on the venue for the proposed single session. One member, speaking on behalf of several members, stressed their adherence to the principle that the various organs and agencies of the United Nations should, as a rule, meet at their headquarters, i.e. for UNDP in New York. A number of members emphasized the convenience and the economies that could be realized by holding the meeting in New York. One member questioned that argument. That member stated that the Committee on Conferences had already examined the matter and had not been able accurately to assess the cost of holding the session of the Council in New York or Geneva. Other members supported those arguments and favoured holding the meeting in Geneva.

## Decision of the Governing Council

549. Following consultations, the representative of Sierra Leone submitted a draft decision on the periodicity of the Council's sessions. At its 589th meeting, on 30 June 1977, the Council adopted the following decision.

### The Governing Council,

Having considered the report of the Administrator on the frequency and timing of future sessions of the Governing Council (DP/256),

Bearing in mind that the present system of biannual sessions places upon delegations, the UNDP secretariat, and the United Nations conference services, a heavy burden in terms of staff, time and over-all cost,

Mindful of the need for the Governing Council to maintain close and effective supervision over the Programme,

Convinced that adequate time must be allowed between sessions for the preparation, well in advance of the meetings, of concise but well-considered documents and proposals which would facilitate the work of the Council and its decision-making process,

Keeping in mind that the General Assembly and its Committee on Conferences have frequently stressed the need to reduce the frequency and length of the sessions of the various organs of the United Nations,

1. Recommends to the General Assembly, through the Economic and Social Council, to authorize the Governing Council of UNDP to hold from 1978 onwards and on an experimental basis, one annual session and further recommends as a provisional measure, to hold a three-day meeting of the Governing Council in January 1978 devoted to the consideration and approval of country and intercountry programmes and projects;

2. Requests the Administrator to consult with the United Nations to ensure that the Governing Council documents submitted by the Administrator between the Council's sessions are given proper priority for translation and reproduction so that the Council members can be kept informed without delay of main developments in the Programme and have sufficient time to prepare themselves for the policy decisions to be taken at the sessions of the Council;

3. Requests further that the Administrator make the necessary arrangements for the country programmes to be translated and reproduced by the United Nations as and when they are submitted by Governments, without awaiting the six-week rule for their issuance;

4. Decides to suspend provisionally as from 1978 the application of rule 1 of its rules of procedure, bearing in mind that under rule 2 additional or special meetings can be convened should it become necessary;

5. Decides to suspend the application of rule 11 of its rules of procedure and to elect the members of the Bureau at the first meeting of the annual session of the Council;

6. Recommends further that the venue of the session of the Council in 1978, should, if possible, be in New York and then alternately Geneva and New York unless the Council decides to accept the invitation of a developing country offering to host the session of the Council.

550. Two delegations stated that, while they could support the decision, they would have preferred to have the text specify that the Council meetings in January would be devoted to the country and intercountry programmes and projects and such urgent issues as were referred to the Council by the Economic and Social Council and the General Assembly, which could not wait until the June session.

XV. DATE AND PROVISIONAL AGENDA FOR THE TWENTY-FIFTH  
SESSION OF THE GOVERNING COUNCIL

551. At its 589th meeting, on 30 June 1977, the Governing Council adopted the following decision submitted by the Netherlands.

The Governing Council,

Recognizing the necessity to be kept fully advised on the quality and relevance of the co-operation financed by UNDP,

Bearing in mind the provisions in the Consensus of 1970 33/ concerning evaluation (paras. 50 and 51);

1. Requests the Administrator to make the necessary organizational provisions for the session of the Council in June 1978 in order to enable the Council to discuss selected topics based on inputs from ongoing evaluation of activities of the programme and on inputs from evaluation of selected areas of interest such as those mentioned in paragraph 48 of document DP/261;

2. Requests the Administrator to prepare, in co-operation with the specialized agencies, the relevant documentation for the Council;

3. Further requests the Administrator to make proposals on the most effective way in which this kind of discussion by the Council could be organized in future.

552. At its 589th meeting, on 30 June 1977, the Governing Council adopted the following decision submitted by Argentina on the inclusion of an item on "Investment follow-up" in the agenda of the twenty-fifth session of the Governing Council.

The Governing Council,

Bearing in mind the general guidelines for the future orientation of the United Nations Development Programme set out in paragraph (e)(viii) and (ix) of the annex to General Assembly resolution 3405 (XXX),

1. Decides to include in the provisional agenda of the twenty-fifth session of the Governing Council an item entitled "Investment follow-up";

2. Requests the Administrator to prepare, in co-operation with the specialized agencies, the relevant documents for the Council.

553. At its 591st meeting, on 1 July 1977, the Governing Council agreed on the following provisional agenda for its twenty-fifth session:

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33/ General Assembly resolution 2688 (XXV), annex.



1. Opening of the session
2. Election of officers
3. Adoption of the agenda
4. Annual report of the Administrator for 1977 34/
5. Investment follow-up
6. Information on the regular and extrabudgetary programmes of technical co-operation of organizations in the United Nations system
7. Role and activities of UNDP
8. United Nations Sahelian Office and drought-stricken countries in Africa and adjacent areas
9. United Nations Volunteers
10. United Nations Capital Development Fund
11. United Nations Revolving Fund for Natural Resources Exploration
12. Technical co-operation among developing countries
13. Action taken in 1977 by organs of the United Nations and organizations in the United Nations system
14. Country and intercountry programming and projects
15. Budgetary, administrative and financial matters:
  - (a) Financial outlook for the second IPF cycle 1977-1981 including the final expenditures for the first IPF cycle 1972-1976
  - (b) Cost-sharing arrangements
  - (c) Development of the Financial and Programme Information Network
  - (d) Budget estimates for 1979
  - (e) Report on the feasibility of establishing a biennial budget
  - (f) Report on the feasibility of further distinguishing between administrative and programme support costs respectively in the budget documents
  - (g) Recruitment and use and prospects of reducing the costs of UNDP-financed experts

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34/ Pursuant to the decision contained in para. 551 of the present report consideration of selected topics will take place under this item.

- (h) Progress report on matters relating to custody of UNDP funds
  - (i) Agency overheads: progress report of the Intergovernmental Working Group
  - (j) Audit reports
  - (k) Financial regulations and rules
  - (l) Other matters
16. United Nations Fund for Population Activities
  17. United Nations technical co-operation activities
  18. Other matters
  19. Date and provisional agenda for the next session of the Governing Council
  20. Draft report of the Governing Council to the sixty-fifth session of the Economic and Social Council

554. At the same meeting, the Governing Council decided to meet from 12 to 30 June 1978, with an additional meeting, as necessary, on 3 July 1978 to adopt its report to the Economic and Social Council. The sessional Committee on Technical Co-operation among Developing Countries will convene on 5 June 1978 and meet simultaneously with the Intergovernmental Working Group on Overhead Costs. The Budgetary and Finance Committee will convene on 8 June 1978, and continue to meet during the Governing Council session. The meetings of the Governing Council to be held in January 1978 to consider and approve country and intercountry programmes and projects will be scheduled in mid-January.

## ANNEX I

### REPRESENTATION AT THE TWENTY-FOURTH SESSION

#### Members of the Governing Council

Argentina, Australia, Austria, Belgium, Benin, Brazil, Bulgaria, Burundi, Canada, China, Colombia, Congo, Cuba, Denmark, Finland, France, Germany, Federal Republic of, Guinea, Guyana, India, Indonesia, Iran, Italy, Japan, Kuwait, Madagascar, Malawi, Mali, Malta, Mexico, Netherlands, Niger, Norway, Pakistan, Peru, Poland, Romania, Sierra Leone, Sri Lanka, Swaziland, Sweden, Switzerland, Thailand, Tunisia, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Yemen.

#### States represented by observers

Bangladesh, Barbados, Bolivia, Central African Empire, Chad, Chile, Cyprus, Czechoslovakia, Democratic People's Republic of Korea, Ecuador, Egypt, German Democratic Republic, Ghana, Guatemala, Hungary, Iraq, Ireland, Israel, Ivory Coast, Jamaica, Kenya, Lebanon, Lesotho, Luxembourg, Malaysia, Mauritania, Mauritius, Mongolia, New Zealand, Nigeria, Oman, Philippines, Portugal, Republic of Korea, Rwanda, Saudi Arabia, Senegal, Socialist Republic of Viet Nam, Spain, Syrian Arab Republic, Trinidad and Tobago, Turkey, Uganda, United Arab Emirates, United Republic of Cameroon, Yugoslavia, Zaire, United Nations Council for Namibia

#### United Nations and related bodies

United Nations Secretariat, United Nations Conference on Trade and Development, United Nations Environment Programme, United Nations Industrial Development Organization, United Nations Children's Fund, World Food Programme, United Nations High Commissioner for Refugees, United Nations Institute for Training and Research, United Nations Fund for Drug Abuse Control, Office of the Disaster Relief Co-ordinator, United Nations Commissioner for Namibia, United Nations Development Programme, United Nations Sahelian Office, United Nations Fund for Population Activities, United Nations Volunteers programme

#### Specialized agencies and International Atomic Energy Agency

International Labour Organization, Food and Agriculture Organization of the United Nations, United Nations Educational, Scientific and Cultural Organization, World Health Organization, World Bank, International Civil Aviation Organization, Universal Postal Union, International Telecommunication Union, World Meteorological Organization, Inter-Governmental Maritime Consultative Organization, World Intellectual Property Organization

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International Atomic Energy Agency

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Other intergovernmental organizations

Arab Fund for Economic and Social Development, Asian Development Bank, European Economic Community, Organization of African Unity, Organization of American States, Organization of Economic Co-operation and Development, World Tourism Organization

Non-governmental organizations

International Council of Voluntary Agencies

African national liberation movements

African National Council of Zimbabwe (ANC Zimbabwe), Front for the Liberation of the Somali Coast (FLCS), Pan Africanist Congress of Azania (PAC), South West Africa People's Organization (SWAPO), African National Congress (ANC South Africa)

## ANNEX II

### SUMMARY OF STATEMENTS BY THE SECRETARY-GENERAL, THE ADMINISTRATOR AND THE PRESIDENT OF THE GOVERNING COUNCIL

#### A. SUMMARY OF A STATEMENT BY THE SECRETARY-GENERAL OF 30 JUNE 1977

The Secretary-General, addressing a session of the Governing Council for the first time, reviewed briefly the history of United Nations efforts in technical co-operation, and put the deliberations at the session into the perspective of world events. Citing the successive economic crises which had confronted the international community over the years, and the tremendous projected growth in world population which lay ahead, the Secretary-General emphasized that the need for renewed, more vigorous and sustained action within the United Nations development system was greater than ever.

The initiatives for stimulating technical co-operation among developing countries were noted with approval and, referring to UNDP's widespread operational network in the field, the work of the Programme's resident representatives and their colleagues was singled out for special commendation. The Secretary-General also remarked that, with the second country programming cycle under way, UNDP faced new challenges and should be prepared to adapt itself to new tasks. He expressed his pleasure that the Council had already embarked on the process of defining the future role and activities of the Programme.

The Secretary-General concluded his statement by paying a tribute to the Administrator for his successful leadership and to the Deputy Administrator, whose assumption of new duties in his Government was imminent, for his valuable services to the United Nations.

#### B. SUMMARY OF THE ADMINISTRATOR'S CLOSING REMARKS

In his closing statement to the Council, the Administrator emphasized the importance he attached to the deliberations undertaken during the session, particularly in view of the changes that had been taking place in conceptual approaches to development during the preceding several years. He referred, in addition, to several issues which had required further consideration.

The Administrator laid particular stress on the policy concerns which had arisen, and expressed both his satisfaction with the decision reached on UNDP's role and activities and his appreciation for the very constructive work accomplished by members of the Council. In that connexion, the Administrator assured the Council that UNDP's agency partners would be fully consulted with regard to the preparation of the report concerning further consideration of UNDP's role and activities which was to be submitted at the June 1978 session.

The decisions on TCDC and on the periodicity of future Council sessions were noted by the Administrator as progressive steps of great value. He also welcomed

the expressions of support for the participation of women in development and in UNDP that had arisen during the session. The carrying out of the more routine but necessary business of the Council was noted with satisfaction, too, including the approval of the 14 country programmes submitted, several important decisions reached in the Budgetary and Finance Committee, and the decision to provide interim financing arrangements for the United Nations Volunteers programme.

The Administrator expressed his gratitude to the Secretary-General for his participation in the session, to the President for his able guidance during the preceding two sessions, and to all the members for their hard and successful work. The Administrator concluded his remarks by paying a tribute to the Deputy Administrator, for his outstanding efforts over the years on behalf of the international community.

#### C. SUMMARY OF THE PRESIDENT'S CLOSING STATEMENT

In his closing remarks to the Council, the President emphasized that now more than ever before the international community required effective management capabilities and resolute political decisions in order to deal with the world's growing economic and social needs. Congratulating the members for their work during the year, the President summarized the significant financial, administrative and policy decisions which the Council had taken at its twenty-third and twenty-fourth sessions, and which, he said, demonstrated the Programme's ability to adapt itself to changing circumstances.

The success of the several programmes under UNDP's aegis, the growing awareness world-wide of the needs of the poor, and the possibility of increased resources for development were cited as hopeful signs for the future. At the same time, the President expressed concern over still unsettled questions regarding relations between UNDP and the specialized agencies. He also referred to the diminishing UNDP share in multilaterally funded programmes of technical co-operation and the difficulties of effecting fully co-ordinated programming at the country level as worrisome matters that remained to be resolved. The central role of the UNDP resident representative was stressed and the integration of the United Nations development system activities within the respective country programmes was urged.

The President singled out the idea of a world technical assistance requirements survey which, if acted upon, could provide a potentially effective tool for rationalizing both the arrangements for voluntary contributions to the United Nations development system, as well as the allocation of those resources. The importance of the forthcoming United Nations Conference on TCDC was also emphasized and the establishment of facilities for widespread information exchange was called for.

With regard to programme management, the President urged that activities be planned on a longer-term basis and that programme and financial management be fully integrated. In that connexion, he voiced the hope that multiyear pledging of voluntary contributions would be initiated soon by all donors. The President concluded his remarks by expressing his confidence that with the co-operation of all concerned UNDP could become an even more effective enterprise and more fully geared to meet the requirements of a new international economic system.







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